PAWN LICENSE

No person or entity shall engage in business as a pawnbroker, act as a pawnbroker, or advertise, transact, or solicit business as a pawnbroker except as authorized by the Pawnbroking Act and without first obtaining a license from the Department of Financial Institutions, Non-Depository Division. The following information is required to be submitted with the pawn license application:

- An initial pawnbroking license fee of $1,000 plus $500 for each additional location.
- Applicant must show minimum two (2) years finance related experience for anyone who will be managing an Indiana location.
- If a corporation, a copy of Certificate of Authority to do business in Indiana from the Secretary of State.
- CPA prepared Reviewed or Audited Financial Statements with $75,000 net worth per location and $50,000 in liquid assets. In lieu of the $50,000 liquid asset requirement, the applicant can have $25,000 in liquid assets; $25,000 insurance coverage on the personal property deposited as a “pledge”; and a $25,000 bond to the State of Indiana with surety to the satisfaction of the department.
- A criminal record report from the State Police of the State of residence for each owner, partner, or officer and Indiana manager must accompany the application.
- Credit Report of the business and/or principals.
- Three reference letters, one must be a financial institution.
- Copy of business plan.
- Business resume for the manager, owner, partners, and all officers, as applicable.
- List of other states where operating as pawnbroker.
- Sample copy of completed pawn ticket.
- Sample copy of completed bill of sale.
- Copy of AFT license, if applicable.
- Information on Convenience and Needs of Public.

✔ The initial application and annual renewal on June 1st shall be accompanied by a fee fixed by the department, which is currently $1,000 plus $500 per branch, and a reviewed or audited financial statement prepared by a CPA acceptable to the director showing net assets of at least $75,000 for each pawnbroking location with liquid assets of at least $50,000.

If the department finds the financial standing, competence, business experience, and character of the applicant are such that the business will be operated honestly, fairly, and efficiently and that the convenience and needs of the public exist for the operation of such business in the community where the applicant proposes to operate, it shall issue and deliver a license to the applicant. The license shall authorize the applicant to engage in the business of pawnbroking.

Indiana pawnbroking license application is now available on the internet.

The INDIANA PAWNBROKING ACT (IC 28-7-5) contains the requirements to make pawn loans.

DEFINITIONS

- "Person" - means an individual, a firm, an association, a limited liability company, a partnership, a joint stock association, a trust, or a corporation.
- "Pawnbroker" - means any person, partnership, association, or corporation lending money on the deposit or pledge of personal property, or who deals in the purchase of personal property on the condition of selling the property back again at a stipulated price, other than choses in action, securities, or printed evidence of indebtedness.
- "Pledge" - means personal property deposited with a pawnbroker as security for a loan.
- "Pledger" - means the person who delivers a personal property into the possession of a pawnbroker as security for a loan unless such person discloses that the person is or was acting for another; and in such event "pledger" means the disclosed principal.

INVESTIGATIONS

The department may investigate any licensee or person that it proposes to operate, it shall issue and deliver a license to the applicant. The license shall authorize the applicant to engage in the business of pawnbroking.

BOOKS, ACCOUNTS, AND RECORDS

The licensee shall keep and use in the pawn business such books, accounts, and records that will enable the department to determine whether the licensee is complying with the Pawnbroking statute and with rules made by the department. Every licensee shall preserve such books, accounts, and records for at least 2 years after making the final entry on any loan.

The pawnbroking business records must be kept separate from other businesses that the licensee may engage in.

LOAN RECORDS

Every pawnbroker shall keep a record of each pawn transaction in ink or other methods of recording data; such as electronic or computerized methods, may be used provided written printouts or hard copies of the required data are readily available. The record keeping system of a licensee shall be made available in Indiana for examinations. The department shall determine the sufficiency of the records and whether the licensee has made the required information reasonably available.

PAWN TICKET

The pawnbroker shall, at the time of making a loan, deliver to the pledger or the pledger’s agent a memorandum or ticket which shall contain the information required by the Indiana Pawnbroking statute and federal disclosures.

The pawn ticket must have the pledger’s signature and right thumbprint.

Nothing appearing on the pawn ticket shall relieve the pawnbroker of the obligations to exercise reasonable care in the safekeeping of articles pledged with him.

BILL OF SALE

If a pawnbroker, in the conduct of the business, purchases an article from a seller, the purchase shall be evidenced by a bill of sale properly signed by the seller with the seller’s right thumbprint. Bills of sale must be in duplicate and contain the information in the Pawnbroking law.

RATE OF INTEREST

The maximum rate of interest charged by pawnbrokers shall be the same as the maximum loan finance charge for supervised loans under IC 24-4.5-3-508.
The maximum rate effective 07/01/04 is: 36% on $.01 to $990 of the loan amount; 21% any portion of the loan amount from $990.01 to $3,300; 15% on any portion of the loan amount over $3,300; or 21%, whichever is greater.

Interest shall not be deducted in advance, neither shall the pawnbroker induce or permit any borrower to split up or divide any loan or loans for the purpose of evading any provisions of the statutes.

If a pawnbroker charges or receives interest in excess of that provided in the law or makes any charges not authorized by the law, the pawnbroker shall forfeit principal and interest and return the pledge upon demand of the pledger and surrender of the pawn ticket without the principal or interest. If such excessive or unauthorized charges have been paid by the pledger, the pledger may recover the same, including the principal if paid, in a civil action against the pawnbroker.

ADDITIONAL FEE

In addition to the loan finance charge, a pawnbroker may charge, contract for, and receive a fee not to exceed one-fifth (1/5) of the principal amount of the loan per month or any fractional part of a month for servicing the pledge that may include investigating the title, storing, providing security, appraisal, handling, making daily reports to local law enforcement officers, and for other expenses and costs associated with servicing the pledge. The fee is 1/30th per day after two months. Such a charge when made and collected is not interest and is not a rate under IC 35-45-7-1.

LIABILITY FOR LOSS OR INJURY TO PLEDGE

A pawnbroker shall be liable for the loss of a pledge resulting from the pawnbroker’s failure to exercise reasonable care in regard to it, but the pawnbroker shall not be liable for the loss of a pledge which could not have been avoided by the exercise of reasonable care. The burden of proof to establish due care shall be upon the pawnbroker.

PARTIAL PAYMENT BEFORE MATURITY

Upon presentation of the pawn ticket prior to maturity and the payment of accrued interest and charge and the tender of not less than $1.00 of the principal balance, the pawnbroker shall accept the same, showing due credit of principal payment on the pawn ticket, together with the amount of unpaid principal balance, or issue a new ticket for the reduced amount. Future interest charges and additional charge shall be computed on the unpaid principal balance.

REDEEMED PLEDGES

A pawnbroker shall not be required to deliver a pledge except upon surrender of the ticket, unless the ticket is impounded or its negotiation enjoined by a court. The holder of such ticket shall be presumed to be the person entitled to redeem the pledge; and the pawnbroker shall deliver the pledge to the person presenting the ticket, upon payment of principal, interest, and additional charge.

At the time a pawn is redeemed, the pawnbroker shall collect interest contracted for from the date of the loan to the date the pawn is redeemed. The pawnbroker can also collect the allowable additional charge from the day of the month the loan is made to the same date of the next month or months and for any part of a month thereafter.

UNREDEEMED PLEDGES

A pawnbroker may sell an article pawned after the expiration of 60 days from the maturity date of the loan.

UNLAWFUL TRANSACTIONS

No pawnbroker shall receive any pledge or make a purchase from a person under 18 years of age or receive any pledge or make a purchase of property that the pawnbroker believes or should have reason to believe is stolen property.

No pawnbroker shall purchase personal property or any other thing of value agreeing to sell the same back to the seller at a price other than the original purchase price, at a total charge, rate of interest, discount, or other renumeration in excess of the rate chargeable under the law.

VIOLATIONS AND CIVIL ACTION

A person who violates the Indiana Pawnbroking Law commits a Class A misdemeanor. The department may bring civil action against a person, a business, or a licensee for violating the law. If a court finds that the defendant has violated the law, the court may assess a civil penalty not to exceed $5,000 per violation.