Public Law 982 CHAPTER 970

August 6, 1956
[H. R. 11002]

AN ACT

To regulate and license pawnbrokers in the District of Columbia.

D. C. pawnbrokers.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

DEFINITIONS

SECTION 1. That, as used in this Act—

(a) The term "person" means an individual, firm, voluntary association, joint-stock company, incorporated society, or corporation.

(b) The term "District" means the District of Columbia.

(c) The term "Commissioners" means the Commissioners of the District or the agent or agents designated by them to perform any function vested in the Commissioners by this Act: *Provided*, That for the purposes of subsection (e) of section 7 no such agent shall, by way of appeal, review his own action, decision, or ruling.

(d) The term "pawnbroker" means any person who shall in any manner lend or advance money or other things for profit on the pledge and possession of personal property or other valuable thing, other than securities or written or printed evidences of indebtedness or who deals in the purchasing of personal property or other valuable thing on condition of selling the same back again at a stipulated price, and shall include all pawnbrokers referred to in section 4–148, section 4–149, and section 4–150 of the District of Columbia Code of 1951.

LICENSES REQUIRED OF PAWNBROKERS

SEC. 2. (a) No person shall engage in business as a pawnbroker except as authorized in this Act and without first obtaining a license from the Commissioners as hereinafter provided.

(b) No person, other than a licensee under this Act, shall display any sign or other device in or about any business premises, or in any advertising matter, which in any manner resembles the emblem or sign commonly used by pawnbrokers nor display any sign which is calculated to deceive, nor use the word "pawnbroker" in or about any business premises or in any advertising matter, nor shall any such person hold himself out to the public to be a pawnbroker either by advertising, soliciting, signs, or otherwise.

APPOINTMENT OF ATTORNEY AND APPLICATION FOR LICENSES

SEC. 3. (a) No license shall be issued to any person unless and until such person shall, in writing and in the form prescribed by the Commissioners, appoint the Commissioners as his true and lawful attorney upon whom all judicial and other process or legal notice directed to such person may be served. A copy of any such process or notice so served upon the Commissioners shall be forthwith sent by registered mail by the plaintiff or his attorney to the defendant at his residence or his place of business.

Application for license.

(b) Each application for a license under this Act shall be in writing, under oath or affirmation, to the Commissioners in such form as they may prescribe. Such application shall contain (1) in the case of an individual, his name and the address of his residence and place of business, (2) in the case of a firm or voluntary association, the name and address of every member thereof and the address of the place where such business is to be conducted, (3) in the case of a joint-stock company, incorporated society, or corporation, the names and addresses of the officers and directors thereof and the address of the

place where such business is to be conducted, and (4) such additional information as the Commissioners may prescribe.

(c) Each applicant shall prove to the satisfaction of the Commissioners that he has available, for use in the business of making loans authorized by this Act at the location specified in his application, cash capital of at least $20,000.

(d) Upon the filing of any such application the applicant shall pay to the Commissioners the sum of $50 as a fee for investigating the application, which sum shall be retained by the District whether such application is approved or disapproved.

BOND PROVISIONS

SEC. 4. (a) Each applicant shall file with his application a bond running to the District in the sum of $5,000 with two or more sufficient sureties, whose liability as such securities shall not exceed the said sum in the aggregate; except that the execution of any such bond by a fidelity or surety company authorized by the laws of the United States to transact business in the District shall be equivalent to the execution thereof by two sureties, but such company, if excepted to, shall justify in the manner required by law of fidelity and surety companies. Such bond shall be approved by the Commissioners and conditioned upon the compliance by the applicant with all the provisions of this title and all rules and regulations lawfully made pursuant thereto. Any person injured by the noncompliance with any such provision, rule, or regulation by any licensee under this Act may maintain a suit in his own name in any court of competent jurisdiction and recover on the bond such damages as shall be adjudged by such court together with costs of such suit. Recovery upon any such bond shall not preclude recovery against such licensee for any liability in excess of the amount recovered upon the bond, and such recovery shall not be held to extinguish any remedy under other law.

Renewal.

(b) The bond or bonds which the licensee is required to file hereunder shall be renewed and refiled annually at the time of making payment of the annual license fee. If the Commissioners shall find that any such bond has for any reason become insecure or exhausted, an additional bond in the sum of not more than $5,000 shall be filed by the licensee within ten days after written demand therefor by the Commissioners.

ISSUANCE OF LICENSE

SEC. 5. (a) If the Commissioners approve the bond filed by the applicant and the form of the application, and find after investigation (1) that the financial responsibility, experience, character, and general fitness of such applicant, and of the members thereof if the applicant is a firm or voluntary association, and of the officers and directors thereof if the applicant is a joint-stock company, incorporated society, or corporation are such as to command the confidence of the community and to warrant the belief that the business of the applicant will be operated honestly, fairly, and efficiently in accordance with the purposes of this Act; (2) that permitting such applicant to engage in such business will promote the convenience and advantage of the community; and (3) that the applicant has available for use in such business at the location specified in the application cash capital of at least $20,000, the Commissioners shall, upon payment by the applicant of a license fee of $500, issue to the applicant a license to make such loans in accordance with the provisions of this Act at the location specified in such application; except that if any such license is issued after the thirtieth day of April of any year the fee

License fee.

for such license shall be $250. If the Commissioners do not so find after investigation they shall notify the applicant thereof and return the bond filed with the application. Within sixty days from the date of filing the application for license, accompanied by the investigation fee and bond required by this Act, the Commissioners shall either issue or refuse to issue such license, but no applicant shall be denied a license until after a due hearing by the Commissioners, at which the applicant shall have a reasonable opportunity to be heard and to produce evidence in support of his application. If the application be denied the Commissioners shall within twenty days thereafter prepare a written decision and findings with respect thereto containing a summary of the evidence and the reasons supporting the denial and forthwith serve upon the applicant a copy thereof.

Issuance or refusal of license.

(b) Each license issued under this Act shall state fully the name of the licensee and the place at which the business is to be conducted under such license. Such license shall be kept conspicuously posted in such place of business. No such license shall be transferable or assignable. Not more than one place of business shall be maintained under the same license, but the Commissioners may issue more than one license to the same licensee upon compliance for each such license with all the provisions of this title applicable to the original issuance of licenses. Whenever a licensee shall desire to change his place of business to another location within the District he shall immediately give written notice thereof to the Commissioners. Upon receipt of such notice the Commissioners shall attach to the license a statement of the change of location and the date thereof, which shall be authority for the operation of such business under such license at the new location.

Posting of license.

(c) No licensee shall transact such business or make any loan provided for by this Act under any other name or at any other place of business than that named in the license.

REVOCATION, SUSPENSION, AND RENEWAL OF LICENSES

SEC. 6. (a) Each license shall remain in full force and effect until the first day of November following the date of issuance unless sooner surrendered by the licensee or suspended or revoked as hereinafter provided. Application for license for the following year may be made by any licensee within twenty days prior to the first day of November. If the Commissioners are satisfied that no fact or condition then exists which clearly would warrant the Commissioners in refusing to issue a license on an original application the Commissioners are authorized to issue license for the year commencing on the first day of November following the date of such application, upon payment of license fee of $250.

(b) The Commissioners shall, upon ten days' notice to the licensee stating that they contemplate the revocation or suspension of his license, and, in general, the grounds therefor, revoke or suspend such license, after reasonable opportunity has been afforded to the licensee to be heard, if the Commissioners find (1) that the licensee has failed to maintain in effect the bond or bonds required under this Act or (2) that the licensee has either knowingly or without the exercise of due care to prevent the same, violated any provision of this Act or has failed to comply with any rule or regulation lawfully made pursuant thereto, or (3) that any fact or condition then exists which clearly would warrant the Commissioners in refusing to issue a license on an original application. If the license be revoked or suspended the Commissioners shall, within twenty days thereafter, prepare a written decision and findings with respect thereto containing a summary of the evidence and the reasons supporting the revocation or suspension and forthwith serve upon the licensee a copy thereof.

Revocation of license.

(c) The Commissioners may revoke or suspend only the particular license with respect to which there are grounds for revocation or suspension; but if the Commissioners find that such grounds for revocation or suspension apply or extend to more than one license issued to any person under this Act, they shall revoke or suspend all the licenses affected thereby.

Surrender of license.

(d) The licensee may at any time surrender any license issued to him under this Act upon filing written notice to that effect with the Commissioners.

(e) No revocation, suspension, or surrender of any such license shall impair or affect the obligation of any preexisting lawful contract between the licensee and any borrower, or any bond given by such licensee.

ENFORCEMENT

SEC. 7. (a) The provisions of this Act shall be enforced by the Commissioners, who are authorized to make such rules and regulations in addition hereto and not inconsistent herewith, as may be necessary for the enforcement of this Act. The Commissioners shall make such examination and investigations of the affairs, business, office, and records of every licensee, and such further examinations or investigations as they shall deem necessary for the purpose of discovering violations of this Act or of securing information necessary for its proper enforcement. For the purpose of making such examinations or investigations the Commissioners and their duly designated representatives shall have authority to require by subpena the production of books, papers, and records and the attendance, and examination under oath, of all persons whomsoever whose testimony they may require relative to the loans or business of any such licensee, and shall have free access to the accounts, papers, records, files, safes, vaults, offices, and places of business used in connection with any business conducted under any license issued in accordance with this Act. In the event of contumacy or refusal to obey any such subpena or requirement under this section, the Commissioners may make application to the Municipal Court for the District of Columbia for an order requiring obedience thereto. Thereupon the court, with or without notice and hearing, as it in its discretion may decide, shall make such order as is proper and may punish as a contempt any failure to comply with such order in accordance with the provisions of subsection (c), section 5, of the Act of April 1, 1942 (56 Stat. 193, ch. 207; sec. 11–756 (c), D. C. Code, 1951 edition).

Report to Commissioners.

(b) Each licensee shall annually on or before the fifteenth day of March file with the Commissioners a report giving such information as the Commissioners may require, relevant to the business and operations during the preceding calendar year, of each licensed place of business conducted by such licensee in the District. Such report shall be made under oath and in the form prescribed by the Commissioners. The Commissioners shall make and publish annually an analysis and recapitulation of such reports.

Records.

(c) Each licensee shall keep and use in his business and shall preserve for at least three years after making the final entry on any loan recorded therein, such books, accounts, records, or card systems as will enable the Commissioners to determine whether such licensee is complying with the provisions of this Act and with the rules and regulations made pursuant thereto.

Appointment of employees.

(d) The Commissioners are authorized to appoint such assistants, clerks, or other employees as may be required for the purpose of carrying out the provisions of this Act.

Appeals.

(e) Any person aggrieved by any action, decision, or ruling of the Commissioners under this Act may, within twenty days thereafter, or within twenty days after the service upon such person of any written decision and findings required by this Act, appeal to the Commissioners for a review thereof. Upon any such review, the Commissioners may affirm, set aside, or modify such action, decision, or ruling. In any such case the Commissioners shall, within ten days thereafter, prepare a written decision and findings with respect thereto, containing a summary of the evidence and the reasons supporting the affirmance, setting aside, or modification, and forthwith serve upon the aggrieved person a copy thereof.

ADVERTISING

SEC. 8. (a) No licensee or other person, firm, voluntary association, joint stock company, incorporated society, or corporation shall advertise, print, display, publish, distribute, or broadcast, or cause or permit to be advertised, printed, displayed, published, distributed, or broadcast, in any manner whatsoever, any statement or representation with regard to the rates, terms, or conditions for the lending of money, credit, goods, or things in action in the amount or of the value of $1,000 or less, which is false, misleading, or deceptive, or, in the case of a licensee, which refers to the supervision of such business by the District of Columbia, or any department or official thereof. The Commissioners may order any licensee to desist from any conduct which they shall find to be a violation of the foregoing provisions.

Order to desist.

Statement of rates of charge.

(b) The Commissioners may require that rates of charge, if stated by a licensee, be stated fully and clearly in such manner as they may deem necessary to prevent misunderstanding thereof by prospective borrowers.

Investigations.

SEC. 9. (a) The Commissioners shall investigate from time to time the economic conditions and other factors relating to and affecting the business of making pawnbroker loans under this Act, and shall ascertain all pertinent facts necessary to determine what maximum rate of interest should be permitted. Upon the basis of such ascertained facts, the Commissioners shall determine and fix by regulation or order a maximum rate of interest in connection with such loans which will induce efficiently managed commercial capital to be invested in such business in sufficient amounts to make available adequate credit facilities to individuals seeking such loans at reasonable rates of interest, and which will afford those engaged in such business a fair and reasonable return upon the assets. The Commissioners may from time to time, upon the basis of changed conditions or facts, redetermine and refix any such maximum rate of interest, but, before determining or redetermining any such maximum rate, the Commissioners shall give reasonable notice of their intention to consider doing so to all licensees and a reasonable opportunity to be heard and introduce evidence with respect thereto and such notice shall also be published once each week for two consecutive weeks in one or more of the daily newspapers published in the District. Any such changed maximum rate of interest shall not affect preexisting loan contracts lawfully entered into between any licensee and any borrower.

Interest rates.

Until such time as a different rate is fixed by the Commissioners in accordance with the authorization contained in this section, every licensed pawnbroker may contract for and receive on any loan of money, not exceeding 2 per centum per month, or fraction thereof, upon any loan not exceeding the sum of $200, or more than 1 per centum per month or fraction thereof, upon any loan exceeding $200 and not exceeding $1,000, and 8 per centum per annum on any loan

in excess of $1,000, under a penalty of $100 for each such offense: *Provided*, That pawnbrokers may ask, demand, and receive a minimum charge in lieu of interest of 50 cents.

Payment of loan.

(b) The borrower may pay all or any part of any loan made pursuant to this Act at any time before the date of maturity thereof, but any such payment may first be applied by the licensee to all interest unpaid up to the date of such payment.

SEC. 10. (a) No person, except as authorized by this Act, shall directly or indirectly, by any device, subterfuge, or pretense whatsoever, ask, demand, charge, contract for, or receive, or participate, as agent, broker, procurer, intermediary, or volunteer, or in any other capacity, in asking, demanding, charging, contracting for, or receiving any interest, discount, fee, charge, or other consideration which in the aggregate is greater than the interest which is permitted by section 1178, 1179, or 1180 of such Act approved March 3, 1901, as amended, upon any loan or application for loan in the amount or of the value of $1,000, or less, whether or not such loan is made.

31 Stat. 1377. D. C. Code 28-2701 to 28-2703.

(b) No person engaged in the business regulated by this Act shall pay, directly or indirectly, to any person, any money, service, or thing of value for the doing of any of the acts prohibited in the subsection (a) of this section: *Provided*, That this subsection shall apply only to acts done or performed with reference to loan transactions or applications for loans in sums of $1,000 or less, or in inducing or seeking to induce any person to borrow in sums of $1,000 or less.

Nonvalidity of instrument, etc.

(c) No instrument evidencing a loan made within the District in violation of the provisions of this Act shall be valid or enforceable in the District by the lender or by any other holder thereof who acquired the same with actual knowledge that said loan was made in violation of the provisions of this Act or with knowledge of such facts that his action in taking such instrument amounted to bad faith.

(d) Any loan made by any person not licensed under this Act for which there has been charged, contracted for, or received a greater rate of interest, discount, or consideration than the interest which is permitted by sections 1178, 1179, or 1180 of the Act approved March 3, 1901, as amended, and any loan made by a licensee under this Act for which there has been charged, contracted for, or received a greater rate of interest, discount, or consideration than licensees are permitted to charge, contract for, or receive under this Act is hereby declared to be against the public policy of the District. No such loan made outside the District shall be enforced in the District and every person in anywise participating therein in the District shall be subject to the provisions of this Act, except that the provisions of this subsection shall not apply to a loan legally made in any State under and in accordance with the provisions of a duly enacted pawnbroker law.

D. C. Code 28-2701 to 28-2703.

Description of goods pawned, etc.

SEC. 11. (a) Every pawnbroker shall keep a book in which shall be fairly written, at the time of each loan, an accurate account and description of the goods, article, or thing pawned or pledged, the amount of money loaned thereon, the time of pledging the same, the rate of interest to be paid on such loan, and the name and residence of the person pawning or pledging the said goods, article, or thing, together with a particular description of such person, including complexion, color of eyes and hair, and his or her height and general appearances.

Inspection of records.

(b) The said book shall at all reasonable times be open to the inspection of the Commissioners. It shall be the duty of every pawnbroker, and of every person in his employ, to admit to his premises during business hours any member of the Metropolitan Police Force of the District of Columbia as aforesaid to examine any pledge or pawn book or other record on the premises, as well as the articles

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pledged, purchased, or received, and to search for and take possession of any article known by him to be missing or known or believed by him to have been stolen, without the formality of the writ of search warrant or any other process, which search or seizure is hereby authorized.

(c) Except as to any judicial or other official of the District, having a right thereto in his official capacity, it shall be unlawful for any officer or employee of the District to divulge or make known in any manner the contents of such book.

Daily delivery of transcripts.

(d) Every pawnbroker shall, every day, except Sunday, before the hour of eleven o'clock in the forenoon, deliver to the Chief of Police, or his representative, on forms to be prescribed by the Commissioners of the District of Columbia, a legible and correct transcript from the book or books provided for in section 11 (a), showing an accurate and complete description of every article or thing received by him, in pawn or pledge, and giving all numbers, marks, monograms, trademarks, manufacturers' names and other marks of identification appearing on the same, on the business day next preceding, together with the numbers of the pawn ticket issued therefor, the amount of the loan thereon, and the name, residence, and physical description of the person pawning or pledging the said goods, article or thing.

Delivery of memorandum to person pawning goods.

SEC. 12. Every pawnbroker shall, at the time of each loan, deliver to the person pawning or pledging any goods, article, or thing a memorandum or note, signed by him, containing the substance of the entry required to be made in his or her book by the last preceding section, excepting as to the description of the person and no charge shall be made or received by any pawnbroker for any such entry, memorandum, or note.

Sale of pledge.

SEC. 13. No pawnbroker shall sell any pawn or pledge until the same shall have remained one year in his possession, unless by consent in writing by the pawner; and all such sales shall be made at public auction and not otherwise, and shall be made or conducted only by an auctioneer licensed by the District of Columbia.

SEC. 14. Notice of every such sale shall be published for at least six days previous thereto, in one or more of the daily newspapers of general circulation printed in the District of Columbia, and such notice shall specify the time and place at which such sale is to take place, the name of the auctioneer by whom the same is to be conducted, and a description of the article to be sold, and in addition thereto the pawnbroker shall mail to the pawner a copy of such notice and shall obtain from the postmaster or his authorized agent a certificate showing such mailing, issued pursuant to the Act approved January 13, 1931 (U. S. C., title 39, sec. 260a), and regulations made thereunder. Such certificates shall be deemed to be part of the records of the business of the pawnbroker required by this title to be kept.

46 Stat. 1035.

Surplus money.

SEC. 15. The surplus money, if any, arising from any such sale, after deducting the amount of the loan, the interest then due on the same, and the expenses of the advertisement and sale, shall be paid over by the pawnbroker to the person who would be entitled to redeem the pledge in case no such sale had taken place.

PENALTIES

SEC. 16. (a) Any individual or any member, officer, director, agent, or employee of any firm, voluntary association, joint-stock company, incorporated society, or corporation who shall violate or participate in the violation of any of the provisions of this Act shall be punished by a fine of not more than $300 or by imprisonment for not more than ninety days.

(b) Any contract of loan in the making or collection of which any act shall have been done which constitutes a violation of any of the provisions of this title shall be void and the lender shall have no right to collect or receive any principal, interest, or charges whatsoever on account thereof. Any person pledging any goods, article, or other thing as security for a loan which is void shall be entitled to the return of such goods, article, or thing without being required to pay any principal, interest, or other charge on account of such void loan.

SEC. 17. The Commissioners are authorized to make and enforce such rules and regulations as they deem necessary to carry out the purposes of this Act.

Nonapplicability of Act.

SEC. 18. Nothing in this Act shall apply to any person, firm, joint-stock company, incorporated society, credit union, or corporation doing business in the District of Columbia under the supervision of the Federal Reserve System, or the Comptroller of the Currency, or the Federal Deposit Insurance Corporation, or the Home Loan Bank Board, or the Federal Savings and Loan Insurance Corporation, or the Department of Health, Education, and Welfare or to loans made by them.

REPEAL

SEC. 19. The Act entitled "An Act to regulate the business of loaning money on security of any kind by persons, firms, and corporations other than national banks, licensed bankers, trust companies, savings banks, building and loan asssociations, and real-estate brokers, in the District of Columbia", approved February 4, 1913, as amended, insofar as the same applies to the business of lending money on the security of the pledge and possession of tangible personal property, is hereby repealed.

37 Stat. 657. D. C. Code 26-601 to 26-611.

SEPARABILITY OF PROVISIONS

SEC. 20. If any provision of this Act or the application thereof to any person or circumstances, is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances shall not be affected thereby.

EFFECTIVE DATE OF ACT

SEC. 21. This Act shall take effect at the expiration of sixty days after the date of its approval.

Approved August 6, 1956.

Public Law 983 — CHAPTER 971

AN ACT

August 6, 1956
[H. R. 800]

To amend section 1201 of title 18 of the United States Code to authorize the Federal Bureau of Investigation to initiate investigation of any kidnaping in which the victim has not been released within twenty-four hours after his seizure.

Kidnaping.
62 Stat. 760.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (b) of section 1201 of title 18 of the United States Code is amended to read as follows:

"(b) The failure to release the victim within twenty-four hours after he shall have been unlawfully seized, confined, inveigled, decoyed, kidnaped, abducted, or carried away shall create a rebuttable presumption that such person has been transported in interstate or foreign commerce."

Approved August 6, 1956.