

**Pawn Shop Analyses:  
Legislation Series: Where does pawn shop legislation exist in  
New York State?**



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## INTRODUCTION

This is the third paper describing the current status of pawn shops. The prior two papers have dealt with the operation of pawn shops at the local level through analyzing pawn shop transactions across Rochester-city. By focusing on the what, who, where, and when of pawning habits we have sought to shed some light on this oft-neglected business and its relationship with the stolen goods market.

In many ways this paper represents a departure from its predecessors. It is the first of three papers in which we examine existing pawn shop ordinances throughout New York State. In the following pages we provide a brief descriptive overview of the sample used to create this mini-series of papers and we identify what types of jurisdictions have ordinances relating to the operation of pawn shops. In Appendix A we have provided a complete list of identified jurisdictions to have pawnbroker or collateral loan broker ordinances.

Several terms are made use of in this paper where the precise definition may be helpful to the reader – to access these definitions please refer to Appendix B. The following terms are provided definitions: village, town, city, county, IMPACT county, collateral loan broker, secondhand dealer, and junk dealer.

## METHODOLOGY

Most of the information in this study was drawn from the e360 library of the General Code website. The General Code website includes municipal codes for twenty-two east coast and mid-west states, as well as Canada. All 479 New York State jurisdictions included within the e360 library were examined manually. Further, any IMPACT counties and their county seats not included within the e360 website were contacted. From these sources we were able to reach all but one IMPACT county and one IMPACT county seat. Thus, our total sample size is 493 jurisdictions. Table 1 provides an overview of the distribution of villages, towns, cities, counties, and states included within this analysis.

*Table 1: Distribution of sample by jurisdiction type (n = 495)*

<b>Jurisdiction Type</b>	<b>Examined</b>
Village	197
Town	230
City	46
County	19
State	1
<b>Total:</b>	<b>493</b>

All told, fifty-three of the sixty-two counties of New York State are represented within our sample (85.4%). Thirty-eight of these counties are represented by ten or fewer jurisdictions – a jurisdictions being any village, town, city, or county within our dataset. Table 2 provides an overview of the eleven counties to have the largest number of jurisdictions within our sample.

*Table 2: Distribution of sample by county for the 11 most represented counties (n = 53)*

<b>County</b>	<b>Included Jurisdictions</b>
Nassau	56
Westchester	42
Suffolk	34

Orange	30
Erie	30
Dutchess	26
Monroe	24
Onondaga	18
Ulster	17
Rockland	14
Saratoga	14
All Others (n = 42)	4.5

For each of the 479 New York jurisdictions identified in the e360 library we conducted a manual search for ordinances fitting the following phrases: pawnbroker, collateral loan broker, secondhand dealer, and junk dealer. We also included similar businesses in an “other” category – this category would include any non-aforementioned business that involved the buying and/or selling of secondhand goods. Jurisdictional codes for the fourteen IMPACT locations not included on the e360 library was obtained via an Internet search; if we did not find this information online we directly contact the jurisdiction clerk’s office to speak with individuals who could provide us with any pertinent ordinances.

## RESULTS

Our search was directed towards any existing legislation on pawnbrokers, collateral loan brokers, secondhand dealers, and junk dealers. Upon reviewing the municipal codes for these businesses we determined that it would be ideal to focus solely on collateral loan and pawnbroker ordinances. At the time of writing this no statewide article exists to guide the operation of secondhand dealers. Further, the jurisdictional codes for junk dealers – which focus primarily on quality of life concerns, zoning, and fencing, rather than the buying and selling of junk – appear to be far too removed from the codes for collateral loan and pawnbrokers for useful comparison.

Although the focus for this paper is on collateral loan and pawnbrokers, we provide Table 3 to illustrate the number of jurisdictions to have ordinances relating to collateral loan and pawnbrokers, secondhand dealers, junk dealers, or any other businesses involved in the buying and selling of secondhand property. When reviewing Table 3, please keep in mind that a number of jurisdictions may operate under more than one ordinance. Rochester, for example, includes ordinances relating to pawn broking, junk dealing, and secondhand dealing.

381 jurisdictions (77% of the entire sample) do not have any form of ordinance relating to the four examined businesses. Only 2.4% of all examined jurisdictions – twelve locations – have ordinances for pawn broking or collateral loan broking, secondhand dealing, and junk dealing.

*Table 3: Total number and percentages of ordinances for each type of business (n = 493)*

Type of Business	Jurisdictions with Ordinance
Pawn/Collateral Loan Broker	39 (7.9%)
Secondhand Dealer	45 (9.1%)
Junk Dealer	66 (13.3%)
Other buyer or seller of used goods	15 (3.0%)
<b>Total:</b>	<b>165</b>

Most of the ordinances that currently exist for collateral loan broking and pawn broking are within city codes. Table 4 displays the total number of pawnbroker or collateral loan broker ordinances to occur by jurisdictional type and the percentage of such ordinances to exist for that jurisdictional type.

*Table 4: Sites with collateral loan broker ordinances by jurisdiction type and total percentage of those jurisdictions collateral loan broking ordinance*

<b>Location Type</b>	<b>Has Collateral Loan Broking Ordinance</b>
Village	10 (5%)
Town	5 (2%)
City	23 (50%)
County	0 (0%)
State	1 (100%)
<b>Total:</b>	<b>39 (7.9%)</b>

#### COUNTY-WIDE

None of the nineteen counties examined operate under a countywide code for pawn or collateral loan broking; yet this may soon be subject to change. Albany County is currently in the process of approving Local Law No. "F." The countywide "Precious Metals Exchanges and Secondhand Dealers Reporting Law" was designed to promote the electronic reporting of precious metal establishments', pawn shops', and secondhand merchants' transactions to law enforcement. This, coupled with Rochester's recent inclusion of electronic reporting in their pawn shop ordinance, seem to indicate a potential trend of updating ordinances to better reflect current technologies.

Although we did not speak with county legislators as to why no countywide codes exist for collateral loan brokers, there are several factors that could serve as an explanation. First, the New York State General Business Law includes an article – Article 5 – that explicitly deals with the operation of collateral loan brokers. Second, because many ordinances require information to be sent on a weekly – or daily – basis to local law enforcement, a countywide code could be seen to interfere with currently existing ordinances. Finally, village-, town-, or city-based ordinances may be seen as a benefit over countywide codes as jurisdiction-unique codes may be viewed as having a greater applicability to the day-to-day operations of that particular location.

With that said, there could be a benefit to countywide legislation. Such ordinances should be seen as a way to supplement, not supplant, state and local law. As we hope to demonstrate in future papers, the state legislation does not cover all aspects of the collateral loan broking business. Having countywide legislation would allow for such gaps to be addressed, ensuring uniformity across the county. Countywide ordinances would allow for the inclusion of recent changes to the collateral loan broking operation, such as the electronic reporting of pawn shop transactions.

#### CONCLUSION

In the above pages we sought to provide an overview of the prevalence of ordinances relating to pawn broking and collateral loan broking throughout New York State. This paper is the first of three such papers examining pawnbroker and collateral loan broker legislation; in the next installment of this series we provide an overview of Article 5 of the General Business Law and compare the contents of this Article to the thirty-eight other locations herein identified as having collateral loan and pawn broking ordinances.

## References

Article 5: Collateral Loan Brokers, GBS 5 § 47, New York General Business Law, 2012.

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Article 5: Collateral Loan Brokers, GBS 5 § 52, New York General Business Law, 2012.

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## **Appendix A**

### Jurisdictions with pawnbroker/collateral loan broker codes

Cities: Albany, Amsterdam, Auburn, Buffalo, Canandaigua, Glen Clove, Gloversville, Kingston, Middletown, Mount Vernon, New Rochelle, Newburgh, North Tonawanda, Oneota, Port Jervis, Rochester, Saratoga Springs, Syracuse, Troy, Utica, Watertown, White Plains, Yonkers

Towns: Babylon, Irondequoit, Islip, Oyster Bay, Wappinger

Villages: East Rockaway, Freeport, Massapequa Park, Mastic Beach, Monticello, Ossining, Patchogue, Rockville Centre, Spring Valley, Tarryton

State of New York

## Appendix B

**Town:** Within New York State a town includes any location outside of a city or Indian Reservation. Towns provide local services as well as small-scale government to the local community. There is no determined population size for towns; indeed, estimated populations for towns in New York State in 2005 ranged from three quarters of a million residents (Hempstead) to thirty-seven (Red House). There are over 900 towns in New York State (Department of State, 2011).

**Village:** Villages are geographical locations incorporated into towns. A village's residents must pay taxes to the town and receives the services the town provides. As of 2011, a geographical location not previously identified as a part of a city, town, or village must have at least 500 residents to be incorporated as a village; further, its geographical location cannot be greater than five square miles (Department of State, 2011).

**City:** For New York State no minimum population or geographical size is used to define a city. Indeed, there are over 150 villages with populations greater than some city populations in New York State. Cities differ from towns and villages primarily in the fact that their powers are outlined in a city charter versus village law (Department of State, 2011).

**County:** There are 57 counties within New York State. The five boroughs of New York City do not operate as county governments and are, therefore, excluded from this analysis. While there is great diversity in the population and size of counties across New York State the main function of counties remains similar across the state: counties have their own laws and operate within their own jurisdictions and provide a multitude of services to the community (Department of State, 2011).

**Collateral Loan Broker:** Article 5 of the General Business Law of New York State concerns the daily operation of pawnbrokers, also known as collateral loan brokers. The article defines them as such, "person...(1) loaning money on deposit or pledge of personal property, other than securities or printed evidences of indebtedness; or (2) dealing in the purchasing of personal property on condition of selling back at a stipulated price; or (3) designated or doing business as furniture storage warehousemen, and loaning and advancing money upon goods, wares or merchandise pledged or deposited as collateral security." (Article 5: New York General Business Law, 2012).

**Secondhand Dealer:** Although section 47 of Article 5 contains some information on secondhand business, it describes it only as it relates to collateral loan brokers (Article 5: New York General Business Law, 2012). The General Business Law of New York State does not contain any legislation directly referring to the operation of secondhand dealers; however, a number of jurisdictions do contain codes relating to their operation. The Town of Hempstead, for instance, defines a dealer in secondhand articles as, "any person who in any way as principal, broker, or agent: (1) deals in the commercial purchase or sale of secondhand articles for any purpose and of whatever nature, including but not limited to old gold or other precious metals, coins, stamps or currency, firearms, rifles, shotguns, cameras, business machines, musical instruments, outboard motors or electronic equipment. (2) Accepts or receives secondhand articles as returns of merchandise or in exchange for or for credits on any other articles or merchandise. (3) Deals in the commercial purchase or sale of pawnbroker tickets or other evidence of pledged articles." (Hempstead Village Law, 2012).



**Junk Dealer:** Article 6 of the General Business Law of New York State concerns the operation of Junk Dealers. The Article defines them as such, "...any individual...engaged in the business of purchasing and reselling valuable metal either at a permanently established place of business or in connection with a business of an itinerant nature...but shall not include any individual, firm, corporation, limited liability company, or partnership duly licensed as a scrap processor as provided in article six-c of this chapter." (Article 6: New York General Business Law, 2012).

**IMPACT County:** There are seventeen IMPACT counties: Albany, Broome, Chautauqua, Dutchess, Erie, Monroe, Nassau, Niagara, Oneida, Onondaga, Orange, Rensselaer, Rockland, Schenectady, Suffolk, Ulster, and Westchester. These counties account for 80% of the crime in upstate New York and Long Island and exclude New York City. These counties are all provided government grants in order to implement strategic, intelligence-based policing initiatives (New York State Division of Criminal Justice Services, 2012).