

Chapter 726

2009 EDITION

Pawnbrokers

GENERAL PROVISIONS		REGULATION	
726.010	Definitions	726.260	Rules and rulings
726.020	Short title; application of chapter	726.270	Prohibited transactions
726.030	Construction of chapter	726.280	Register and records of licensee
		726.285	Records of transactions by pawnbroker; delivery of copies to local police agency
LICENSING		726.290	Signing of card, stub or record by pledgor
726.040	Pawnbroker license required	726.300	Contents of pawn ticket; effect
726.050	Requirements for issuance of license	726.310	Holder presumed entitled to redeem
726.060	Application for license; contents; fee	726.320	Redemption by mail
726.070	Applicant to furnish bond or letter of credit; actions on bond or letter of credit	726.330	Delivery of pledge upon surrender of pawn ticket
726.075	Grounds for denial of license	726.340	Loss, destruction or theft of pawn ticket; affidavit; liability
726.080	Issuance and denial of license	726.350	Alteration
726.090	Form of license; posting; transferability	726.360	Spurious pawn tickets
726.100	Additional licenses to same applicant	726.370	Multiple claimants of pledge; interpleader
726.110	Change of place of business	726.380	Loss of or injury to pledge; lien on pledge
726.125	License fees; fees for extra service	726.390	Interest rates and charges
726.130	Annual report of licensee	726.395	Charges related to firearms
726.150	Revocation and suspension of license	726.400	Loan period; renewal; forfeiture of pledge; notice; period for redeeming pledge
726.155	Procedure for license denial, revocation or suspension	726.410	Record of forfeited pledges
726.170	Reinstatement and reissue of license; fee	726.420	Effect of charging excessive interest or fees
726.180	Expiration of license; effect of revocation, suspension or surrender of license	726.440	Enforcement orders
726.190	Surrender of license	726.450	Tracking pledged articles; use of system; fee
726.250	Investigations and examinations; cost		
726.255	Investigation of pawnbrokers; oaths; witnesses; subpoenas; depositions	726.910	Civil penalties
		726.990	Criminal penalties
			PENALTIES

GENERAL PROVISIONS

726.010 Definitions. As used in this chapter, unless the context requires otherwise:

(1) "Director" means the Director of the Department of Consumer and Business Services.

(2) "Pawnbroker" means any person, copartnership, association or corporation:

(a) Lending money at a higher rate of interest than 10 percent per annum on the deposit or pledge of personal property other than choses in action, vehicles required by law to be registered with the Department of Transportation, securities or printed evidences of indebtedness;

(b) Purchasing any personal property other than choses in action, vehicles required by law to be registered with the Department of Transportation, securities or printed evidences of indebtedness on the direct or implied condition of selling it back at a stipulated price that would amount to the payment of interest or consideration in excess of 10 percent per annum; or

(c) Doing business as storage warehouseman and lending money at a higher rate of interest than 10 percent per annum upon goods, wares, merchandise or personal property pledged or deposited as collateral security other than vehicles required by law to be registered with the Department of Transportation.

(3) "Pledge" means any article deposited with a pawnbroker in the course of the business of the pawnbroker as defined in subsection (2) of this section.

(4) "Pledgor" means the person who delivers a pledge into the possession of a pawnbroker, unless the person discloses that the person is or was acting for another, in which event "pledgor" means the disclosed principal.

(5) "Pledge loan" means a loan made by a pawnbroker to a pledgor and secured by a pledge. [Amended by 1971 c.168 §1; 1985 c.762 §135; 1987 c.373 §71; 1993 c.744 §27]

726.020 Short title; application of chapter. This chapter shall be known as the Pawnbrokers Act. It is applicable to any person who qualifies under its provisions, and to such other person as shall by violating any of its provisions be subject to the penalties provided in ORS 726.990.

726.030 Construction of chapter. Nothing in this chapter shall be construed or held to limit the rights, powers or privileges granted to any person by any law of this state or of the United States whereby the loaning of money or extending of credit is regulated, provided, that such person is op-

erating in compliance with the provisions of such law.

LICENSING**726.040 Pawnbroker license required.**

No person shall engage or continue in the business of a pawnbroker, or use any assumed business name or advertising that in any way would lead the public to believe the person is a licensed pawnbroker, except as authorized by this chapter and without first procuring a license from the Director of the Department of Consumer and Business Services as provided in this chapter. [Amended by 1979 c.202 §1]

726.050 Requirements for issuance of license. The Director of the Department of Consumer and Business Services may not issue a license to a corporation, limited liability company or limited liability partnership or to a person using an assumed business name unless:

(1) The limited liability company or limited liability partnership has filed the required documents under ORS chapter 63 or 67;

(2) The person using the assumed business name has registered the name under ORS chapter 648; or

(3) The corporation is an Oregon corporation in good standing or a foreign corporation legally qualified to do business in this state. [Amended by 2007 c.360 §1]

726.060 Application for license; contents; fee. (1) An application for the license shall be in writing in a form prescribed by the Director of the Department of Consumer and Business Services.

(2) The application shall contain:

(a) If the applicant is an individual, the name and both the residence and business addresses of the applicant;

(b) If the applicant is a partnership or association, the name and both the residence and business addresses of every member of the partnership or association;

(c) If the applicant is a corporation, the name and both the residence and business addresses of each officer and director of the corporation;

(d) The county and city with street and number, if any, where the business is to be conducted; and

(e) Any other information that the director may require.

(3) The applicant at the time of making application for the applicant's first licensed location in this state shall pay to the director a nonrefundable application fee of \$500. [Amended by 1971 c.218 §1; 1985 c.762 §136; 1997 c.842 §1; 2007 c.360 §2]

726.070 Applicant to furnish bond or letter of credit; actions on bond or letter of credit.

(1) A bond in the sum of \$25,000 executed by the applicant as obligor, together with a surety company authorized to do business in this state as surety or an irrevocable letter of credit issued by an insured institution as defined in ORS 706.008 in the amount of \$25,000 shall accompany the application and be maintained by the pawnbroker licensee with the Director of the Department of Consumer and Business Services. This bond or letter of credit shall be executed to the State of Oregon and for the use of the state and of any person who may have a cause of action against the obligor of the bond or the letter of credit issuer under this chapter. The bond or letter of credit shall be conditioned that the obligor will faithfully conform to and abide by the provisions of this chapter and of all rules and regulations lawfully made by the director under this chapter, and will pay to the state and to any such person any and all moneys that may become due or owing to the state or to such person from the obligor under and by virtue of the provisions of this chapter. The Attorney General shall approve the form of any bond or letter of credit that may be accepted by the director under this section.

(2) If any person is aggrieved by the misconduct of a pawnbroker or by the pawnbroker's violation of any law and recovers judgment therefor, the person may, after the return unsatisfied either in whole or in part of any execution issued upon the judgment, maintain an action for the person's own use upon the bond or letter of credit of the pawnbroker in any court having jurisdiction of the amount claimed. The director shall furnish to anyone applying therefor, a certified copy of any such bond or letter of credit filed with the director. The certified copy is prima facie evidence in any court that the bond or letter of credit was duly executed and delivered by each pawnbroker whose name appears on the bond or letter of credit. [Amended by 1971 c.218 §2; 1979 c.202 §2; 1991 c.331 §125; 1993 c.18 §155; 1997 c.631 §544; 2003 c.176 §1; 2007 c.360 §3]

726.075 Grounds for denial of license.

The Director of the Department of Consumer and Business Services may not grant a license to engage in the business of pawnbroker to any person if any person named in the application submitted pursuant to ORS 726.060:

(1) Is insolvent, either in the sense that the person's liabilities exceed the person's assets or that the person cannot meet obligations as they mature, or is in such financial condition that the person cannot

continue in business with safety to the person's customers;

(2) Has engaged in dishonest, fraudulent or illegal practices or conduct in any business or profession;

(3) Has willfully or repeatedly violated or failed to comply with a provision of the Oregon Bank Act, the Oregon Credit Union Act, the Oregon Consumer Finance Act or the Pawnbrokers Act, or any administrative rule or order adopted under an Act identified in this subsection;

(4) Has been convicted of a crime, an essential element of which is fraud;

(5) Is not qualified to conduct a pawnbroker business on the basis of such factors as training, experience and knowledge of the business;

(6) Is permanently or temporarily enjoined by a court of competent jurisdiction from engaging in or continuing any conduct or practice involving an aspect of the pawnbroker business;

(7) Is the subject of an order of the director, subjecting the person to a fine or other civil penalty, or removing the person from an office in an entity regulated by either director; or

(8) Is the subject of an order that was issued by the regulatory authority of another state or of the federal government with authority over such banking institutions, credit unions, consumer finance companies or savings associations, that was entered within the past five years and that subjects the person to a fine or other civil penalty or removes the person from an office in a state banking institution, a national bank, a state or federal savings association, a state or federal credit union or a consumer finance company. [1977 c.135 §55; 1985 c.762 §137; 2009 c.541 §47]

726.080 Issuance and denial of license.

(1) Conditioned upon the applicant's compliance with this chapter, the payment of the license fee and the filing of a bond or letter of credit on a form approved by the Attorney General, and in the absence of any reason or condition that in the judgment of the Director of the Department of Consumer and Business Services might warrant the refusal of the granting of a license, including the reasons set out in ORS 726.075, the director shall issue a license within 45 days after the date a complete application was received.

(2) If the application is denied, the director shall indorse on the application with the date the word "Disapproved" and shall immediately advise the applicant by registered mail or by certified mail with return receipt of the reason for the denial. [Amended by 1971 c.218 §3; 1977 c.135 §56; 1991 c.249 §69; 2007 c.360 §4]

726.090 Form of license; posting; transferability. The licenses shall be in a form prescribed by the Director of the Department of Consumer and Business Services and shall state the address at which the business is to be conducted and the full name of the pawnbroker. The license shall be kept conspicuously posted in the place of business of the pawnbroker and shall not be transferable or assignable. [Amended by 1971 c.218 §4]

726.100 Additional licenses to same applicant. No pawnbroker shall transact any business within the scope of this chapter except under the name at the place of business named in the license. The Director of the Department of Consumer and Business Services may issue more than one license to the same pawnbroker upon the pawnbroker's compliance with all the provisions of this chapter governing an original issuance of a license for each such additional license. Each additional license shall be for a separate and distinct place of business for the making and completing of pledge loans as provided in this chapter.

726.110 Change of place of business; fee. Whenever a pawnbroker changes the place of business to another location within the same city or town, the pawnbroker shall at once give written notice of the change to the Director of the Department of Consumer and Business Services and shall surrender the pawnbroker's license for cancellation. Thereupon a new license shall be issued by the director for the new location. A change in the place of business of a pawnbroker to a location outside of the city or town named in the original license is not permitted under the same license. [Amended by 1971 c.218 §5; 2007 c.360 §5]

726.120 [Amended by 1971 c.218 §6; repealed by 1985 c.762 §196]

726.125 License fees; fees for extra service. (1) Each pawnbroker shall pay to the Director of the Department of Consumer and Business Services each year the license fee determined by the director under subsection (2) of this section.

(2) The director may charge and collect a license fee from each pawnbroker, according to a license fee schedule established by the director by rule, for the purpose of defraying the costs of performing supervision, enforcement and other duties imposed by law upon the director in respect to pawnbrokers. In setting the license fee schedule and allocating license fees among pawnbrokers, the director shall take into consideration the costs of performing the duties of the director relative to each pawnbroker, the amount of all other moneys paid to the director under this chapter and the cost of developing and

maintaining a reasonable emergency fund. License fees under this subsection shall be assessed and paid upon approval of a new license application, and not later than December 15 or such date as may be specified by the director by rule for renewal of a license.

(3) In addition to the license fee collected under subsection (2) of this section, whenever the director devotes any extra attention to the affairs of a pawnbroker, either upon determination by the director or upon request of the pawnbroker, the fee for the extra service shall be the actual cost thereof. [1985 c.762 §139; 1997 c.842 §2; 2007 c.768 §56]

726.130 Annual report of licensee. Every pawnbroker, on or before January 15, shall submit to the Director of the Department of Consumer and Business Services an annual report in a form prescribed by the director, giving the following information:

(1) The number of pledge loans and total amount outstanding at the beginning of the year.

(2) The number of pledge loans made during the year and the aggregate amount of the pledge loans.

(3) The number of pledge loans canceled during the year and the aggregate amount of the canceled pledge loans.

(4) The number of pledge loans and total amount outstanding at the close of the year.

(5) Any other information requested by the director. [Amended by 2005 c.21 §14]

726.140 [Repealed by 1971 c.743 §432]

726.150 Revocation and suspension of license. (1) The Director of the Department of Consumer and Business Services may revoke any license under this chapter if the director finds that:

(a) The pawnbroker has failed to pay the annual license fee or to maintain in effect the required bond or to comply with any demand, ruling or requirement of the director lawfully made pursuant to and within the authority of this chapter or to comply with the provisions of law to keep the corporation in good standing if such pawnbroker is a corporation;

(b) The pawnbroker has violated any provision of this chapter or any rule or regulation lawfully made by the director under and within the authority of this chapter; or

(c) Any fact or condition exists which, if it had existed at the time of the original application for a license, would have warranted the director in refusing originally to issue the license.

(2) The director may, without notice or hearing, suspend any license for a period not exceeding 30 days, pending investigation.

(3) The director may revoke or suspend only the particular license with respect to which grounds for revocation or suspension occur or exist, or, if the director finds that such grounds for revocation or suspension are of general application to all offices or to more than one office operated by the pawnbroker, the director shall revoke or suspend all the licenses issued to the pawnbroker or such number of licenses as such grounds apply to, as the case may be. [Amended by 1971 c.734 §177; 1977 c.135 §57]

726.155 Procedure for license denial, revocation or suspension. (1) Where the Director of the Department of Consumer and Business Services proposes to refuse to issue a license, or proposes to revoke or suspend a license, opportunity for hearing shall be accorded as provided in ORS chapter 183.

(2) Judicial review of orders under subsection (1) of this section shall be as provided in ORS chapter 183. [1971 c.734 §179]

726.160 [Repealed by 1971 c.734 §21]

726.170 Reinstatement and reissue of license; fee. The Director of the Department of Consumer and Business Services may reinstate any suspended license or issue a new license to a pawnbroker whose license has been revoked, upon the pawnbroker's compliance with the provisions of law or any demand, ruling or requirement lawfully made by the director pursuant to and within the authority of this chapter. For such reinstatement or issuance of a new license a fee of \$25 shall be paid.

726.180 Expiration of license; effect of revocation, suspension or surrender of license. Every license issued under this chapter shall remain in force until it has been surrendered, revoked or suspended in accordance with the provisions of this chapter. No revocation, suspension or surrender of any license shall impair or affect the obligation of any preexisting lawful contract between the pawnbroker and any borrower. [Amended by 1971 c.218 §7]

726.190 Surrender of license. Any pawnbroker may surrender any license by delivering to the Director of the Department of Consumer and Business Services written notice that the pawnbroker thereby surrenders such license, but such surrender shall not affect the pawnbroker's civil or criminal liability for acts committed prior to the surrender.

726.250 Investigations and examinations; cost. (1)(a) For the purpose of discovering violations of this chapter or securing information required by the Director of the Department of Consumer and Business Services under this chapter, the director at any time, either personally or by an examiner or

other employee of the Department of Consumer and Business Services, may investigate the pledge loans and business and examine the books, accounts, records and files used in the pledge loans and business of every pawnbroker and of every person that the director has reason to believe is acting as a pawnbroker without a license, whether that person acts or claims to act as principal or agent, or under or without the authority of this chapter.

(b) For the purposes of paragraph (a) of this subsection:

(A) Every pawnbroker and person that the director has reason to believe is acting as a pawnbroker without a license shall give the director, examiner or other employee of the department free access to the person's place of business, books, accounts, papers, records, files, safes and vaults; and

(B) The director, examiner or other employee may:

(i) Compel the attendance of witnesses and examine the witnesses under oath; and

(ii) Require the production of documents or records.

(c) The actual cost of each examination shall be paid to the director by every person examined. The director may maintain an action for recovery of costs in any court of competent jurisdiction.

(2) As often as the director determines necessary, the director, examiner or other employee of the department shall make an examination of the pledge loans and business, office records and files of each licensed pawnbroker. The examination shall occur at the licensed location of the pawnbroker.

(3) As often as the director determines necessary, each licensed pawnbroker shall submit to the director for examination, at the office of the director, those books, records and documents prescribed by the director by rule. [Amended by 1973 c.449 §1; 1985 c.762 §140; 2003 c.176 §2; 2005 c.338 §28; 2007 c.360 §6]

726.255 Investigation of pawnbrokers; oaths; witnesses; subpoenas; depositions.

(1) For the purpose of an investigation or proceeding under the Pawnbrokers Act, the Director of the Department of Consumer and Business Services may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence and require the production of books, papers, correspondence, memoranda, agreements or other documents or records that the director considers relevant or material to the inquiry.

(2) If a person fails to comply with a subpoena issued under subsection (1) of this section or a party or witness refuses to testify on any matter, the judge of the circuit

court for any county, on the application of the director, shall compel obedience in the manner provided by law in the case of disobedience to a subpoena issued in a civil action in the circuit court.

(3) Each witness who appears before the director under a subpoena shall receive the fees and mileage provided for witnesses in ORS 44.415 (2), except a witness subpoenaed at the instance of parties other than the director or an examiner shall not be compensated for attendance or travel unless the director certifies that the testimony of the witness was material to the matter investigated.

(4) The director in any investigation may cause the depositions of witnesses to be taken in the manner prescribed by law for like depositions in civil suits in the circuit court. [1979 c.202 §9; 1985 c.762 §141; 1989 c.980 §21]

REGULATION

726.260 Rules and rulings. (1) The Director of the Department of Consumer and Business Services shall administer and enforce this chapter.

(2) In accordance with ORS chapter 183, the director may adopt rules and make any specific rulings, demands and findings as may be necessary for the proper conduct of the pawnbroker business and the enforcement of this chapter.

(3) In addition to the notice requirements of ORS chapter 183, before the director adopts a rule, the director shall submit a copy of the rule to each pawnbroker. [Amended by 1985 c.762 §142]

726.270 Prohibited transactions. No pawnbroker shall:

(1) Transact any business between the hours of 9 p.m. and 7 a.m. except that on Saturday the pawnbroker may transact business up to the hour of 10 p.m.

(2) Accept a pledge from any person who is under the age of 18 years.

(3) Convert or dispose of any unredeemed pledge before the time to redeem it has expired or before the pledge has been forfeited to the pawnbroker as provided in ORS 726.400. [Amended by 1975 c.739 §1]

726.280 Register and records of licensee. (1) Every pawnbroker shall keep a register in which shall be recorded in ink or in electronic form:

(a) The date of the transaction.

(b) The serial number of the pledge loan.

(c) The name and address of the pledgor, or if the pledge is made by a person acting as agent for a disclosed principal, the name and address of principal and agent.

(d) An identifying description of the article or articles pledged.

(e) The amount of the pledge loan.

(f) The date on which such pledge loan was canceled.

(g) A notation as to whether it was redeemed or renewed, or whether the pledge was forfeited.

(2) All entries in the register shall be made in the English language and shall be open to the inspection of any public official, police officer or any other person who is duly authorized or empowered by the laws of this state to make such inspection.

(3) Every pawnbroker shall maintain an alphabetical file from which can be determined the total obligations of any one pledgor.

(4) Subject to the provisions of this chapter, the Director of the Department of Consumer and Business Services may prescribe the form of other books and records to be kept by the pawnbroker. All records shall be preserved and available for at least two years after making the final entry on any pledge loan recorded therein. [Amended by 1979 c.202 §3; 1987 c.373 §72; 2007 c.360 §7]

726.285 Records of transactions by pawnbroker; delivery of copies to local police agency. (1) In addition to the register required under ORS 726.280, a pawnbroker shall record, for each transaction, the date, the name and address of the pledgor, the type and number of any proof of identification presented by the pledgor, a physical description of the pledgor and an identifying description of the article pledged.

(2) The pawnbroker shall deliver each record, or a copy thereof, made under this section, within three days after the date of the transaction, to the local police agency that has jurisdiction over the location at which the pawnbroker has a place of business. [1979 c.202 §10]

726.290 Signing of card, stub or record by pledgor. The pawnbroker shall at the time of making a loan require the pledgor or agent of the pledgor to write the signature and address of the pledgor or the agent of the pledgor on a card, ticket, stub or any other approved record, bearing the serial number of the loan corresponding to that recorded in the pawnbroker's register as provided in ORS 726.280. If the person is unable to write, the person shall sign the person's mark, and in such event the pawnbroker shall record on the signature card, stub or record such information as will enable the pawnbroker to identify the person in case of the loss of the ticket.

726.300 Contents of pawn ticket; effect. (1) A pawnbroker at the time the pawnbroker makes a pledge loan shall deliver to the pledgor or an agent of the pledgor a memorandum or pawn ticket on which the pawnbroker shall legibly write or print the following:

- (a) The date of the transaction.
- (b) The serial number of the pledge loan.
- (c) The article or articles pledged.
- (d) The amount of the pledge loan.
- (e) The rate of interest charged on the loan.
- (f) The name and address of the pawnbroker.
- (g) An accurate summary of the notice requirements of ORS 726.400.
- (h) Other terms and conditions the pawnbroker may wish to insert that are not inconsistent with this chapter.

(2) Nothing that appears on the pawn ticket relieves the pawnbroker of the obligation to exercise reasonable care in safekeeping articles pledged with the pawnbroker. [Amended by 1979 c.202 §4; 2009 c.372 §1]

726.310 Holder presumed entitled to redeem. Except as otherwise provided in this chapter, the holder of the memorandum or pawn ticket shall be presumed to be the person entitled to redeem the pledge. The pawnbroker shall deliver the pledge to the person presenting such memorandum or pawn ticket upon payment of principal and interest due on the pledge loan.

726.320 Redemption by mail. When a pawn ticket, instead of being presented in person, is sent to the pawnbroker by mail, accompanied with a money order, bank draft or cash for the amount due including the cost of shipment and packing as desired, the pledge shall be securely packed and forwarded by the pawnbroker in accordance with the remitter's instructions. If the remittance is insufficient to cover the amount due and the cost of shipment and packing as desired, the pawnbroker shall either notify the remitter of the amount of the deficiency or send the pledge subject to the payment of the deficiency by the consignee. The pawnbroker's liability for the pledge shall cease upon delivery thereof to the carrier or the agent of the carrier. [Amended by 1973 c.449 §4; 1981 c.192 §43]

726.330 Delivery of pledge upon surrender of pawn ticket. Except as otherwise provided in this chapter, a pawnbroker shall not be required to deliver a pledge except upon surrender of the pawn ticket, unless the ticket is impounded or its negotiation enjoined by a court of competent jurisdiction.

726.340 Loss, destruction or theft of pawn ticket; affidavit; liability. If a pawn ticket or memorandum is lost, destroyed or stolen, the pledgor shall notify the pawnbroker of the loss, destruction or theft in writing. The pawnbroker shall treat receipt of the notice as a stop against the pledge loan, and thereafter the provisions of ORS 726.310 and 726.320 do not apply to the pledge loan. Before delivering the pledge or issuing a new pawn ticket, the pawnbroker may require the pledgor to make an affidavit of the alleged loss, destruction or theft and may charge a fee of not more than \$3 for the lost, destroyed or stolen ticket. Not more than five days after receiving notice of the loss, destruction or theft of the ticket, the pawnbroker shall permit the pledgor either to redeem the pledge or to receive a new ticket upon paying accrued interest. The pawnbroker shall incur no liability for permitting the pledgor to redeem the pledge or receive a new ticket unless the pawnbroker has previously received written notice of an adverse claim. This section does not limit or affect the pawnbroker's legal liability in cases where goods are stolen or other legal defects exist in the pledgor's title with respect to the pledge. [Amended by 2007 c.360 §8; 2009 c.372 §2]

726.350 Alteration. The alteration of a pawn ticket shall not excuse the pawnbroker who issued it from liability to deliver the pledge according to the terms of the pawn ticket as originally issued, but shall relieve the pawnbroker of any other liability to the pledgor or holder of the pawn ticket.

726.360 Spurious pawn tickets. If a pawn ticket is presented to a pawnbroker which purports to be the one issued by the pawnbroker, but which is found to be spurious, the pawnbroker may seize and retain it without any liability whatsoever to the holder thereof. Any such pawn ticket so seized shall be delivered or mailed immediately to the Director of the Department of Consumer and Business Services accompanied by a letter of explanation. [Amended by 1987 c.373 §73]

726.370 Multiple claimants of pledge; interpleader. If more than one person claims the right to redeem a pledge, the pawnbroker shall incur no liability for refusing to deliver the pledge until the respective rights of the claimants have been adjudicated. In case of an action brought against the pawnbroker for recovery of the pledge, the pawnbroker may as a defense require all known claimants to interplead. If no action is brought against the pawnbroker by either claimant within 30 days after notice of an adverse claim the pawnbroker may proceed to dispose of the pledge as provided in this chapter.

726.380 Loss of or injury to pledge; lien on pledge. A pawnbroker shall be liable for the loss of a pledge or a part thereof or for injury thereto resulting from failure to exercise reasonable care. Such care shall include maintaining sufficient insurance coverage against possible loss due to fire, theft and burglary so as to protect the interest of the pledgor for the amount of the loan. In case of loss the burden of proof to establish due care shall be upon the pawnbroker. The pawnbroker shall have a first lien on any pledge for the amount of the pledge loan and interest in all cases except where goods are stolen or where a prior lien exists by virtue of any provision of law. [Amended by 1979 c.202 §5]

726.390 Interest rates and charges. (1) A pawnbroker may not charge, contract for or receive interest at a rate in excess of three percent per month. However, on pledge loans redeemed within the first month the pawnbroker may charge a month's interest or the pawnbroker may charge \$3 when the interest accumulated amounts to less. The pawnbroker may not compound the interest and may not deduct or receive an amount in advance.

(2) A pawnbroker may charge a set-up fee of 10 percent for loans and loan renewals with a minimum charge of \$2 and a maximum charge of \$100.

(3) A pawnbroker may charge a storage fee of not more than three percent for loans and loan renewals, with a minimum charge of \$2 and a maximum charge of \$100.

(4) Except as provided by law, a pawnbroker may not charge, contract for or receive an amount in addition to the interest provided for in this section. [Amended by 1973 c.449 §5; 1979 c.202 §6; 1981 c.192 §44; 1985 c.795 §1; 1997 c.842 §3; 2009 c.372 §3]

726.395 Charges related to firearms. (1) A pawnbroker may charge a pledgor or customer \$3 if the pledgor or customer places with the pawnbroker firearms required to be registered under the laws of the United States. The pawnbroker may not charge this \$3 fee to renew the pledgor's or customer's placement of the firearm with the pawnbroker.

(2) In addition to the fee described in subsection (1) of this section, a pawnbroker may charge a pledgor or customer any fee that a government entity imposes on the pawnbroker for holding or transferring a firearm. [1973 c.449 §3; 1997 c.842 §4; 2009 c.372 §4]

726.400 Loan period; renewal; forfeiture of pledge; notice; period for redeeming pledge. (1) Unless a pledgor and a pawnbroker agree to a longer loan period and the longer loan period is written on the

pawn ticket, a pledge loan shall be made for a period of 60 days. A pledge may be redeemed and the pledge loan repaid at any time before the loan period expires. A pawn ticket must clearly state the expiration date of the loan.

(2) A pledgor and a pawnbroker may agree to renew a pledge loan for successive periods of 60 days or for successive periods of a length upon which the pledgor and pawnbroker agree. A loan is a renewal of the original loan if the pledgor pays only the interest and the fees on the loan or pays the principal, the interest and the fees on the loan but accepts another pledge loan from the pawnbroker on the same pledge on the same day.

(3) Except for a pledge that secures a pledge loan of \$500 or less, the pawnbroker may not deem a pledge to be forfeited until:

(a) The pawnbroker notifies the pledgor that the pledge is at risk of forfeiture after the period described in subsection (1) of this section expires; and

(b) The pledgor has had an opportunity to redeem the pledge as provided in this section.

(4) The notice described in subsection (3) of this section must be in writing and delivered postpaid in a securely closed envelope addressed to the pledgor at the last-known address shown on the pawnbroker's record by:

(a) Regular mail, if the pledge secures a loan of more than \$500 but less than \$1,500; or

(b) Certified mail, return receipt requested, and regular mail, if the pledge secures a loan of \$1,500 or more.

(5) Delivery of a notice under this section occurs when the notice is mailed as provided in this section. As evidence of the notification, the pawnbroker shall keep a copy of each notice the pawnbroker sends by regular or certified mail, together with the certified return receipt card or the returned envelope for the notice, for at least two years. The pledgor shall bear the postal costs and a reasonable charge for preparing a notice for delivery by certified mail.

(6) A pledgor has a grace period of 30 days after the delivery of the notice required by this subsection in which to redeem the pledge or to renew the loan by paying any renewal fee and all the accrued interest and fees to date. There is no grace period after a renewal expires.

(7) A pledge that is not redeemed within 30 days after the mailing date of a notice given under this section or within the renewal period, if any, is forfeited. The

pawnbroker acquires the pledgor's title and interest in the forfeited pledge and the right to hold and dispose of the pledge as the pawnbroker's own property. [Amended by 1973 c.449 §6; 1979 c.202 §7; 1981 c.192 §45; 1985 c.795 §2; 1997 c.842 §5; 2009 c.372 §5]

726.410 Record of forfeited pledges.

Every pawnbroker shall keep an indelible record, fully itemized, of all forfeited pledges. The record shall contain the following information:

- (1) The number of the pledge.
- (2) The name and address of the pledgor.
- (3) The date of the pledge loan or the date of the last payment received as interest or principal.
- (4) The date of mailing notice.
- (5) The date of forfeiture. [Amended by 1985 c.795 §3]

726.420 Effect of charging excessive interest or fees.

If any pawnbroker or agent, member, officer or employee thereof, or any other person is found by the Director of the Department of Consumer and Business Services to have charged, contracted for or received any interest, fees or other charges in excess of those permitted by ORS 726.390, then the pledge loan shall be void. The pawnbroker shall forfeit the right to collect or receive any principal, interest or charges whatsoever. The pawnbroker shall upon order of the director return to the pledgor free from the pawnbroker's lien the pledge pledged by the pledgor without tender of principal and interest and shall pay into the county school fund of the county wherein the loan is made all payments and all fees or other charges previously collected under such pledge loan. [Amended by 1975 c.544 §59a; 1987 c.373 §74]

726.430 [Repealed by 1975 c.544 §62]

726.440 Enforcement orders. (1) The Director of the Department of Consumer and Business Services may, if the director has reason to believe that a person has:

- (a) Violated, is violating or is about to violate ORS 726.040, 726.100, 726.110, 726.130, 726.270, 726.280, 726.285, 726.290, 726.300, 726.390, 726.400 or 726.410, a rule adopted under ORS 726.260 or an order issued under this chapter, issue an order to cease and desist from the violation.
- (b) Failed to file the annual report required by ORS 726.130, issue an order to file the report.
- (c) Filed information under ORS 726.060, 726.110, 726.130 or 726.250 that is false or untruthful, issue an order to correct the filing.
- (d) Failed to maintain in effect the bond or an irrevocable letter of credit required

under ORS 726.070, issue an order to remedy the failure.

(2)(a) The director shall serve an order under this section on the person named in the order.

(b) An order issued under this section becomes effective upon service on the person named in the order.

(c) ORS 183.413 to 183.470 apply to an order issued under this section.

(d) Notwithstanding paragraph (c) of this subsection, a person may not obtain a hearing on the order unless the person requests the hearing in writing within 20 days after service of the order.

(e) A person who does not request a contested case hearing may not obtain judicial review of the order.

(f) The director may vacate or modify an order issued under this section. A modified order is effective upon service on the person named in the order.

(3) The authority conferred by this section is in addition to and not in lieu of any other authority conferred on the director. [2005 c.338 §27]

726.450 Tracking pledged articles; use of system; fee.

A city or county may impose and collect from a pawnbroker a fee of not more than \$1 for each pledge loan the pawnbroker makes in a calendar year, except a renewal of a pledge loan, for the purpose of administering and using a system, including an electronic database, to track pledged articles. The pawnbroker may charge a pledgor only the amount of the fee that the city or county imposes under this section. [2009 c.372 §7]

PENALTIES

726.910 Civil penalties. (1) Any person who violates ORS 726.040, 726.100, 726.110, 726.130, 726.270, 726.280, 726.285, 726.290, 726.300, 726.390, 726.400 or 726.410 or any rule adopted under ORS 726.260 or an order issued under ORS 726.440 shall forfeit a civil penalty in an amount determined by the Director of the Department of Consumer and Business Services of not more than \$2,500. The civil penalty forfeited shall be paid into the State Treasury and credited as provided in ORS 705.145. In addition, the director may revoke the license of any licensee who violates any such provision.

(2) The civil penalty may be recovered in an action brought in the name of the State of Oregon in any court of appropriate jurisdiction or may be imposed as provided in ORS 183.745.

(3) In any court action with respect to a civil penalty, including judicial review under

ORS 183.745, the court may review the penalty as to both liability and reasonableness of amount. [1975 c.544 §61; 1985 c.762 §143; 1991 c.734 §99; 2005 c.338 §29]

726.990 Criminal penalties. (1) Violation, or participation in the violation, of any provision of this chapter by any pawnbroker or any agent, member, officer or employee thereof, or any other person is punishable, upon conviction, by a fine of not less than \$100 nor more than \$500 or by imprisonment in the county jail for not less

than one month and not more than six months, or both.

(2) Upon conviction under subsection (1) of this section, no license shall be granted to such person, nor to the husband or wife of such person, nor to any partnership, association or corporation of which the person is an agent or member, until two years after the date of the conviction. [Amended by 1971 c.743 §425; 1987 c.373 §75]

