

**As Introduced**

**129th General Assembly  
Regular Session  
2011-2012**

**S. B. No. 262**

**Senator Daniels**

**Cosponsors: Senators Bacon, Coley, Lehner, Balderson, LaRose, Beagle**

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**A B I L L**

To amend sections 4727.06, 4727.09, 4727.11, 4727.12, 1  
and 4727.13 and to enact sections 4727.061, 2  
4727.22, 4727.23, 4727.24, 4727.25, 4727.26, 3  
4727.27, 4727.28, 4727.29, and 4727.30 of the 4  
Revised Code to make changes to the law regulating 5  
pawnbrokers, including additional requirements for 6  
the recovery of leased property, extension of the 7  
property holding period for military service 8  
members and on purchased merchandise, and a 9  
requirement that pawnbrokers file a biennial 10  
report. 11

**BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:**

**Section 1.** That sections 4727.06, 4727.09, 4727.11, 4727.12, 12  
and 4727.13 be amended and sections 4727.061, 4727.22, 4727.23, 13  
4727.24, 4727.25, 4727.26, 4727.27, 4727.28, 4727.29, and 4727.30 14  
of the Revised Code be enacted to read as follows: 15

**Sec. 4727.06.** (A) No pawnbroker shall charge, receive, or 16  
demand interest for any loan in excess of five per cent per month 17  
or fraction of a month on the unpaid principal. Interest shall be 18  
computed on a monthly basis on the amount of the principal 19

remaining unpaid on the first day of the month and shall not be 20  
compounded. 21

(B) In addition to the rate of interest limitation imposed 22  
pursuant to division (A) of this section, the licensee may charge 23  
no more than: 24

(1) Four dollars per month or fraction of a month for all 25  
pledged articles held as security or stored for a loan, to be 26  
agreed to in writing at the time the loan is made; 27

(2) Four dollars plus the actual cost of shipping, when the 28  
licensee is to deliver or forward the pledged article by express 29  
or parcel post to the pledgor; 30

(3) Two dollars for the loss of the original statement issued 31  
to the pledgor by the licensee pursuant to section 4727.07 of the 32  
Revised Code upon redemption of the pledged articles; 33

(4) Two dollars for the cost of notifying a pledgor by mail 34  
that the pledged articles may be forfeited to the licensee 35  
pursuant to section 4727.11 of the Revised Code. 36

(C) A licensee who complies with the requirements or 37  
procedures of this state pursuant to the application of the "Brady 38  
Handgun Violence Protection Act," 107 Stat. 1536 (1993), 18 39  
U.S.C.A. 922, as amended, may charge any fee the licensee is 40  
required by law to pay in order to comply with such requirements 41  
or procedures. The licensee may charge no more than two dollars 42  
for providing services in compliance with such requirements or 43  
procedures. 44

(D) A pledgor may pay a portion of the outstanding principal 45  
loan balance at any time. A pledgor may redeem a pawn loan at any 46  
time after seventy-two hours have passed since the pledge was 47  
made. A pledgor may ~~not~~ prepay interest or storage charges, ~~except~~ 48  
~~when the pledgor redeems the pledged property.~~ 49

Sec. 4727.061. A pawnbroker shall waive any unpaid interest 50  
charges imposed under section 4727.06 of the Revised Code and 51  
hold, except as provided in sections 4724.12 and 4727.23 to 52  
4727.30 of the Revised Code, pledged property that is the subject 53  
of a pawn transaction on the pawnbroker's business premises until 54  
sixty days after the pledgor or the pledgor's spouse or dependent 55  
returns to the United States if the pawnbroker receives a copy of 56  
military orders indicating that the pledgor, or pledgor's spouse 57  
or dependent, is enlisted in the military service of a state or 58  
the United States and, after the pawn transaction was entered 59  
into, the person was or is to be deployed abroad for service 60  
relating to a military conflict. 61

Sec. 4727.09. (A) A For the purpose of a legitimate 62  
investigation of property crime, a person licensed as a pawnbroker 63  
shall, every day, furnish the following information to the chief 64  
of police of the municipal corporation or township in which the 65  
licensee's place of business is located or, if the place of 66  
business is not located within a municipal corporation or a 67  
township that has a chief of police, to the sheriff of the county 68  
in which the place of business is located: 69

(1) A description of all property pledged with or purchased 70  
by the licensee; 71

(2) The number of the pawn or purchase form the licensee used 72  
to document the pledge or purchase. 73

(B) A licensee shall provide the property description and 74  
form number required by division (A) of this section on the form 75  
furnished approved by the ~~law enforcement officer requesting the~~ 76  
information superintendent of financial institutions. The 77  
completed form may be communicated by electronic transfer or be in 78  
a magnetic digital media format. 79

(C) For the purposes of this section, a licensee need provide 80  
only the information required by division (A) of this section. 81

(D) No fee shall be assessed to a licensee, pledgor, or 82  
seller for complying with this section. 83

(E) Information furnished to law enforcement by a person 84  
licensed as a pawnbroker under this chapter is confidential and is 85  
not a public record under section 149.43 of the Revised Code. 86

**Sec. 4727.11.** (A) If a pledgor fails to pay interest to a 87  
person licensed as a pawnbroker on a pawn loan for two months from 88  
the date of the loan or the date on which the last interest 89  
payment is due, the licensee shall notify the pledgor by mail or 90  
electronically, if the pledgor agrees to such electronic 91  
communication at the time the loan is made, with proof of mailing, 92  
to the last place of address or electronic mail address given by 93  
the pledgor, that unless the pledgor redeems the pledged property 94  
or pays all interest due and storage charges within thirty days 95  
from the date the notice is mailed, the pledged property shall be 96  
forfeited to the licensee. If the pledgor fails to redeem or pay 97  
all interest due and storage charges within the period specified 98  
in the notice, the licensee becomes the owner of the pledged 99  
property. 100

(B) In the event that any article or property is redeemed by 101  
a person other than the pledgor, the pledgor shall sign the 102  
pledgor's copy of the statement required under section 4727.07 of 103  
the Revised Code, which copy shall be presented by the person to 104  
the licensee. The licensee shall verify the name of the person 105  
redeeming the article or property, and shall record the person's 106  
name and driver's license number, or other personal identification 107  
number, on the licensee's copy of the statement, and shall require 108  
the person to sign this copy. 109

(C) In the event that any articles or property pledged are 110

lost or rendered inoperable due to negligence of the licensee, the 111  
licensee shall replace the articles or property with identical 112  
articles or property, except that if the licensee cannot 113  
reasonably obtain identical articles or property, the licensee 114  
shall replace the articles or property with like articles or 115  
property. 116

(D) When an account is paid in full, the licensee shall 117  
return the pledged article immediately to the pledgor. In the 118  
event the pledgor sells, transfers, or assigns the pledge, the 119  
licensee shall verify the name of the person redeeming the pledge 120  
and record that person's name, driver's license number, and 121  
signature on the permanent copy of the statement of pledge 122  
required pursuant to section 4727.07 of the Revised Code. The 123  
licensee also shall obtain the signature of the pledgor, or other 124  
person redeeming the pledge, ~~upon a separate record of the~~ 125  
~~transaction~~, that acknowledges the total dollar amount paid for 126  
redemption and the date of redemption. All records shall be kept 127  
in the licensee's place of business. 128

**Sec. 4727.12.** ~~(A)~~ A person licensed as a pawnbroker shall 129  
retain any and all goods or articles pledged with the licensee 130  
until the expiration of seventy-two hours after the pledge is 131  
made, and shall retain any goods or articles purchased by the 132  
licensee until the expiration of ~~fifteen~~ twenty-five days after 133  
the purchase is made. The licensee may dispose of such goods or 134  
articles sooner with the written permission of the chief of police 135  
of the municipal corporation or township in which the licensee's 136  
place of business is located or, if the place of business is not 137  
located within a municipal corporation or township that has a 138  
chief of police, with the written permission of the sheriff of the 139  
county in which the business is located. 140

~~(B) If the chief of police or sheriff to whom the licensee~~ 141

~~makes available the information required by section 4727.09 of the Revised Code has probable cause to believe that the article described therein is stolen property, the chief or sheriff shall notify the licensee in writing. Upon receipt of such a notice, the licensee shall retain the article until the expiration of thirty days after the day on which the licensee is first required to make available the information required by section 4727.09 of the Revised Code, unless the chief or sheriff notifies the licensee in writing that the licensee is not required to retain the article until such expiration.~~

~~(C) If the chief or sheriff receives a report that property has been stolen and determines the identity of the true owner of the allegedly stolen property that has been purchased or pawned and is held by a licensee, and informs the licensee of the true owner's identity, the licensee may restore the allegedly stolen property to the true owner directly.~~

~~If a licensee fails to restore the allegedly stolen property, the true owner may recover the property from the licensee in an action at law.~~

~~(D) If the licensee returns the allegedly stolen property to the true owner, the licensee may charge the person who pledged or sold the allegedly stolen property to the licensee, and any person who acted in consort with the pledgor or the seller to defraud the licensee, the amount the licensee paid or loaned for the allegedly stolen property, plus interest and storage charges provided for in section 4727.06 of the Revised Code.~~

**Sec. 4727.13.** (A) The superintendent of financial institutions shall adopt rules in accordance with Chapter 119. of the Revised Code for the administration and enforcement of this chapter.

(B) The superintendent shall enforce this chapter, make all

reasonable effort to discover alleged violators, notify the proper 173  
prosecuting officer whenever the superintendent has reasonable 174  
grounds to believe that a violation has occurred, act as 175  
complainant in the prosecution thereof, and aid such officers to 176  
the best of the superintendent's ability in such prosecutions. The 177  
superintendent shall employ such deputies as may be necessary to 178  
make the investigations and inspections, and otherwise perform the 179  
duties imposed by such sections. 180

(C) The superintendent may issue a cease and desist order 181  
against any person the superintendent reasonably suspects has 182  
violated, is currently violating, or is about to violate this 183  
chapter. The superintendent may apply to a court of common pleas 184  
for an order compelling a person to comply with any cease and 185  
desist order or any subpoena issued by the superintendent. 186

(D) The superintendent may obtain from the court of common 187  
pleas any form of injunctive relief against any person that has 188  
violated, is currently violating, or is about to violate this 189  
chapter. 190

(E) To enforce this chapter, the superintendent may issue a 191  
subpoena to any person to compel the production of any item, 192  
record, or writing, including an electronic writing, and may issue 193  
a subpoena to any person to compel the appearance and rendering of 194  
testimony. 195

(F) The superintendent may examine and investigate the 196  
business, including the business location and any books, records, 197  
writings, including electronic writings, safes, files, or storage 198  
areas located in or utilized by the business location, of any 199  
person the superintendent reasonably suspects to be advertising, 200  
transacting, or soliciting business as a pawnbroker. The 201  
superintendent may request the attendance and assistance of the 202  
appropriate chief of police of a municipal corporation or 203  
township, the county sheriff, or the state highway patrol during 204

the examination and investigation of the business. 205

(G) The superintendent may adopt rules that allow for remote 206  
examinations of electronic data held by licensees under this 207  
chapter. 208

(H) The superintendent shall approve a secure law enforcement 209  
database reporting system for use by a licensee to make records 210  
available to law enforcement officers as described in division (B) 211  
of section 4727.09 of the Revised Code. 212

**Sec. 4727.22.** (A) A licensee shall file a biennial report 213  
with the superintendent of financial institutions before the first 214  
day of March of the filing year disclosing all relevant pawn 215  
transaction activity occurring during the previous two calendar 216  
years. A licensee who receives an initial license during an 217  
even-numbered year shall file the biennial report each 218  
even-numbered year. A licensee who receives an initial license 219  
during an odd-numbered year shall file the biennial report each 220  
odd-numbered year. A biennial report is delinquent if the licensee 221  
does not file the report before the first day of April of the 222  
licensee's filing year. 223

(B) The biennial report must provide all of the following: 224

(1) The number of pawn transactions made by the licensee 225  
during the previous calendar year and the aggregate amount 226  
financed on the pawn transactions; 227

(2) The number of pledged property items redeemed during the 228  
previous calendar year and the amount financed on the redeemed 229  
property; 230

(3) The number of items surrendered to law enforcement; 231

(4) The total dollar amount of pawn loans surrendered to law 232  
enforcement; 233

(5) The number of pawn loans that were not redeemed; 234



<u>(6) The total dollar amount of pawn loans not redeemed;</u>	235
<u>(7) The total number of full-time equivalent employees at the pawnshop as of the last day of December of the preceding year.</u>	236 237
<u>(C) Information furnished to the superintendent in accordance with this section is confidential and is not a public record under section 149.43 of the Revised Code.</u>	238 239 240
<b><u>Sec. 4727.23.</u></b> <u>(A) When a law enforcement officer has reasonable suspicion that property in the possession of a pawnbroker at a pawnshop in the law enforcement officer's jurisdiction has been misappropriated, the law enforcement officer may issue a police hold order that directs the pawnbroker not to release or dispose of the property until the police hold order terminates or a court orders the release or disposal of the property. The law enforcement officer shall request the pawnbroker or the pawnbroker's designee to sign the police hold order.</u>	241 242 243 244 245 246 247 248 249
<u>(B) If a pawnbroker or pawnbroker's designee signs the police hold order described in division (A) of this section, the hold order takes effect when the pawnbroker or the pawnbroker's designee receives the police hold order.</u>	250 251 252 253
<u>(C) If a pawnbroker or pawnbroker's designee refuses to sign the police hold order described in division (A) of this section, the hold order begins when the refusal occurs.</u>	254 255 256
<b><u>Sec. 4727.24.</u></b> <u>(A) When property in the possession of a pawnbroker may be needed as evidence in a pending court action involving a criminal or civil charge, a law enforcement agency may issue an evidentiary hold order to a pawnbroker that directs the pawnbroker not to release or dispose of the property until the evidentiary hold order terminates or a court orders the release or disposal of the property.</u>	257 258 259 260 261 262 263
<u>(B) A pawnbroker who receives an evidentiary hold order under</u>	264

division (A) of this section shall hold the property until the 265  
court notifies the pawnbroker in writing of the disposition of the 266  
action. The court shall notify the pawnbroker within fifteen days 267  
after the disposition of the action for which the property may be 268  
needed as evidence. 269

**Sec. 4727.25.** (A) A hold order described in section 4727.23 270  
or 4727.24 of the Revised Code shall be in writing and contain all 271  
of the following: 272

(1) The name of the pawnbroker; 273

(2) A complete description of the property being held, 274  
including the model number and serial number, if any; 275

(3) The mailing address of the pawnshop where the property is 276  
being held. 277

(B) In addition to the information required by division (A) 278  
of this section, if the hold order is a police hold order as 279  
described in section 4727.23 of the Revised Code, the order must 280  
contain all of the following: 281

(1) The name, title, and identification number of the law 282  
enforcement officer issuing the police hold order, and the name 283  
and address of the law enforcement agency for which the law 284  
enforcement officer is acting; 285

(2) The number, if any, assigned by the law enforcement 286  
agency to the case; 287

(3) The expiration date of the hold order. 288

(C) In addition to the information required by division (A) 289  
of this section, if the hold order is an evidentiary hold order as 290  
described in section 4727.24 of the Revised Code, the order must 291  
contain both of the following: 292

(1) The name and address of the law enforcement agency 293

issuing the evidentiary hold order; 294

(2) The number and caption of the court action. 295

Sec. 4727.26. (A) An initial police hold order as described 296  
in section 4727.23 of the Revised Code may not exceed sixty days. 297  
However, a law enforcement officer may extend the police hold 298  
order for one additional successive sixty-day period by giving 299  
written notification to the pawnbroker before the expiration of 300  
the first sixty-day period. 301

(B) A law enforcement agency may not issue a new police hold 302  
order for the same property after the additional sixty-day period 303  
allowed under this section. However, the termination of the police 304  
hold order does not affect an existing evidentiary hold order as 305  
described in section 4727.24 of the Revised Code on the same 306  
property or prevent the issuance of an evidentiary hold order for 307  
the same property. 308

(C) A law enforcement agency may release a police hold order 309  
before the end of a sixty-day period by issuing a written release 310  
to the pawnbroker. 311

Sec. 4727.27. (A) If a person believes that property in the 312  
possession of a pawnbroker was misappropriated from the person, 313  
and if the person wants to obtain possession of the property from 314  
the pawnbroker, the person shall notify the pawnbroker in writing. 315

(B) A notice under division (A) of this section must contain 316  
a complete and accurate description of the property and must be 317  
accompanied by proof that the claimant owns the property and, if 318  
the claimant alleges that the property was stolen, a legible copy 319  
of a law enforcement agency's report indicating that the property 320  
was stolen. 321

(C) Except as provided in section 4727.28 of the Revised 322  
Code, a pawnbroker shall not, for thirty days after the pawnbroker 323

receives notice of a claim under this section, dispose of property 324  
that is the subject of a claim. 325

Sec. 4727.28. If a claimant and a pawnbroker do not resolve a 326  
claim within ten days after the pawnbroker's receipt of a notice 327  
of the claim under section 4727.27 of the Revised Code, the 328  
claimant may bring an action in court to require the pawnbroker to 329  
return the property to the claimant. After a pawnbroker is 330  
notified that court action has been filed, the pawnbroker may not 331  
dispose of the property until the court disposes of the action, 332  
disposes of the property, or allows the pawnbroker to dispose of 333  
the property. 334

Sec. 4727.29. A pledgor or seller of property to a pawnbroker 335  
is liable to the pawnbroker for the full amount that the pledgor 336  
or seller received from the pawnbroker, all charges owed by the 337  
pledgor for the pawnbroker transaction, and attorney's fees and 338  
other costs as allowed by the rules of court if, in an action 339  
brought under section 4727.28 of the Revised Code, the court 340  
determines that the pledgor or seller misappropriated the property 341  
from the claimant and the court orders the pawnbroker to return 342  
the property to the claimant. 343

Sec. 4727.30. (A) If property in the possession of a 344  
pawnbroker was leased from a lessor to a pledgor or seller when 345  
the pledgor or seller pledged or sold the property to the 346  
pawnbroker, but the property did not have a permanent label or 347  
other conspicuous mark identifying it as the lessor's property, 348  
the pawnbroker may return the property to the lessor if the lessor 349  
does both of the following: 350

(1) Provides the pawnbroker with evidence that the property 351  
is the lessor's property and was leased to the pledgor or seller 352  
at the time the property was pledged or sold to the pawnbroker; 353

<u>(2) Pays the pawnbroker either of the following:</u>	354
<u>(a) The amount financed and the finance fee for the pawn transaction, if the property was pledged to the pawnbroker;</u>	355
<u>(b) The amount that the pawnbroker paid the seller if the property was sold to the pawnbroker.</u>	357
<u>(B) A pawnbroker is not liable to the pledgor or seller of property that is recovered by a lessor under division (A) of this section for returning the property to a lessor.</u>	358
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<b>Section 2.</b> That existing sections 4727.06, 4727.09, 4727.11, 4727.12, and 4727.13 of the Revised Code are hereby repealed.	362
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