

North Carolina Criminal Justice Information Network Governing Board  
Pawn Transaction Study Report – House Bill 1282

Submitted to the

Co-Chairs of the  
Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee

March 31, 2010

## Table of Contents

Executive Summary .....	3
Background .....	5
Study Bill HB 1282 .....	5
State Statute - Chapter 91A.....	5
Property Crime .....	11
NC SBI Statistics .....	12
US FBI Statistics .....	13
Analysis.....	14
NC Property Crime.....	14
Pawn Shop Statistics - Other States .....	14
Illinois .....	14
Oklahoma.....	15
Oregon.....	16
National Pawn Association .....	17
Letter - Pawn Broker Lobbyist.....	18
Existing North Carolina Systems.....	19
Raleigh and Wake County .....	19
Charlotte-Mecklenburg PD and Guilford County.....	20
Cities of Fayetteville, Jacksonville, and Asheville, Counties of Cumberland, Onslow, and Buncombe.....	27
Potential North Carolina Systems .....	30
Local Record Management Systems.....	30
GCC and DOJ - Local Information Sharing Initiative.....	30
NCIS - Law Enforcement Information Exchange.....	30
Office of the State Controller – CJLEADS.....	30
Other States and Large City Systems.....	31
Maryland – Regional Automated Property Information Database .....	31
Minneapolis – Automated Pawn System.....	32
Delaware – New Legislation.....	34
Summary of Analysis.....	35
Recommendations.....	37

## Executive Summary

The Criminal Justice Information Network (CJIN) Governing Board was directed to study the feasibility of creating an automated pawn transaction database system as part of the criminal justice information network.

To facilitate this study, the CJIN Board conducted workshops with county and municipal law enforcement agencies, information technology professionals, pawnshop owners, pawnshop lobbyists, and vendors operating in North Carolina. A significant portion of two CJIN Board meetings were dedicated to presentations and discussions regarding the study. Additionally, the CJIN staff reviewed numerous other studies that were completed by other states and participated in conversations with personnel from those states.

The majority of the January 28, 2010 CJIN meeting was devoted to briefing the Board on the existing pawn shop automation within North Carolina; personnel from the counties of Wake, Mecklenburg, Cumberland, Guilford, and Onslow, cities of Raleigh, Fayetteville, Charlotte, Jacksonville, and Dunn, along with pawnshop owner Bob Moulton, Director of the National Association of Pawn Brokers participated in the discussions.

At the March 18, 2010 Board meeting, the CJIN staff reported the findings to date and requested some direction from the Board regarding expanding the scope of the project to include secondhand dealers, scrap yards, precious metals, and other outlets for stolen property. After a lengthy discussion, the Board was in agreement that the staff findings should be reflected in the study report; however, the recommendation should be responsive to the request of the legislature.

Part of the staff's report to the Board reflected property crime and the statistics associated with pawnshops. Currently, statistics reflect one pawn item out of every 1,000 is determined stolen. Discussions on these statistics ranged from - law enforcement and the pawnbrokers are doing an outstanding job; to the statistics do not reflect all the stolen property because the state does not have a statewide pawn transaction database. Comments were made that the number of recovered items would increase with a statewide system. The study reflects the definition of property crime, national and state statistics, historical trending, etc.

The State Statute defines the reporting responsibilities of a pawnshop. The CJIN Board, with all of the aforementioned assistance, determined that the reporting included manual processing of records, automation of received records within county and city agencies, fully automated process of reporting, and Internet processing being done by a national vendor. It was found that the records being handled within each process were not being shared with other systems; although in some cases the ability was there to share the information. The systems developed in several counties have the potential to be expanded to a state level. Furthermore, the information available through the Internet provider was feature rich and comprehensive. Determining the costs of each of these potential solutions was difficult.

The Study Bill specifically addressed the feasibility of developing and maintaining pawnshop transactions within an automated system for law enforcement agencies. While conducting the various meetings and workshops, along with research and

conversations with other states, it was expressed by all the participants that targeting the records of pawnshops were only a partial solution to solving property crime. It was the speculation of the majority of the participants that only a small portion of stolen property flows through pawnshops. There are numerous unregulated outlets within the state that could handle stolen property that are currently not required to maintain records.

The advantages and challenges of developing a statewide system are detailed in this report. The simple answer to the study request is yes it is feasible to develop a system to track pawn transactions and share this information with all the law enforcement agencies in the state. Based on the systems developed in North Carolina counties, the national company that uses the Internet, modules contained in some of our record management systems, expanding some of the information sharing initiatives that are currently being developed, or starting a new system, we have the experience, system knowledge, and a receptive community of regulated businesses to ensure success.

Undertaking this study resulted in a number of feasible technology solutions; however, the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee should consider expanding the businesses required to keep and maintain transaction records. Prior to making a technical recommendation and based on all the information contained in the report regarding property crime, the CJIN Board respectively requests that the Committee consider allowing the Board to broaden the original study to include other businesses operating in secondhand merchandise.

## Background

In performing the study outlined in House Bill 1282 the CJIN Board addressed the following areas in order to gain an understanding of pawnshops and property crime, not only in North Carolina but in the United States:

- Study Bill 1282
- State Statute – Pawn Brokers
- Property Crime - Definition
- NC SBI Statistics
- US FBI Statistics

### Study Bill HB 1282

The CJIN Board undertook the Pawn Shop Transaction Study based on the General Assembly, during the 2009-2010 session, enacted the following:

A bill to be entitled an act to direct the criminal justice information network governing board to study the feasibility of creating an automated pawn transaction database system as part of the criminal justice information network.

SECTION 1. The Criminal Justice Information Network Governing Board shall study the feasibility of developing and maintaining an automated system that would receive pawn transaction data electronically from pawn shops and provide access to law enforcement agencies for retrieving information about pawn shop transactions statewide as part of the Criminal Justice Information Network. The study shall consider issues related to the State's role in regulating pawn shops in order to identify and minimize illegal activities, recover stolen property, verify compliance with applicable laws, and ensure a legitimate environment for consumers by decreasing the cost of regulation, improving law enforcement services and effectiveness, enabling information sharing among law enforcement and regulatory authorities, and impacting related crimes. The Board shall report its findings and recommendations, including any legislative proposals, to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on or before March 31, 2010.

SECTION 2. This act is effective when it becomes law.

Prior to researching property crime at the state and federal level, the Board reviewed the existing State Statute. The following State Statute covering Pawn Brokers is provided as a review:

### State Statute - Chapter 91A

Pawnbrokers Modernization Act of 1989

§ 91A-1. Short title

This Chapter shall be known and may be cited as the Pawnbrokers Modernization Act of 1989. (1989, c. 638, s. 2.)

## § 91A-2. Purpose

The making of pawn loans and the acquisition and disposition of tangible personal property by and through pawnshops vitally affects the general economy of this State and the public interest and welfare of its citizens. In recognition of these facts, it is the policy of this State and the purpose of the Pawnbrokers Modernization Act of 1989 to:

- (1) Ensure a sound system of making loans and acquiring and disposing of tangible personal property by and through pawnshops, and to prevent unlawful property transactions, particularly in stolen property, through licensing and regulating pawnbrokers;
- (2) Provide for licensing fees and investigation fees of licensees;
- (3) Ensure financial responsibility to the State and the general public;
- (4) Ensure compliance with federal and State laws; and
- (5) Assist local governments in the exercise of their police authority. (1989, c. 638, s. 2.)

## § 91A-3. Definitions

As used in this Article, the following definitions shall apply:

- (1) "Pawn" or "Pawn transaction" means a written bailment of personal property as security for a debt, redeemable on certain terms within 180 days, unless renewed, and with an implied power of sale on default.
- (2) "Pawnbroker" means any person engaged in the business of lending money on the security of pledged goods and who may also purchase merchandise for resale from dealers and traders.
- (3) "Pawnshop" means the location at which, or premises in which, a pawnbroker regularly conducts business.
- (4) "Person" means any individual, corporation, joint venture, association, or any other legal entity, however organized.
- (5) "Pledged goods" means tangible personal property which is deposited with, or otherwise actually delivered into, the possession of a pawnbroker in the course of his business in connection with a pawn transaction.
- (6) "Purchase" means any item purchased from an individual for the purpose of resale whereby the seller no longer has a vested interest in the item. (1989, c. 638, s. 2.)

## § 91A-4. Pawnbroker authority

A pawnbroker licensee is authorized to: (i) make loans on pledges of tangible personal property, (ii) deal in bullion stocks, (iii) purchase merchandise for resale from dealers, traders, and wholesale suppliers and (iv) use its capital and funds in any lawful manner within the general scope and purpose of its creation. Notwithstanding the provisions of this section, no pawnbroker has the authority enumerated in this section unless he has fully complied with the laws regulating the particular transactions involved. (1989, c. 638, s. 2.)

#### § 91A-5. License required

It is unlawful for any person, firm, or corporation to establish or conduct a business of pawnbroker unless such person, firm, or corporation has procured a license to conduct business in compliance with the requirements of this Chapter. (1989, c. 638, s. 2.)

#### § 91A-6. Requirements for licensure

(a) To be eligible for a pawnbroker's license, an applicant must:

- (1) Be of good moral character; and
- (2) Not have been convicted of a felony within the last 10 years.

(b) Every person, firm or corporation desiring to engage in the business of pawnbroker shall petition the appropriate city or county agency in the area in which the pawnshop is to be operated for a license to conduct such business. Such petitions shall provide:

- (1) The name and address of the person, and, in case of a firm or corporation, the names and addresses of the persons composing such firm or of the officers, directors, and stockholders of such corporation, excluding shareholders of publicly traded companies;
- (2) The name of the business and the street and mailing address where the business is to be operated;
- (3) A statement indicating the amount of net assets or capital proposed to be used by the petitioner in operation of the business; this statement shall be accompanied by an unaudited statement from an accountant or certified public accountant verifying the information contained in the accompanying statement;
- (4) An affidavit by the petitioner that he has not been convicted of a felony; and
- (5) A certificate from the chief of police, or sheriff of the county, or the State Bureau of Investigation that the petitioner has not been convicted of a felony.

(c) Licenses shall be granted under this Chapter by the city if the pawnshop is to be operated within the corporate limits of a city as defined by G.S. 160A-1, and by a county if it is to be operated outside the corporate limits of any city as defined by G.S. 160A-1.

(d) Any license granted under this Chapter may be revoked by the county or city issuing it, after a hearing, for substantial abuses of this Chapter by the licensee. (1989, c. 638, s. 2.)

#### § 91A-7. Record keeping requirements

(a) Every pawnbroker shall keep consecutively numbered records of each and every pawn transaction, which shall correspond in all essential particulars to a detachable pawn ticket or copy thereof attached to the record.

(b) The pawnbroker shall, at the time of making the pawn or purchase transaction, enter upon the pawn ticket a record of the following information which shall be typed or written in ink and in the English language:

- (1) A clear and accurate description of the property, including model and serial number if indicated on the property;
- (2) The name, residence address, phone number, and date of birth of pledgor;
- (3) Date of the pawn transaction;

- (4) Type of identification and the identification number accepted from pledgor;
  - (5) Description of the pledgor including approximate height, weight, sex, and race;
  - (6) Amount of money advanced;
  - (7) The date due and the amount due;
  - (8) All monthly pawn charges, including interest, annual percentage rate on interest, and total recovery fee; and
  - (9) Agreed upon "stated value" between pledgor and pawnbroker in case of loss or destruction of pledged item; unless otherwise noted, "stated value" is the same as the loan value.
- (c) The following shall be printed on all pawn tickets:
- (1) The statement that "ANY PERSONAL PROPERTY PLEDGED TO A PAWNBROKER WITHIN THIS STATE IS SUBJECT TO SALE OR DISPOSAL WHEN THERE HAS BEEN NO PAYMENT MADE ON THE ACCOUNT FOR A PERIOD OF 60 DAYS PAST MATURITY DATE OF THE ORIGINAL CONTRACT. NO FURTHER NOTICE IS NECESSARY.";
  - (2) The statement that "THE PLEDGOR OF THIS ITEM ATTESTS THAT IT IS NOT STOLEN, HAS NO LIENS OR ENCUMBRANCES, AND IS THE PLEDGOR'S TO SELL OR PAWN.";
  - (3) The statement that "THE ITEM PAWNED IS REDEEMABLE ONLY BY THE BEARER OF THIS TICKET OR BY IDENTIFICATION OF THE PERSON MAKING THE PAWN."; and
  - (4) A blank line for the pledgor's signature and the pawnbroker's signature or initials.

(d) The pledgor shall sign the pawn ticket and shall receive an exact copy of the pawn ticket which shall be signed or initialed by the pawnbroker or any employee of the pawnbroker. These records shall be available for inspection and pickup each regular workday by the sheriff of the county, or the sheriff's designee or the chief of police, or the chief's designee of the municipality in which the pawnshop is located. These records may be electronically reported to the sheriff of the county or the chief of police of the municipality in which the pawnshop is located by transmission over the Internet or by facsimile transmission in a manner authorized by the applicable sheriff or chief of police. These records shall be a correct copy of the entries made of the pawn or purchase transaction and shall be carefully preserved without alteration, and shall be available during regular business hours.

(e) Except as otherwise provided in this Chapter, any person presenting a pawn ticket to a pawnbroker is presumed to be entitled to redeem the pledged goods described on the ticket. (1989, c. 638, s. 2; 2007-415, s. 2.)

#### § 91A-8. Pawnbroker fees; interest rates

No pawnbroker shall demand or receive an effective rate of interest greater than two percent (2%) per month, and no other charge of any description or for any purpose shall be made by the pawnbroker, except that the pawnbroker may charge, contract for, and recover an additional monthly fee for the following services, including but not limited to:

- (1) Title investigation;
- (2) Handling, appraisal, and storage;
- (3) Insuring a security;
- (4) Application fee;

- (5) Making daily reports to local law enforcement officers; and
- (6) For other expenses, including losses of every nature, and all other services.

In no event may the total of the above listed monthly fees on a pawn transaction exceed twenty percent (20%) of the principal up to a maximum of the following:

First month.....	\$100.00
Second month.....	75.00
Third month.....	75.00
Fourth month and thereafter.....	50.00

In addition, pawnbrokers may charge fees for returned checks as allowed by G.S. 25-3-506. (1989, c. 638, s. 2; 1995 (Reg. Sess., 1996), c. 742, s. 37.)

#### § 91A-9. Pawnbroker transactions

In every pawn transaction:

- (1) The original pawn contract shall have a maturity date of not less than 30 days, provided that nothing herein shall prevent the pledgor from redeeming the property before the maturity date;
- (2) Any personal property pledged to a pawnbroker in this State is subject to sale or disposal when there has been no payment made on the account for a period of 60 days past maturity date of the original contract; provided that the contract between the pledgor and the pawnbroker is renewable if renewal is agreed upon by both the parties;
- (3) Every pawn ticket or receipt for such pawn shall have printed thereon the provisions of subdivision (1) of this section which shall constitute: (i) notice of such sale or disposal, (ii) notice of intention to sell or dispose of the property without further notice, and (iii) consent to such sale or disposal. The pledgor thereby forfeits all right, title and interest of, in, and to such pawned property to the pawnbroker who thereby acquires absolute title to the same, whereupon the debt is satisfied and the pawnbroker may sell or dispose of the unredeemed pledges as his own property. Any sale or disposal of property under this section terminates all liability of the pawnbroker and vests in the purchaser the right, title, and interest of the borrower and the pawnbroker;
- (4) If the borrower loses his pawn ticket he shall not thereby forfeit his right to redeem, but may, before the lapse of the redemption period, make an affidavit with indemnification for such loss. The affidavit shall describe the property pawned and shall take the place of the lost pawn ticket unless the pawned property has already been redeemed with the original pawn ticket; and
- (5) A pledgor is not obligated to redeem pledged goods or make any payment on a pawn transaction. (1989, c. 638, s. 2.)

#### § 91A-10. Prohibitions

A pawnbroker shall not:

- (1) Accept a pledge from a person under the age of 18 years;
- (2) Make any agreement requiring the personal liability of a pledgor in connection with a pawn transaction;

- (3) Accept any waiver, in writing or otherwise, of any right or protection accorded a pledgor under this Chapter;
- (4) Fail to exercise reasonable care to protect pledged goods from loss or damage;
- (5) Fail to return pledged goods to a pledgor upon payment of the full amount due the pawnbroker on the pawn transaction. In the event such pledged goods are lost or damaged while in the possession of the pawnbroker, it shall be the responsibility of the pawnbroker to replace the lost or damaged goods with merchandise of like kind and equivalent value. In the event the pledgor and pawnbroker cannot agree as to replacement, the pawnbroker shall reimburse the pledgor in the amount of the value agreed upon pursuant to G.S. 91A-7(b);
- (6) Take any article in pawn, pledge, or as security from any person, which is known to such pawnbroker to be stolen, unless there is a written agreement with local or State police;
- (7) Sell, exchange, barter, or remove from the pawnshop any goods pledged, pawned, or purchased before the earlier of seven days after the date the pawn ticket record is electronically reported in accordance with G.S. 91A-7(d) or 30 days after the transaction, except in case of redemption by pledgor or items purchased for resale from wholesalers;
- (8) Operate more than one pawnshop under one license, and such shop must be at a permanent place of business; or
- (9) Take as pledged goods any manufactured mobile home, recreational vehicle, or motor vehicle other than a motorcycle. (1989, c. 638, s. 2; 2007-415, s. 1.)

#### § 91A-11. Penalties

(a) Every person, firm, or corporation, their guests or employees, who shall knowingly violate any of the provisions of this Chapter, shall, on conviction thereof, be deemed guilty of a Class 2 misdemeanor. If the violation is by an owner or major stockholder or managing partner of the pawnshop and the violation is knowingly committed by the owner, major stockholder, or managing partner of the pawnshop, then the license of the pawnshop may be suspended at the discretion of the court.

(b) The provision of subsection (a) shall not apply to violations of G.S. 91A-10(6) which shall be prosecuted under the North Carolina criminal statutes.

(c) Any contract of pawn the making or collecting of which violates any provision of this Chapter, except as a result of accidental or bona fide error of computation, shall be void, and the licensee shall have no right to collect, receive or retain any interest or fee whatsoever with respect to such pawn. (1989, c. 638, s. 2; 1993, c. 539, s. 655; 1994, Ex. Sess., c. 24, s. 14(c).)

#### § 91A-12. Municipal or county authority

All of the counties and cities as defined by G.S. 160A-1 may by ordinance adopt the provisions of this Chapter and may adopt such further rules and regulations as the governing bodies of the counties and cities deem appropriate; provided, however, no county or city may regulate:

- (1) Interest, fees, or recovery charges;

- (2) Hours of operation, unless such regulation applies to businesses generally;
- (3) The nature of the business or type of pawn transaction; or
- (4) License fees in excess of rates set by the State. (1989, c. 638, s. 2.)

#### § 91A-13. License renewal

Notwithstanding any provision of this Chapter to the contrary, any person, firm, or corporation licensed as a pawnbroker on or before October 1, 1989, shall continue in force until the natural expiration thereof and all other provisions of this Chapter shall apply to such license. Such pawnbroker shall be eligible for renewal of his license upon its expiration or subsequent renewals, provided such license complies with the requirements for renewal that were in effect immediately prior to October 1, 1989. (1989, c. 638, s. 2.)

#### § 91A-14. Bond

Every person, firm, or corporation licensed under this Chapter shall, at the time of receiving the license, file with the city or county issuing the license a bond payable to such city or county in the sum of five thousand dollars (\$5,000), to be executed by the licensee, and by two responsible sureties or a surety company licensed to do such business in this State, to be approved by the city or county, which shall be for the faithful performance of the requirements and obligations pertaining to the business so licensed. The city or county may sue for forfeiture of the bond upon a breach thereof. Any person who obtains a judgment against a pawnbroker and upon which judgment execution is returned unsatisfied may maintain an action in his own name upon the bond, to satisfy the judgment. (1989, c. 638, s. 2.)

### **Property Crime**

In the Uniform Crime Reporting (UCR) Program, property crime includes the offenses of burglary, larceny-theft, motor vehicle theft, and arson. The object of the theft-type offenses is the taking of money or property, but there is no force or threat of force against the victims. The property crime category includes arson because the offense involves the destruction of property; however, arson victims may be subjected to force. Because of limited participation and varying collection procedures by local agencies, only limited data are available for arson. Arson statistics are included in trend, clearance, and arrest tables throughout crime in the United States, but they are not included in any estimated volume data.

Burglary: The UCR Program defines burglary as the unlawful entry of a structure to commit a felony or theft. To classify an offense as a burglary, the use of force to gain entry need not have occurred. The Program has three sub-classifications for burglary: forcible entry, unlawful entry (where no force is used), and attempted forcible entry.

Motor Vehicle Theft: The UCR Program defines motor vehicle theft as the theft or attempted theft of a motor vehicle. The offense includes the stealing of automobiles, trucks, buses, motorcycles, snowmobiles, etc.

Larceny-Theft: The UCR Program defines larceny-theft as the unlawful taking, carrying, leading, or riding away of property from the possession of another. Examples are thefts

of bicycles, motor vehicle parts and accessories, shoplifting, pocket-picking, or the stealing of any property or article that is not taken by force or by fraud. Attempted larcenies are included. Embezzlement, confidence games, forgery, check fraud, etc., are excluded.

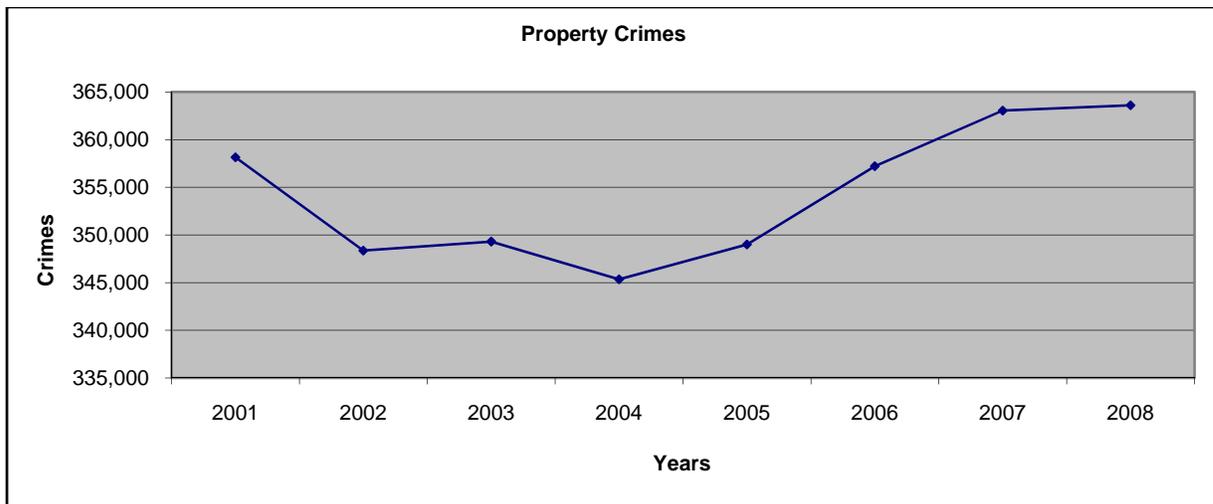
Arson: The UCR Program defines arson as any willful or malicious burning or attempting to burn, a dwelling house, public building, motor vehicle or aircraft, or personal property of another.

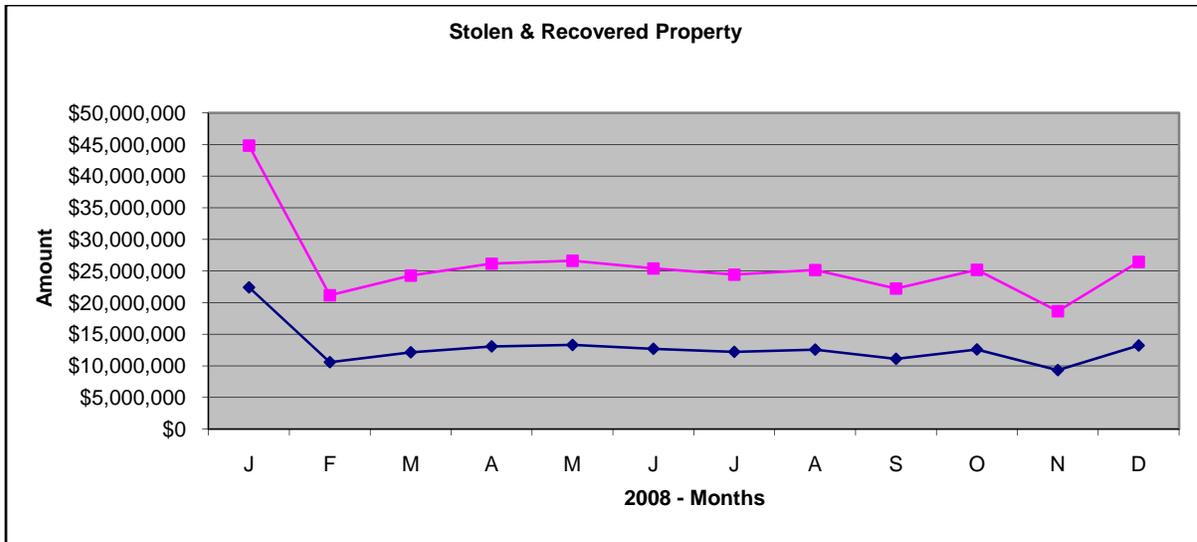
**NC Attorney General  
NC State Bureau of Investigation  
Uniform Crime Reporting**

Property Crime Offenses  
Eight -Year Trends

Offense	2001	2002	2003	2004	2005	2006	2007	2008
Burglary	100,425	98,233	97,267	98,264	102,780	105,346	106,849	109,128
Larceny – Theft	233,430	225,562	225,687	220,058	217,963	222,189	228,707	228,259
Motor Vehicle Theft	24,282	24,556	26,344	27,012	28,251	29,670	27,486	26,211
Property Crime Total	358,137	348,351	349,298	345,334	348,994	357,205	363,041	363,598

NC Property Crimes  
Years: 2001 - 2008



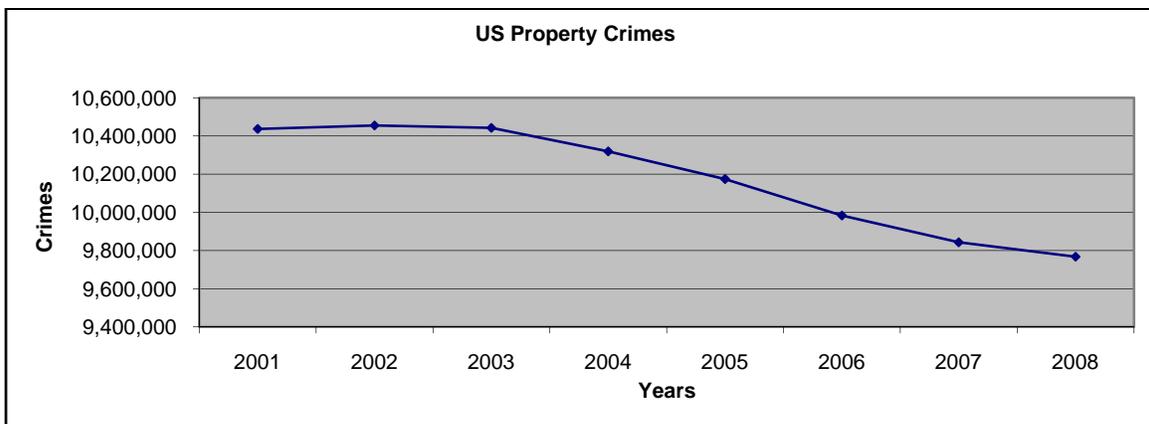


**Federal Bureau of Investigation  
2008 Crimes in the United States**

Overview of U.S. Property Crimes

- There were an estimated 9,767,915 property crime offenses in the Nation in 2008
- The 2-year trend showed property crime decreased 0.8 percent in 2008 compared with 2007 estimates. The 5-year trend, comparing 2008 with 2004, showed a 5.3 percent drop in property crime.
- In 2008, the rate of property crimes was estimated at 3,212.5 offenses per 100,000 inhabitants, a 1.6 percent decrease when compared with the rate in 2007. The 2008 property crime rate was 8.6 percent lower than the 2004 rate and 14.2 percent under the 1999 rate.
- An estimated 17.2 billion dollars in losses resulted from property crimes in 2008.

Larceny-theft accounted for 67.5 percent of all property crimes



## Analysis

The CJIN Board used the Analysis section of the report to document the workshops, meetings, conference calls, correspondence, etc. associated with acquiring information on property crime as it relates to pawn shops, not only in North Carolina but in other states, gain an understanding of existing and potential systems that could be utilized, a knowledge of how other states are handling pawn transactions, and to summarize all the information for making our recommendations.

### NC Property Crime

The CJIN Board addressed property crime in North Carolina using statistics acquired from the State Bureau of Investigation. National statistics was obtained from the Federal Bureau of Investigation website – Uniformed Crime Reporting Section. The state did not have any statistics regarding the amount of criminal property that flows through pawnshops. One of our major contacts within the pawn industry was Mr. Bob Moulton who serves on the Board of Directors of the National Pawn Association. Mr. Moulton has stated; based on his experience, that the stolen property rate in North Carolina is similar to other states that have a formal reporting process – approximately 0.1% or 1 item pawned out of every 1,000.

### Pawn Shop Statistics - Other States

Mr. Moulton submitted the following reports to the CJIN staff: Illinois



**Illinois Department of Financial and Professional Regulation**  
Division of Banking

PAT QUINN  
Governor

MICHAEL T. McRAITH  
Acting Secretary  
JORGE A. SOLIS  
Director  
Division of Banking

**2008 Annual Statewide Disclosure Report Results\*:**

Total Dollar Amount Financed	\$ 102,152,709.98
Total Number of Pawns	826,916
Total Dollar Amount of Extensions	\$ 130,122,098.05
Total Number of Extensions	643,449
Average Pawn Dollar Amount	\$ 123.53
Average Monthly Rate of Interest and Fees	17.82%
Percentage of Pawns Surrendered to Law Enforcement	0.13%
Percentage of Total Pawns Surrendered to Law Enforcement by Dollar Amount	0.12%
Percentage of Pawns Redeemed	63.70%
Percentage of Pawn Loans Extended	77.81%
Total Number of Employees	599
Total Number of Licensees Reporting	219

\*As reported by licensees

500 East Monroe Street, Springfield, Illinois 62701-1509  
www.idfpr.com

The report from the Illinois supports the percentage of pawns surrendered to law enforcement to be approximately 0.1% and there appears to be a correlation in Illinois between dollar amount and number.

Oklahoma

**State of Oklahoma  
Department of Consumer Credit**

**Composite Annual Report for calendar years ending December 31, 2008**

**Schedule A – Report of Pawn Transactions**

Total Number of Pawns	1,327,213
Total Amount Financed	\$125,139,831.00
Total Pawn Finance Charge Collected	\$23,852,539.99
Average Amount Financed	\$94.29
Average Finance Charge	\$17.97

**Schedule B- Report of Pledged Goods not Redeemed**

Total Number of Pawns Pulled for Sale	498,725
Total Amount Loaned on Pawns Pulled for Sale	\$35,032,004.33
Average Amount of Pawns not Redeemed	\$70.24

**Number and Balance Due on Pawns Surrendered to Peace Officers**

Total Number of Pawns Surrendered to Peace Officers	637
Balance Due Pawn Surrendered to Peace Officers	\$57,951.43
Average Size of Pawns Surrendered to Peace Officers	\$90.98
Total Number of Employees	882

Based on the above report from Oklahoma, the number of pawns surrendered to law enforcement is approximately 0.05%, which is significantly lower than Illinois.

Oregon

Pawnbroker Program

Annual Report

SUMMARY OF PAWNBROKERS ANNUAL REPORTS as of DECEMBER 31, 2008

ANALYSIS OF LOANS	December 31, 2007		December 31, 2008	
	Number	Aggregate Amount	Number	Aggregate Amount
Total loans outstanding at beginning of year	76,888	\$ 9,205,251	89,138	\$ 10,623,130
Loans made during the year	392,240	\$ 44,907,687	446,394	\$ 54,803,798
<b>Totals</b>	<b>469,128</b>	<b>\$ 54,112,938</b>	<b>535,532</b>	<b>\$ 65,426,928</b>
Loans cancelled during the year				
Redeemed (Loans Collected)	297,958	\$ 36,788,365	335,320	\$ 44,124,767
Forfeited	81,706	\$ 6,584,575	95,092	\$ 8,167,002
Charged off as Loss	256	\$ 25,259	346	\$ 41,197
<b>Total loans cancelled</b>	<b>379,920</b>	<b>\$ 43,398,199</b>	<b>430,758</b>	<b>\$ 52,332,966</b>
Total loans outstanding at year end	89,208	\$ 10,714,739	104,774	\$ 13,093,962
<b>Other activity during year</b>				
Total interest charges collected on pledge loans		\$ 3,132,917		\$ 3,445,748
Total of all other charges and fees collected on loans		\$ 5,408,877		\$ 5,478,271
Total of police pickups	302	\$ 27,126	426	\$ 41,440
Forfeiture Rate [Number forfeited / number of loans made]		20.8%		21.3%
Police Pickup Rate [Number Police Pickups / number of loans made]		0.077%		0.095%
Average loan amount at year end [Aggregate Amount / number of loans]		\$ 120.11		\$ 124.97
Number of licensed pawnbrokers at year end		60		65

2008annual.xls

PAGE 03

PAWN SHOP MGT

7022489087 05:13 07/09/2009

Based on the report from Oregon, the number of pawns surrendered to law enforcement is approximately 0.095%, which is approximately the same as Illinois.

If North Carolina is statistically in the range of the three other states that are formally reporting, then the number of stolen items flowing through pawnshops may be low in comparison to the total number of items stolen.

### **National Pawn Association**

Mr. Bob Moulton and Mr. Dave Beck shared with the CJIN Staff information regarding the National Pawn Association. The following information is provided as an overview of the pawn industry:

NPA Vision: To provide the independent pawnbroker with the tools to be successful now and in the future; to represent pawnbrokers before the Congress of the United States and to protect their interests; and to prepare pawnbrokers for the future by helping them cope with changes in technology.

NPA Mission: To contribute to the professional and personal development of member pawnbrokers and member associates through the enhancement of the images and perceptions of the industry; by advocating pawnbrokers' rights, responsibilities and issues in the courts as well as the various lawmaking bodies of the land; and by representing and speaking for the industry.

How the Pawn Process Works: Put simply—customers pledge property as collateral, and in return, pawnbrokers lend them money. Pawn loans are made on everything from jewelry to electronics. If the pawn customer chooses to redeem the loan, the collateral is returned upon repayment of the loan plus the regulated fee. The option to redeem the collateral remains with the customer until the expiration of the contract. If the customer elects not to redeem his or her collateral, there is no credit consequence to the borrower and the items are sold at a value price to retail consumers.

- The average pawn loan is \$80
- Contract periods vary by state, but are typically 30 days with an additional 30-day grace period
- Applicable fees and allowable interest rates are set by the individual states. State laws also prescribe what information is required from the consumer to enter into a pawn transaction, and may include: Name and address, Date of birth, Gender, and ethnicity, Government-issued form of personal identification, The date and time of the transaction, and A description of the collateral, including any available serial numbers or identifying markings

Regulation & Compliance: Pawnbrokers are governed by all of the major federal laws that apply to other entities designated as financial institutions, including:

- USA Patriot Act
- Truth-in-Lending Act
- Bank Secrecy Act and IRS regulations requiring reporting of certain cash transactions
- Trading with the Enemy Act and related Executive Orders and regulations
- Privacy provisions of the Gramm-Leach-Bliley Financial Services Modernization Act

Average Pawn Customer:

- Age: 36
- Household Income: \$29,000

- 80% are employed
- 82% have high school diploma or GED
- 33% are homeowners
- All ethnicities

Do pawn customers enjoy the same protections under federal law that customers of other financial institutions enjoy?

No. Pawn transactions are the only type of consumer credit that requires reporting to local law enforcement agencies. In many states this reporting is required daily, and must include extremely sensitive personal information about the consumer (i.e. ethnicity, gender, address). Much of this information qualifies as “non-public personal information” under federal privacy law and is entitled to protection as such.

### Letter - Pawn Broker Lobbyist

Several lobbyists – Mr. T. Jerry Williams and Mr. Mark Beason, also represented the pawnbrokers that assisted the CJIN Board. The CJIN staff received the attached letter from Mr. T. Jerry Williams on February 23, 2010:

**T. JERRY WILLIAMS**  
 Lobbyist & Consultant  
 6900 Clear Sailing Lane, Raleigh, North Carolina (USA) 27615-5200  
 Telephone (919) 607-4339 Fax (919) 287-2480 Mobile (919) 649-5941  
 TJW@TJWLC.COM

February 23, 2010

*Sent Electronically and via U.S. Mail*

Eugene Vardaman  
 Executive Director  
 CJIN Governing Board  
 North Carolina Criminal Justice  
 Information Network  
 4701 Mail Service Center  
 Raleigh, North Carolina 27699-4701

Re: CJIN Report to Joint Legislative Oversight

Dear Gene:

The North Carolina Pawn Brokers Association met on Sunday, February 21, and discussed the issue of a state-wide electronic pawn data base. The Association is pleased to work with CJIN on this matter and does support the concept of a state-wide data base. However, members of the association believe that the concept should extend beyond pawn brokers and include gold buyers and other sellers of secondhand merchandise. For example, they believe that those firms subject to the new precious metals law should be reporting, too.

I have pointed out to the Association that your “charge” is do deal with a pawn transactions only, but pawn brokers believe we should still make this point at this time. Obviously, they are concerned about being singled out and being the only sellers of second hand merchandise required to report.

Gene, one reason the Association supports the concept is because their members know that once established, such a database will calculate totals for North Carolina pawn transactions and show conclusively that the national industry statistic of less than one tenth of 1 percent (0.1%) of stolen merchandise is run through pawn shops is accurate. Then we would expect legislation and the implementation of something much broader to cover all sellers of secondhand merchandise, in order to help determine just where all that stolen merchandise is really going. If you remember, this was brought out by Bob Moulton at the last meeting of the entire group.

Our board’s request is that any legislative proposal and subsequent state-wide data base be compliant with state and federal regulations on privacy and confidentiality and that the legislation and any subsequent administrative rules follow all privacy and confidentiality guidelines in those state and federal regulations. As pointed out in our first meeting, pawn brokers are subject to the Gramm-Leach-Bliley Financial Services Modernization Act of 1999 (GLBA) that creates privacy rights and requires privacy notices to consumer

*“Rather than letting things happen to you, let them happen because of you.”*  
 WWW.TJERRYWILLIAMS.COM  
 WWW.TJWLC.COM

customers. The act is implemented by the Federal Trade Commission (FTC). The "FTC Privacy Rule" explains and implements provisions of GLBA privacy rights while the "FTC Safeguards Rule" explains and implements provisions of GLBA safeguards for the consumers' nonpublic personal information.

Further, Bob Moulton has stressed that pawn shops are regulated financial institutions (indicated above under GLBA) that are also subject to certain provisions of the USA Patriot Act. Here, we would request that legislation should provide that any state-wide database be SDN compliant since US persons are prohibited from doing business with persons and organizations on the "Specially Designated Nationals" List. The pawn broker source of this concern is from the Treasury Department, Office of Foreign Assets Control regulations, various statutes and Executive Orders dating back to 1812, so I have been advised.

Lastly, we urge you to take a look at the Fair Credit Reporting Act that restricts sharing of nonpublic personal information with unaffiliated third parties. I have been told this is often violated by the giving of nonpublic information about specific transactions to individuals who may have suffered a loss.

Again I want to thank you and the CJIN Board for allowing Mark Beason and me, along with Bob Moulton and Dave Beck, to participate in this study. I hope our participation has been helpful to you and your team conducting the study.

Sincerely,



T. Jerry Williams  
Lobbyist & Consultant

CC: Bob Moulton  
Dave Beck  
Mark C. Beason

P. S. Gene, while your charge only addresses pawn shops, I personally want to request again that in your report you make a reference to the fact that gold buyers and other sellers of second hand merchandise such as Craig's List and eBay, not regulated to the extent of pawn shops, may be targeted by a criminal element that knows pawn shops report while others are not subject to such requirements. I think it's important and fair to make that observation in the final report.

## Existing North Carolina Systems

At the CJIN Board meeting on January 28, 2010 various cities and counties presented the automation being used for pawn transactions.

Raleigh and Wake County: Mark Eisele, Wake County IT Manager and Rich Bargfrede, Raleigh Police Department Detective gave the Board an overview of the process that Wake County and the City of Raleigh use to obtain Pawn Transactions. They shared with the Board screen shots of their system as it is not available outside of their network. Highlights of the system are presented below:

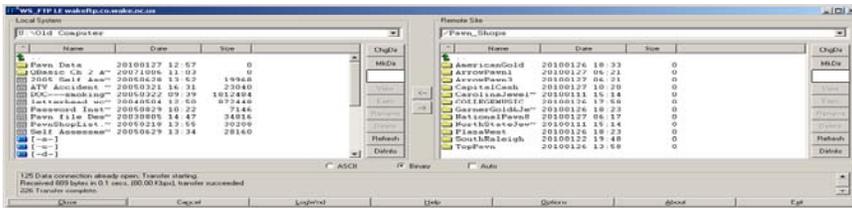
### Locally Owned Database Advantages:

- Ensure security of data
- Ability to mine data for trends
- Ability to compare information to other databases

### Locally Owned Database Disadvantages and Challenges:

- Cost associated with maintaining database
- Infrastructure costs
- Secure data transfer to our facilities

## How do we get our data?



## Where does the data reside?



### What Does Law Enforcement Want to Oversee?

- Pawnshops
- Scrap Metal Dealers
- Precious Metal Dealers
- Secondhand Goods Vendors

Charlotte-Mecklenburg PD and Guilford County: Lt. Kim Simma of the Charlotte-Mecklenburg Police Department provided the CJIN Board with a comprehensive demonstration of a system entitled “Pawn Tracker”. Assisting Lt. Simma was Mr. Dick Evans and Tom Geisler of the CMPD Information Technology Division along with Detective David Shaw from the Guilford County Sheriff’s Office. The system is accessed through a secured connection to the individual departments; however, they provided an explanation of how the system could be expanded and adapted for potential state-wide implementation. The following are the highlights of the Pawn Tracker System – System Documentation, Recommendations for Statewide Implementation, and several screen shots:

Pawn Tracker  
System Documentation  
Overview

The Pawn Tracker System lets CMPD users collect, view, and analyze pawnshop data. It was provided to CMPD free of charge by the Greensboro Police Department which has been using it since approximately 1993. The system is web-based and can be accessed by all CMPD officers who want to search pawned property and investigate suspicious activity. Both pawn shops and precious metal dealers can submit pawn tickets electronically to CMPD using the Pawn Tracker System.

Who should read this document?

This document is for CMPD officers and Agency Administrators who are working with pawned items.

How the Pawn System collects data?

Pawn Tracker automatically enters pawn tickets that it receives from pawn shops and precious metal dealers in File Transfer Protocol (FTP) format. The System checks the receiving file folder for new pawn tickets every 30 minutes and enters them into the system. Most pawn shops enter tickets this way – both single shops and corporate shops that consolidate data into one submission.

Pawn tickets that are not entered automatically by the system must be entered by the Agency Administrator. This includes pawn tickets received as paper tickets, which is typically how precious metal dealers submit their tickets. It is important that Administrators enter or import these tickets in a timely manner.

#### User groups and functions

Pawn Tracker user groups include:

CMPD Officers - These users (CMPD\_Sworn, CMPD\_Sergeants, Pawn\_Users, and Investigative Techs) have View rights. They can:

- Add a person or item to their Watch List
- Change their password
- Mark an item Seized or Held
- Search for a pawner by name
- Search for a specific pawned item
- Search for and print reports

IS Administrators - These users (Pawn\_Admin) have Administrative rights giving them control over the entire system. In addition to all functions other users have, they can:

- Add or delete agencies and jurisdictions
- Grant or deny user access

Agency Administrators - These users (Pawn\_Supv) have modificatuion rights giving them control over shops and users within their jurisdiction. They can perform all Officer functions as well as the following:

- Add a new pawn shop or precious metal dealer
- Add a user to an agency or jurisdiction
- Enter pawn tickets manually
- Add missing data and correct errors
- Reconcile duplicate entries
- Edit pawn shop details (address, phone, etc)
- Deactivate a user

Pawn shops and precious metal dealers - These users can:

- Submit pawn tickets
- Request new user access
- Report a lost password

## Operations - Overview

Officers can use the Pawn Tracker System to:

- Add a person or item to their Watch List
- Change their own password
- Mark an item Held or Seized
- Search for a name
- Search for a property
- Search for the following reports:
  - Frequent Pawner Report
  - Pawn Shop Activity Report
  - Property Serial Number Report
  - Shop Listing Report

## Adding a person or item to your Watch List

Pawn Tracker lets you set up a Watch List for pawner names and serial numbers of items of interest. The system then automatically checks the system for these items when new pawn data is entered. If the system finds a match, it will send you a notification email. If it does not find a match, it will contine to check new pawn data as it is entered and will notify you if there is a match.

Complete these steps to add a person or item to your watch list:

1. Open the Pawn Tracker System.
2. Click the View tab and select Automatic Notifications from the drop down list.  
Result: The Automatic Notifications screen opens. Note: Your name will be grayed out in the Login field. The system will assign a search number later.
3. If you want to send email notifications to another user regarding this person or item, type the name of the user in the Officer field.

4. In the Agency field (beside the Officer field), verify that CMPD is selected.  
Note: If it is not selected, click the down arrow and select it from the list.
5. In the Case Number field, type the case number associated with the search.
6. In the Notes field, type additional information, if any.
7. In the Auto Search Criteria section, select the type of search (Name or Property).
8. Do one of the following:
  - If you selected Name in Step 7, complete the Name, DOB, and Race fields. Go to Step 13.
  - If you selected Property in Step 7, go to Step 9.
9. In the Make field, type the make, if any.
10. In the Model field, type the Model, if any.
11. In the Description section, type the most important identifiers in the three Description fields.
12. In the Serial Number field, type the serial number, if any. Note: Use the following guidelines:
  - If you are searching on a serial number, do not limit the search too much. For best results, search on a partial number using numbers from the middle of the serial number.
  - You will get better search results if you enter either a serial number *or* a model number (not both), and the serial number is preferable.
  - If you enter *only* a model number or *only* a serial number, the system searches both the model number and serial number fields.
  - If you enter *both* a serial number and a model number, the system searches only the serial number field for the serial number and only the model number field for the model number.
  - If you enter a Dell service tag number, you can enter it in either the serial number or model number field. The system will search both fields as long as one of the fields is blank.
  - The Make field has a “sounds like” feature that will identify misspelled brand names.
13. In the Time Period section, indicate the time period during which you want the system to check existing data against new data coming into the system. Note: Each search adds overhead to the program and may delay the response time.
  - If you want to save the data for a specific time period, click the Specific button and specify the start date and end date.
  - If you want to save the data indefinitely, click the Indefinite button. Note: The system will continue to search for a match until you delete the data.
  - If you want to specify the number of months the data will be searched, specify that number in the Length of Auto Search in Months field.
14. Click the Search button to save the search criteria. Note: Saving search criteria will keep it active and enable the system to search only new data as it is entered. Result: When the system finds a match, it sends an email notification to:
  - Each recipient specified by the login

- The Agency Administrator
- Any other names listed in the Officer field

### Marking an item Seized or Held

Officers can specify that any item in the system be held for 30 days. Per agreement with CMPD, stores will hold items for 30 days at which time the item must either be seized or released to the pawn shop. If it is released, the pawn shop may dispose of the item as it sees fit.

It is important for Agency Administrators to keep the system updated so it will provide useful information about items being held over 30 days.

Complete these steps to mark an item Seized or Held:

1. In the Pawn Tracker System, find the appropriate ticket by searching on the person or item. Note: See the procedures entitled Searching for a Person and Searching for a Name.

Result: The system displays the item in the search results. This example shows a Property search on Pawn Shops.

2. In the list of tickets, select the ticket you want to mark.
3. In the Seized field in the Selected/Held section, select Seized or Held.
4. Leave the Paid field blank.
5. Complete the remaining fields as appropriate.
6. Click the Save Changes button.

### Recommendations for Using Pawn Tracker as a State-wide System

Must Haves:

1. There is NO code in place now to create two tiers of administrators – one for the system as a whole (System Administrator) and one for just the agencies that they work for (Agency Administrator). The needed additions to the system of Agency Administrator support are:
  - Correct Errors function would only allow Agency Administrator(s) to correct entries from pawn shops assigned to their agency. [2 man days]
  - Agency Administrator(s) need only the ability to approve new users to the system that claim to be a part of their agency. (Also, the email notification of new user registration will also have to go to the Agency Administrator(s) [4 man days]
  - Agency Administrator(s) can only maintain users in their agency. [3 man days]
  - Agency maintenance is restricted to the Agency Administrator(s) [1 man day]

2. Manual Entry is restricted to pawn shops in the logged in user's agency. The only exception would be Agency Administrator(s) who can enter data for any shop. [2 man days]
3. File Upload is restricted to pawn shops in the logged in user's agency. The only exception would be Agency Administrator(s) who can upload data for any shop. [2-3 man days]
4. Re-brand the application. The branding is almost all contained in the configuration file and external images, so re-branding will be straight forward. The biggest need will be for a new logo. [1-2 man days]
5. Pawn Tracker Usage Reports are by CMPD Divisions. The concept will have to be extended so that all agencies can have Divisions. This will also require the addition of a web page to allow Agency Administrator(s) to enter their own Divisions. [6 man days]

Nice To Have(s):

1. Automatic notifications could at the user's option be limited to activity in the user's agency (4 man days)
2. Site Activity Reporting optionally at the agency level. This can be a large amount of data and usually the Agency Administrator(s) will only be concerned about the activity of their own users. [2 man days]
3. Pawn Shop Activity Reporting optionally at the agency level. This can be a large amount of data and usually the Agency Administrator(s) will only be concerned about the activity of their own users. [2-3 man days]
4. Pawn Shop Ticket Totals Reporting optionally at the agency level. This can be a large amount of data and usually the Agency Administrator(s) will only be concerned about the activity of their own users. [2-3 man days]

Decisions that MUST be made:

1. Pawn Tracker has known cosmetic issues in Safari and Fire-Fox with the menu bar. The issue has to do with an HTML error on the base page. Changing the base page would cause all of the pages to have to be re-examined for placement issues.

Pawn Tracker has only been full vetted in Internet Explorer versions 6 and 7.

The more browsers that are supported the longer this will take. [10-15 man days for the first browser, 3-4 man days for each remaining browser]

2. One of the system functions is to merge pawnners that are duplicates (because of name spelling issues or ID differences). Pawnners are shared at a system level, it needs to be decided if Agency Administrator(s) will be allowed to merge duplicates. [2 man days – code needs to be changed regardless of decision]

Decisions that SHOULD be made:

Agency Administrator(s) can view the users of the other agencies. They should be allowed only to change their own, but can should they be able to view all users. [1 man day]



http://h3-web-01/pawntracker/report/DisplayPawnshopActivityReport.aspx?&start=12/27/2009...

1 / 9 52.6% Find

**PAWN TRACKER**  
Charlotte-Mecklenburg Police Department  
PAWNSHOP ACTIVITY REPORT

01/26/2010 Report Dates: 12/27/2009 - 1/26/2010

Ticket Counts By Date

Category	Mon 12/28	Tue 12/29	Wed 12/30	Thu 12/31	Fri 1/1	Sat 1/2	Mon 1/4	Tue 1/5	Wed 1/6
<b>ALL AMERICAN PAWN</b>	18	0	6	0	0	0	10	8	11
Mon 1/7	13	Fri 1/8	0	Sat 1/9	9	Mon 1/11	16	Tue 1/12	15
Mon 1/18	23	Tue 1/19	17	Wed 1/20	17	Thu 1/21	10	Fri 1/22	17
<b>Total:</b>	<b>256</b>	<b>Avg:</b>	<b>12.14</b>						
<b>AMERICAN GUN &amp; PAWN</b>	34	Tue 12/29	18	Wed 12/30	25	Thu 12/31	12	Fri 1/1	0
Mon 1/7	22	Fri 1/8	32	Sat 1/9	39	Mon 1/11	16	Tue 1/12	35
Mon 1/18	33	Tue 1/19	21	Wed 1/20	12	Thu 1/21	21	Fri 1/22	18
<b>Total:</b>	<b>694</b>	<b>Avg:</b>	<b>26.36</b>						
<b>CAROLINA PAWN &amp; JEWELRY</b>	28	Tue 12/29	22	Wed 12/30	19	Thu 12/31	17	Fri 1/1	0
Mon 1/7	18	Fri 1/8	33	Sat 1/9	6	Mon 1/11	27	Tue 1/12	16
Mon 1/18	29	Tue 1/19	18	Wed 1/20	25	Thu 1/21	8	Fri 1/22	13
<b>Total:</b>	<b>466</b>	<b>Avg:</b>	<b>18.96</b>						
<b>CASH AMERICA #1202 (8/2002)</b>	99	Tue 12/29	44	Wed 12/30	57	Thu 12/31	99	Fri 1/1	0
Mon 1/7	42	Fri 1/8	99	Sat 1/9	40	Mon 1/11	75	Tue 1/12	52
Mon 1/18	66	Tue 1/19	96	Wed 1/20	69	Thu 1/21	68	Fri 1/22	64
<b>Total:</b>	<b>1,888</b>	<b>Avg:</b>	<b>77.83</b>						
<b>CASH AMERICA #1203 (8/2002)</b>	156	Tue 12/29	107	Wed 12/30	83	Thu 12/31	92	Fri 1/1	0
Mon 1/7	83	Fri 1/8	93	Sat 1/9	112	Mon 1/11	105	Tue 1/12	99
Mon 1/18	127	Tue 1/19	111	Wed 1/20	97	Thu 1/21	55	Fri 1/22	93
<b>Total:</b>	<b>2,698</b>	<b>Avg:</b>	<b>106.87</b>						
<b>CASH AMERICA #1204 (8/2002)</b>	59	Tue 12/29	64	Wed 12/30	43	Thu 12/31	68	Fri 1/1	0
Mon 1/7	54	Fri 1/8	86	Sat 1/9	41	Mon 1/11	63	Tue 1/12	81
Mon 1/18	60	Tue 1/19	52	Wed 1/20	65	Thu 1/21	46	Fri 1/22	70
<b>Total:</b>	<b>1,643</b>	<b>Avg:</b>	<b>64.26</b>						

Unreported Below 60 % Threshold Above 160 % Threshold Within Range

Page 1 of 9

Cities of Fayetteville, Jacksonville, and Asheville, Counties of Cumberland, Onslow, and Buncombe: Lt. Matt Hurley from the Cumberland County Sheriff's Office provided the CJIN Board with a live Pawn Transaction System used by the above agencies. Supporting Lt. Hurley were Detective Randall Bartay, Fayetteville Police Department, Director Earl Bunting, City of Jacksonville, and in attendance from Buncombe County was Senior Assistant District Attorney Albert Williams. The Pawn Transaction System being used was Leads-On-Line, a vendor supplied application that Lt. Hurley stated was a valuable asset to these agencies as it allowed for a variety of areas to be searched nationally and not just locally.

Leads-On-Line is a Dallas based company that has the following market share:

- 36 Law Enforcement Agencies in North Carolina
- 125 Pawnshops in North Carolina
- Nationally – 1,400 Law Enforcement Agencies in 35 States

The Dallas based service, known as Leads-On-Line (Law Enforcement Automated Database Search), created and maintains a Web-based program designed to pinpoint crucial data quickly and economically. While violent crimes capture the National attention, it is property crimes that keep most police investigators busy. Leads-On-Line

allows law enforcement officers to search one Internet database of local, regional, and national pawn store transactions rather than having to drive to pawn stores, sort through their paper records, and enter data into their police databases.

Leads-On-Line gives officers quick access to records through a series of search options and onscreen tables. Searches can be performed by suspect name, property inventory, serial numbers, or times and dates. In December of 2002, Cash America International Inc., the world largest operator of pawn stores, announced it will partner with Leads-On-Line to utilize the system in all of its United States pawn stores. Pawn store operators are able to enter transaction data by using a basic PC with an Internet connection; authorized law enforcement officers can then access the database to search for missing items. The Leads-On-Line system allows police investigators to get out of the database management business and back into police investigation duties.

Leads-On-Line compares every pawn item against the Federal Bureau of Investigation's National Crime Information Center (NCIC) database.

The following 36 law enforcement agencies are using Leads-On-Line in North Carolina:

Aberdeen Police Department	Harnett County Sheriff's Office
Angier Police Department	Haywood County Sheriff's Office
Asheville Police Department	Hendersonville Police Department
Atlantic Beach Police Department	Jacksonville Police Department
Biltmore Forest Police Department	Lee County Sheriff's Office
Black Mountain Police Department	Madison County Sheriff's Office
Brunswick County Sheriff's Office	Maggie Valley Police Department
Buncombe County Sheriff's Office	Matthews Police Department
Camp Lejeune Military Police	Moore County Sheriff's Office
Canton Police Department	Newton Police Department
Carteret County Sheriff's Office	Onslow County Sheriff's Office
Columbus County Sheriff's Office	Pender County Sheriff's Office
Columbus Police Department	Polk County Sheriff's Office
Cumberland County Sheriff's Office	Saluda Police Department
Emerald Isle Police Department	Spring Lake Police Department
Fayetteville Police Department	Transylvania County Sheriff's Office
Fort Bragg CID	Tryon Police Department
Fort Bragg MPI	Woodfin Police Department

The following 125 pawnshops are using Leads-On-Line in North Carolina:

Sandhill Recycling, Aberdeen	Jerry's Pawn, Bonnie Doone
Denny's Jewelry & Pawn, Arden	Carolina Pawn & Gun, Canton
Treasure World Gun & Pawn, Asheboro	Pawn South #1, Chadbourn
Alan's Jewelry & Pawn, Asheville	Cash America Pawn #2, Charlotte
Alan's Jewelry & Pawn #2, Asheville	Cash America Pawn #3, Charlotte
Buy Sell Trade, Asheville	Cash America Pawn #4, Charlotte
GameStop #259, Asheville	Cash America Pawn #6, Charlotte
GameStop #4241, Asheville	Cash America Pawn #7, Charlotte
GameStop #5732, Asheville	PawnMart – Colonnade, Charlotte
Leicester Pawn & Gun, Asheville	PawnMart – South Blvd, Charlotte
Pawn South #7, Bladenboro	PawnMart – Tyron, Charlotte

Quik Pawn #67, Charlotte  
Clayton Gold n Pawn, Clayton  
Sookies Main St. Pawn, Clayton  
Carolina Jewelry & Pawn, Durham  
J & R Pawn Shop, Durham  
J & S Pawn Shop, Durham  
Pat's Pawn/Lejune Pawn DBA, Durham  
Ace Pawn Shop, Fayetteville  
Boulevard Pawn Shop, Fayetteville  
Bragg Pawn, Fayetteville  
Carolina Firearms & Sports, Fayetteville  
Cash Converters NC1001, Fayetteville  
Cash Converters NC1005, Fayetteville  
Classic Pawn, Fayetteville  
Cross Creek Pawn & Jewelry,  
Fayetteville  
Cumberland Pawn & Loan #1,  
Fayetteville  
Cumberland Pawn & Loan #2,  
Fayetteville  
Cumberland Pawn & Loan #3,  
Fayetteville  
Cumberland Pawn & Loan #4,  
Fayetteville  
Cumberland Pawn & Loan #5,  
Fayetteville  
Day & Nite Pawn Shop, Fayetteville  
Dixie Music & Pawn, Fayetteville  
GameStop #0190, Fayetteville  
GameStop #0889, Fayetteville  
GameStop #4975, Fayetteville  
GameStop #5715, Fayetteville  
Jim's Pawn Shop, Fayetteville  
McNeill Jewelers, Fayetteville  
Military Pawn, Fayetteville  
Parker Pawn #17, Fayetteville  
Parker Pawn #18, Fayetteville  
Ponderosa Pawn, Fayetteville  
Rhudy's Inc., Fayetteville  
GameStop #6814, Fort Bragg  
Arrow Pawn #3, Garner  
Garner Gold-N-Pawn, Garner  
Pawn & Gifts, Garner  
Cash America Pawn #5, Gastonia  
Cash America Pawn #1, Greensboro  
Money Unlimited Pawn, Greensboro  
Doc's Gun & Pawn, Greenville  
Coastal Exchange, Hampstead  
Danny's Pawn & Sports, Hampstead  
Pocket Change Coin & Pawn,  
Hazelwood

GameStop #5855, Hendersonville  
Hendersonville Pawn, Hendersonville  
New Deal Pawn, Hendersonville  
Pawn Outlet, Hendersonville  
Berndt's Pawn, Hickory  
FPS Pawn, Hickory  
Cash America Pawn #1, High Point  
First Pawn & Jewelry, Hope Mills  
Jerry's Pawn, Hope Mills  
GameStop #0368, Jacksonville  
GameStop #2626, Jacksonville  
GameStop #4685, Jacksonville  
Park-N-Pawn, Jacksonville  
Pawn N Cash, Jacksonville  
Penguin Pawn & Loans, Jacksonville  
Stop & Pawn, Jacksonville  
Woodson Jewelry & Pawn, Jacksonville  
Woodson Music & Pawn, Jacksonville  
Kwik Kash Pawn & Jewelry, Kannapolis  
Reid's Pawn Shop, Kannapolis  
Value Pawn & Jewelry, Kannapolis  
J&M Pawn, Kernersville  
Knightdale Pawn, Knightdale  
Pawn South #3, Lumberton  
Beltway Gun & Pawn, Matthews  
GameStop #4700, Matthews  
3/10/2010  
Monroe Pawn & Gun, Monroe  
Penguin Pawn & Loans, Providence  
American Gold Exchange, Raleigh  
Arrow Pawn #1, Raleigh  
Boulevard Gold Exchange, Raleigh  
Carolina Jewelry & Pawn, Raleigh  
Friendship Jewelry & Loan, Raleigh  
North State Jewelry & Pawn, Raleigh  
Plaza West Jewelry & Loan, Raleigh  
Eden Jewelry & Repair, Reidsville  
Kendale Pawn Shop, Sanford  
Britts Jewelers, Shallotte  
Jenny's Pawn, Shallotte  
City Pawn Shop #4, Southern Pines  
JLGG of Southern Pines, Southern  
Pines  
Cape Fear Jewelers, Southport  
GameStop #5729, Spring Lake  
Jerry's Pawn, Spring Lake  
Parker House of Music, Spring Lake  
Swansboro Music & Pawn, Swansboro  
Pawn South #6, Tabor City  
Pawn USA, Whiteville  
The Pawn Shop, Whiteville

Coastal Jewelry & Pawn, Wilmington  
East Coast Jewelry & Pawn, Wilmington  
Hanover Jewelry & Pawn, Wilmington  
Intercoastal Pawn & Jewelry,  
Wilmington  
Jim's Pawn & Gun, Wilmington  
Pawn South #8, Wilmington  
Camel Pawn Shop, Winston-Salem  
Cash America Pawn #1, Winston-Salem

Cash America Pawn #2, Winston-Salem  
Money Unlimited Pawn, Winston-Salem  
Monroe Pawn & Gun, Monroe  
Penguin Pawn & Loans, Providence  
American Gold Exchange, Raleigh  
Arrow Pawn #1, Raleigh  
Boulevard Gold Exchange, Raleigh  
Carolina Jewelry & Pawn, Raleigh  
Friendship Jewelry & Loan, Raleigh

### **Potential North Carolina Systems**

The CJIN Board has been working with and supporting numerous other criminal justice information sharing projects over the last several years. Some of these projects have the potential to handle a statewide pawn transaction data base. The Board is not recommending that we select one of these systems; however, it is prudent that we explore the possibility that one of these systems may be a good candidate to locate the transaction data in the future. Any technology solution being proposed may have a technical roadmap that crosses one of the following systems:

Local Record Management Systems: Several of the local record management systems in North Carolina contain a module called pawn. Three of the vendors, all located within North Carolina, have these modules and they also possess information sharing applications; OSSI- Police to Police (P2P), Southern Software (Rambler), and VisionAir (Vision Inform). Members of the CJIN Board and staff will be meeting with the senior management of these companies in the near future to discuss one of CJIN's current initiatives. This may be an appropriate occasion in which to discuss pawn transactions.

GCC and DOJ - Local Information Sharing Initiative: The Governor's Crime Commission and the NC Department of Justice have an information sharing initiative currently underway. Based on discussions with Tennessee, one of the software solutions that may play a role in their solution is LEADR. This product has a pawnbroker module.

NCIS - Law Enforcement Information Exchange: The Naval Criminal Investigative Service (NCIS) – the felony investigative arm of the Department of the Navy – has launched the Law Enforcement Information Exchange (LInX) initiative, a project designed to enhance information sharing between local, state, and federal law enforcement in areas of strategic importance to the Department of the Navy. LInX provides participating law enforcement agencies with secure access to regional crime and incident data and the tools needed to process it, enabling investigators to search across jurisdictional boundaries to help solve crimes and resolve suspicious events.

The CJIN Board has had several presentations from NCIS regarding the functionality of their system and the potential expansion of the LInX initiative within North Carolina – approximately 40 agencies are using this application. The system contains information fields for pawn transactions, further investigation will be required.

Office of the State Controller – CJLEADS: The Criminal Justice Law Enforcement Automated Data Services (CJLEADS) is a program designed to integrate data found within the state's various criminal justice applications and will provide up-to-date criminal

information in a centralized location via a secure connection for use by state and local government criminal justice professionals.

The program is currently concentrating on offender based data; however, there may be an opportunity to include pawn transactions in their centralized data base somewhere in a future phase.

### **Other States and Large City Systems**

The CJIN staff researched numerous other states and found that there is a combination of systems developed and maintained in-house along with vendor supplied solutions. The staff also reviewed the scope of the system to determine the extent of regulation. We have highlighted several of these systems:

#### **Maryland – Regional Automated Property Information Database:**



### **NEWS RELEASE**

**DEPARTMENT OF  
MARYLAND STATE POLICE**

Headquarters: Pikesville, MD 21208-3899

(410) 486-3101 TTY For Deaf (410) 486-0677

Toll Free: 1-800-525-5555

In just one month, police in every region of Maryland have had investigative successes because of the new law and resulting database of information. On October 1, 2009 a new law took effect that requires secondhand precious metal dealers and pawnbrokers to electronically report to the primary law enforcement agency in the county of his/her operation, by noon the next day, all

purchases of jewelry, precious metals, and other secondhand goods.

In order to manage the incoming information and make it accessible to law enforcement throughout Maryland, state officials developed RAPID, the Regional Automated Property Information Database. RAPID is the States central repository for the transaction data of all pawn, secondhand precious metal and automotive dismantler transition records. It enables police departments statewide to immediately gain access to timely information about property that has been sold to pawnbrokers, precious metal dealers, or vehicle salvage yards.

We are pleased to see that access to time sensitive, comprehensive information through a state database has so quickly impacted the ability of law enforcement agencies to solve crime, recover stolen property, and bring criminals to justice, Maryland State Police Superintendent Colonel Terrence B. Sheridan said. This is an excellent example of how Maryland government can work to support local law enforcement and, by working together, make our State safer.

The RAPID system is a working example of Governor O'Malley's security integration mandate, said Kristen Mahoney, the Director of the Governor's Office of Crime Control and Prevention. State and local law enforcement agencies have developed a valuable information sharing tool, which provides them with timely and accurate statewide pawn shop information. With this information, police agencies can prioritize their collective investigative resources to aggressively reduce property crime throughout Maryland.

During October, the first month of statewide reporting to the RAPID database, police in Maryland have recovered more than \$50,000 worth of stolen property. They have served multiple search warrants and made criminal arrests for burglary, theft, and theft scheme.

The St. Mary's County Bureau of Criminal Investigation used RAPID to close three theft cases, arrest the suspects involved, and recover almost \$11,000 of stolen property. Howard County Police used RAPID to assist Fairfax County, Arlington,(VA), Montgomery County and Baltimore County (MD) authorities in solving a string of open house thefts, where jewelry and cash were being stolen. An arrest has been made and more than \$13,000 in stolen property has been recovered so far.

Due to its statewide reach, the RAPID database program is coordinated by the Maryland State Police. Coordination assistance is provided by the Governor's Office of Crime Control and Prevention, and a County Administrator's Board, comprised of county and state law enforcement representatives from throughout Maryland. Because of the proprietary and law enforcement sensitive information contained in the database, security is a top priority. The database is maintained in a secure location at the Maryland Coordination and Analysis Center.

Another important RAPID partner is the Maryland Department of Labor, Licensing and Regulation. This department of state government issues licenses for pawnbrokers and secondhand precious metal dealers. DLLP officials work with law enforcement to identify those buying secondhand property who may not be licensed to do so. For instance, a recently advertised used jewelry buying event on the Eastern Shore was cancelled after it was determined the out of state buyers were not licensed in Maryland to purchase secondhand precious metals. Any gold buying operation in Maryland must be licensed by DLLR and should list that license number in their printed and advertisements.

The RAPID system is another example of how the computer-based coordination of statewide information can provide police with a daily update of secondhand items pawned, sold to precious metals dealers, or salvaged at auto yards. Police investigating burglaries and thefts can now act quickly to not only recover the stolen property, but bring those criminals responsible for the thefts to justice. Maryland State Officials have added PawnStat to their monthly reviews of Maryland State Police and the Department of Labor, Licensing and Regulation to ensure the new program is working to effectively combat in Maryland.

Information about the new law requiring a pawnbroker or secondhand precious metal dealer to submit a copy of each transaction record electronically can be found in the Maryland Code under Business Regulations, Article 12-304. Information about the law requiring automotive dismantlers, recyclers, and scrap processors to complete records of all acquired vehicles can be found under the Maryland Transportation Article, Section 15-511. This law, which took effect in 2008, requires the business to electronically provide these records to the Maryland State Police within 30 days of vehicle title acquisition.

Minneapolis – Automated Pawn System: The APS Automated Pawn System® (APS) is an initiative of the Minneapolis Police Department (MPD) and is a Gov-to-Gov Solutions Consortium program. APS was developed to provide communities a more effective

means to manage the regulation of their pawn and secondhand dealers and to enable law enforcement agencies to share pawn/secondhand transaction information electronically.

Since implementing APS in Minneapolis in 1997, the Automated Pawn System® has:

- Decreased and stabilized the cost of regulating pawn and secondhand dealers
  - Pawn and secondhand transaction reports up 13%
  - Employees working the pawn detail down 60%
- Improved police service and effectiveness
  - All reported crimes with identifiable property loss are now assigned for investigation
  - APS automatically queries all reported items with serial numbers against NCIC – National Crime Information Center stolen article files
- Enabled law enforcement agencies to share pawn/secondhand transaction information electronically, 7x24
  - Currently, over 200 law enforcement agencies in Iowa, Minnesota and Wisconsin subscribe to APS
  - 40% of the stolen items recovered by Minneapolis investigators using APS were located in pawn and secondhand shops outside the city
- Increased the recovery of stolen property
  - Number of items held as evidence up 235%

Over \$100,000.00 Monthly - Estimated retail value of stolen property recovered using APS

The APS service is available to all law enforcement agencies. Agencies that license pawn and/or secondhand shops will find APS is a proven, low cost way to effectively manage and regulate their shops, as well as all the transaction information their shops are required to report. Law enforcement agencies use the customizable tools within the APS application to manage and regulate their licensed dealers according to local ordinance requirements, and to investigate reported crimes. Pawn and secondhand dealers use the point-of-sale software of their choice, with minor customization required to accommodate APS transaction reporting requirements.

Agencies without any licensed pawn or secondhand dealers can use the comprehensive APS investigative functions to access all the transaction data in APS to solve more crimes – faster. Loss prevention specialists at colleges, universities, major retailers and insurance companies will find the custom investigative queries in APS are designed to be an invaluable investigative tool.

Novices and experts find the APS application intuitive and easy to use. Initial and ongoing training for investigators and regulators is free of charge for licensed users. The APS client application runs on all current 32-bit Windows operating systems and APS software upgrades are provided free of charge to licensed users.

The APS SQL Server database is designed to be a central repository for the sharing of pawn and secondhand transaction information. All transaction information is available to APS subscribers in accordance with applicable data privacy laws. The APS fileserver is located and maintained at the State of Minnesota and offered as an application service

to all law enforcement agencies. Agencies in other regions of the country may wish to implement a similar APS service to share regional data.

Broad-based participation from agencies throughout the Midwest is encouraged. Currently, APS receives transaction information directly from over 120 stores in over 50 communities throughout Minnesota and Wisconsin. Minneapolis stores and some St. Paul stores have been submitting transaction information to APS since 1997. Currently, over 155 Query Only agencies have subscribed to APS to take advantage of its investigative features.

Delaware – New Legislation: The Delaware State Police are announcing the newly enacted requirements that pawnbrokers, secondhand dealers and scrap metal processors must conform to as a result of legislation passed in 2007.

Previous to the legislation, there was no specific state law regarding the processes that these proprietors followed regarding property coming into their businesses. As a result of this, it has presented many challenges for law enforcement and victims of crimes to recover stolen property that may have been brought to these businesses by criminals.



Because of the efforts of the general assembly, law enforcement will have increased oversight as to who may be bringing stolen property to these businesses. Specific requirements will include:

- Every pawnbroker and secondhand dealer shall create a record and provide information on a form to be supplied.
- Every scrap metal processor shall create a record and provide information on a form to be supplied by the Delaware State Police with respect to the following articles purchased or otherwise acquired:
  - (1) Copper (including Copper Wire);
  - (2) Silver;
  - (3) Gold; or
  - (4) Brass.
- Pawnbrokers, secondhand dealers, and scrap metal processors shall complete and provide information on forms provided by the Delaware State Police immediately after any articles or goods have been purchased or acquired.
- Pawnbrokers, secondhand dealers and scrap metal processors shall record the name of the person making the record entry and shall make that information available to police.
- The information provided on the forms under this section shall be stored and maintained by the pawnbroker, secondhand dealer or scrap metal processor for a period of 1 year and shall be provided to police immediately upon request.

In addition to these requirements, dealers will now have an additional holding period after receiving property. Specifically the legislation states every pawnbroker and secondhand dealer must keep for a period of 18 days, including weekends and holidays, subject to inspection by any police officer of Delaware, all goods, wares and merchandise purchased or received from any person before selling, shipping or otherwise disposing of the same.

## Summary of Analysis

There have been numerous studies throughout the United States regarding the automation of pawn transactions for use within the criminal justice system. The advantages of having a statewide system of recordkeeping are obvious:

- Law Enforcement can search for stolen property throughout the state, no longer confined to their local jurisdictions;
- Law Enforcement can track suspects in terms of their fencing patterns and the kinds of items they steal;
- Law Enforcement can identify pawnbrokers who continually receive large quantities of stolen goods; and
- Victims have a greater likelihood that their stolen property will be returned.

What is not so obvious is how to migrate city and county record keeping systems into a single database especially since:

- Several counties have developed their own systems; Guilford and Charlotte-Mecklenburg have a system called "Pawn Tracker", a sophisticated computer application;
- Seventeen counties and numerous cities use an internet based solution; Leads-On-Line which interfaces to the pawn broker software at no cost to the business (law enforcement pays for the rights to use the system), they receive records from 125 pawnshops – approximately 25% of the total number of shops in the State;
- Several cities and counties have teamed together to create a local database with a variety of inputs and features;
- Charlotte-Mecklenburg Police Department require a fingerprint of the index finger on each pawn ticket; and
- The overwhelming majority of everyone involved with pawnshops including the pawnbrokers and especially law enforcement are requesting that record keeping and regulation should be extended to other secondhand dealers.

National statistics related to stolen merchandise being run through pawn shops is less than one tenth of 1 percent. At the North Carolina Pawn Brokers Association meeting on February 21, 2010 the subject of automation was discussed and the Association supports automation even though they believe that once a statewide system is implemented it will validate the one in a 1,000 statistic. For this reason, they are requesting that the automation be extended to other secondhand dealers.

Any of the above technical solutions will require a comprehensive project schedule and most likely will be a phased approach. In addition to considering the existing information and integration programs currently underway (if only from a planning perspective), the Pawn Tracker and the Leads-On-Line are two of the most viable candidates for implementing a statewide pawn transaction system in a timely manner.

Performing a cost/benefit analysis and/or a return on investment analysis, even on a preliminary basis, will require conversations with Leads-On-Line - since Leads-On-Line does not have a statewide contract with another state for pawn transactions. The cost of

expanding Pawn Tracker would require the assistance of the CJIN Board members, the Office of Information Technology Services, Charlotte-Mecklenburg PD and Guilford County Sheriff's Office. Of course, other NC agencies would be contacted as needed.

The design and scope of the system, to a significant extent, will depend on whether the Legislative Oversight Committee will allow us to broaden our study prior to making a final recommendation.

## Recommendations

The CJIN Board was excited about the positive impact that a Statewide Pawn Transaction System could have on reducing property crime. After all the workshops, meetings, research, and conversations we know that electronic data-sharing can facilitate the tracking of stolen merchandise by being substantially quicker and easier to use.

### **Study Recommendation:**

***What we did not know and learned in the process of performing the study was that for an incremental increase in technology coupled with legislative changes that would extend past the pawn brokers to potentially include scrap metal, precious metals, secondhand dealers, etc. would have a far greater impact on reducing property crime in the State of North Carolina.***

***For this reason, the CJIN Board respectfully requests the Oversight Committee consider allowing the Board to broaden the original study.***

Note: There are numerous other states that are either in the process of studying this or have recently implemented similar legislation.