

WHAT IS A PAWNBROKER?

Pawnbroker – *Any person whose business or occupation includes the taking or receiving, by way of pledge or pawn, of any article or personal property as security for the payment or repayment of money.*

Pawnbrokers, also known as collateral loan brokers, make loans based purely on the intrinsic value of the collateral. Checking the customer's credit history is not necessary because only the value of the item being pawned is considered.



A NEW VIEW

Thanks to the hard work of more than 300 pawn brokers in California who are active members of CLSDA, the pawnbroking industry is steadily improving. Their collective goal is to maintain mutual cooperation with legislators and law enforcement agencies and to promote the positive aspects of pawnbroking. Today pawnbrokers employ more than 6,000 people in California with 57% of the pawn shops providing employee health benefits and 39% providing retirement plans. Pawnbrokers are respected members of the community – they are small business owners who help stimulate the local economy and provide a valuable service to shoppers and borrowers alike.

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CLSDA

Collateral Loan & Secondhand Dealers Association of California

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HOW DO PAWNSHOPS WORK?

The public brings gold, diamonds, jewelry, electronics, cameras, tools or some other item of value into a pawnbroker. When the amount of the loan has been agreed upon, a contract or pawn-ticket is printed with a full description of the merchandise used for collateral on the loan. Each contract is good for a four month period. Our customers are sent a notice giving them 10 additional days from the due date. All fees charged are regulated by the State of California. Customers can re-write or pay the interest fee to have a new pawn ticket written and the process of four months begins again. The client may wish to cure the loan early, and receive a discount of set fees.

PAWNBROKERS: A HISTORY OF HELPING

As mankind's oldest financial institution, pawn loans can be traced back at least 3,000 years to Ancient China and can be found in the early Greek and Roman civilizations.

The House of Lombard's operated pawnshops throughout Europe. King Edward III of England is said to have frequented these pawn stores during the 14th century. Christopher Columbus' journey to the Americas was financed by Queen Isabella pawning the crown jewels.

America's first loan ... Did you know that the American Revolution was financed by a pawnbroker named Hiam Solomon? To honor Mr. Solomon, a Jew, the Star of David was used as engraving years later on the back of the $1 bill to give credence that America stands for freedom of religion.



WHY ARE WE NEEDED?

More than 56 million people do not have a bank account or credit card. In today's diverse society, many people depend on pawnshops to help them meet their daily financial needs not met by other financial institutions. Our customers represent the working families of America who have an unexpected need for a short term loan. Pawn loans keep the electricity on, rents paid and cars working. There's no better place than a pawnshop for people who need to raise cash quickly. Many clients use pawnshops as their "safety net" when emergencies arise to get quick cash or they may have a seasonal job and need a loan to tide them over the slow months when traditional banks won't.



The typical loan customer pawns merchandise because they can receive 50-70% of their items wholesale value. Customers have up to four months to reclaim their merchandise and a ten-day grace period in order to renew or redeem the item. More than 85% of merchandise pawned is redeemed by the borrower.



The average pawn shopper is a bargain hunter or curio seeker, looking for that one-of-a-kind estate ring, vintage electric guitar or rare coin. Usually these are shoppers that don't need to shop at secondhand stores, but prefer to because of the eclectic nature of the merchandise and the good deals they run across. In fact, almost 60% of pawn customers earn between $35-75K per year.

Today's pawnbroker may be an entrepreneur operating a single location or a larger company with multiple locations around a city or state. This growing competitive industry is working hard to upgrade the image of pawnshops and to offer needed services to the public.

WHO REGULATES US?

The pawn industry is one of the most regulated in the country. Most regulation has been initiated, sponsored and supported by the pawnbrokers. Working with law enforcement has always been an important part of operating a pawnshop. Pawnshops comply with all federal, state and local regulations.

Regulatory agencies that govern the pawn industry include the Office of Consumer Credit as well as local, state and national law enforcement.

To safeguard pawnshops from accepting stolen property, customers must present State approved picture I.D., full customer information, fingerprint and a full item description to receive a loan. All loan transactions are then reported to law enforcement. Due to thorough regulations and reporting, less than 1% of all pawned loans are ever questioned by law enforcement.

WHO ARE WE?

California Pawnbrokers; Collateral Loan and Secondhand Dealers Association of California (CLSDA). Since 1956, we have been offering legislative support as the collective voice for the industry.

CLSDA unifies pawnbrokers and secondhand dealers, using collaborative ideas to improve the business image and reputation of pawn broking.

Conventions, educational seminars, exposure to vendors and a quarterly industry newsletter as well as a website keep shop owners informed of trends, tips, laws and compliance.

