



CITY OF  
**WATERTOWN**  
FINANCE DEPARTMENT

## Pawn Broker/Second Hand Dealer Business License Application

☐ New Application      ☐ Renewal

Licensing Year: 20\_\_\_\_

### License Information:

Business Name (as it will appear on license)	
Applicant/Owner Name (as it will appear on license)	
Business Address	
City, State, Zip	
Phone Number	
Email Address	
Bond Company Name (copy of bond req'd)	
Bond Expiration Date	
License Fee (check made payable to City of Watertown)	\$75.00 per year

\_\_\_\_\_  
Applicant/Owner Signature

\_\_\_\_\_  
Date

#### TO BE COMPLETED BY CITY OF WATERTOWN

Fee Paid: _____	If Approved, please sign below:  _____ City Manager  _____ Finance Officer  _____ Chief of Police
Receipt Number: _____ Dated: _____	
License or Permit Number: _____	

**Submit completed application to:** City Finance Office, Attn: Records/Licensing Manager, PO Box 910, Watertown SD 57201  
Phone# (605) 882-6203 • Fax# (605) 882-6218 • [licenses@watertownsd.us](mailto:licenses@watertownsd.us)

# License Procedures: Pawn Broker & Second Hand Dealers



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To Apply for a Pawn Brokers/Second Hand Dealers License with the City of Watertown:

1. Fill out a business license application form, which is available at the City Finance Office in City Hall.
2. Background checks must be completed with the South Dakota DCI and the Watertown Police Department. Required paperwork is available through the City Finance Office. Please note, in order to complete this step of the process, photo ID is required and a full set of fingerprints must be taken at the Watertown Detention Center by the Watertown Police Department. Results may take up to 3-4 weeks.
3. Each pawnbroker or secondhand dealer doing business in the City shall furnish a good and sufficient bond, with a surety to be approved by the City Council, in the sum of one thousand dollars (\$1,000), conditioned for faithful observance of this chapter and conditioned for the safekeeping or return of all articles held in pledge of such pawnbroker.
4. The license fee must be collected at the Finance Office. Please make payable to the City of Watertown.  
**a). First Year Rate for a Pawn Broker License is \$75.00.**
5. Approval is required from City Staff. Your application will be reviewed in a timely manner following your submittal.
6. Please note, licenses are effective from January 1 to December 31. The renewal license fee is \$75.00. The paperwork will be mailed to you directly, usually in November.

## **Chapter 12.05 PAWNBROKERS AND SECONDHAND DEALERS**

### **12.0501: DEFINITIONS**

**Pawnbroker:** any person, firm or corporation who:

1. Engages in the business of lending money on the deposit or pledge of personal property, other than choses in action, securities or evidence of indebtedness; or
2. Purchases personal property with an expressed or implied agreement or understanding to sell it back at a stipulated price.

Any pawnbroker may affect the purchase of secondhand personal property for resale purposes under the terms of this chapter by acquiring any pawn ticket of his own issued by transfer.

**Secondhand Goods Dealer:** any person firm or corporation, other than a pawnbroker or dealer in precious metals and precious gems, who purchases, collects, trades, sells or deals in the following secondhand goods: business machines, tape records and tapes, compact discs, videos, DVD discs, all radio transmitters and receivers, musical instruments, cameras and camera accessories, power tools, sporting goods, stereos, stereo equipment and records, tools and tool boxes, television sets, weapons, bicycles, radios, microwave ovens and jewelry. This definition shall exempt the following transactions:

1. Any person, firm or corporation selling new, unused articles, and any receiving or taking in used articles or trade from the purchasers of the new articles or trade from the purchasers of the new articles against the purchase price of the new articles which are sold for their market value;
2. Any person collecting antique items of personal use only;
3. Casual and occasional sales of used household goods by the owner thereof to the public, on a non-receiving basis, if the seller, at time of sale, is not engaged for profit in the business of selling goods of that or a similar nature; this category includes those sales commonly referred to as "garage sales";
4. Any person, firm or corporation dealing exclusively in the resale of used automobiles;
5. Any person, firm or corporation that operates a junkyard for wrecked automobiles;
6. Transactions involving goods sold on consignment;
7. Transactions in secondhand goods at stores or events sponsored by nonprofit corporations or associations or fraternal or religious organizations

### **12.0502: LICENSE – REQUIRED**

It is unlawful for any person, firm or corporation to engage in the business of pawnbroker or secondhand dealer, without first obtaining a license from the Finance Office. The application for such license shall contain all pertinent information required by Title 12 of this code and the Finance Office, and shall be issued and governed in accordance with Title 12. Any person applying for a pawnbroker's license or a secondhand dealer's license, must, before their application will be considered, come to the Police Department and furnish adequate identification. No license under this chapter shall be issued to any person who has been convicted of a felony; no license under this chapter shall be issued to any corporation, one or more officers or directors of which have been convicted of a felony.

### **12.0503: LICENSE – FEE**

1. The annual license fee for pawnbroker's and secondhand dealer's license shall be set by resolution adopted by the City Council.
2. Any person having a business which encompasses any category set forth in this chapter shall be required to obtain one license. (Ord 10-35; Rev 01-13-11)

### **12.0504: LICENSE – TERM**

The term of the license shall be from the date of issuance until December 31 of the same year. (Ord 10-35; Rev 01-13-11)

#### **12.0505: LICENSE – DISPLAY**

The licenses required by Section 12.0502 for pawnbrokers or secondhand dealers shall at all times be on display in a conspicuous place and available for inspection by law enforcement officers during reasonable business hours. This section shall not apply when the license is being taken to the Finance Office to have a change of location recorded.

#### **12.0506: FIXED PREMISES REQUIRED**

1. No person shall engage in business as a pawnbroker or secondhand dealer unless the person has a fixed premises where the business is conducted, either on a continuing basis or from time to time, and unless the person has first obtained a license to engage in that business at that premises.
2. For the purposes of this section, “fixed premises” shall include any non-mobile premises where such business is conducted and the pawned or purchased secondhand articles are held according to the provisions of Section 12.0513, whether or not that premises remains in the same location during the period the license is in effect.

#### **12.0507: BOND**

Each pawnbroker or secondhand dealer doing business in the City shall furnish a good and sufficient bond, with a surety to be approved by the City Council, in the sum of one thousand dollars (\$1,000), conditioned for faithful observance of this chapter and conditioned for the safekeeping or return of all articles held in pledge of such pawnbroker. (Ord 10-35; Rev 01-13-11)

#### **12.0508: SEPARATE PLACES OF BUSINESS - LICENSE AND BOND REQUIREMENTS**

Any person, firm or corporation conducting several or separate places of business shall pay the appropriate license fees and procure the appropriate licenses and bond for each place of business. The above mentioned proprietor’s license shall be sufficient for all clerks, agents and employees engaged at the place named in the license

#### **12.0509: CHANGE IN LOCATION OF LICENSED PREMISES**

If, during the effective period of a license issued under this chapter, a pawnbroker or secondhand dealer changes the location of the licensed premises within the City, such dealer shall inform the City Finance Office of such change of location and shall have the new premises to be licensed noticed on the license. There shall be no additional fee charged for changing the location of the licensed premises.

#### **12.0510: LICENSE - SUSPENSION OR REVOCATION**

1. A license issued to a licensee under this chapter, who shall have violated the provisions of this chapter, may be suspended for a prescribed period not to exceed sixty (60) days, in the event of a failure on the part of the licensee to comply with the provisions of this chapter after ten (10) days written notice and a public hearing.
2. A license issued to a licensee under this chapter, who shall have violated the provisions of this chapter, may be revoked by the common council of the City after ten (10) days written notice and a public hearing.

#### **12.0511: RECORDKEEPING REQUIREMENTS**

1. Every pawnbroker shall keep books or records of pawn tickets in a manner satisfactory to the chief of police, where he shall accurately and intelligibly enter, in ink, in the English language, at the time of purchasing or receiving any personal property, and after requiring and observing identification from the person seeking to pawn the property, a record of the following information:
  - a. The name of the person from whom the property is purchased or received, his place of residence and his date of birth;
  - b. A detailed and accurate description of each article which shall include, if available, the manufacturer’s name, style model number, serial number, engraved initials or other identifying marks;
  - c. The date and time of transaction;
  - d. The amount necessary for redemption;
  - e. The date when the article is to be redeemed; and
  - f. Any mortgage or bill of sale taken, or receipt of pawn ticket given.

2. Every pawnbroker shall also record the date of disposition or redemption from pawn of the article or any part or portion thereof. The disposition report shall be located in the same book and at the same place where the receiving records of the articles are located.
3. Every secondhand dealer shall keep books and records for those articles listed in Section 12.0501 in a manner satisfactory to the chief of police or his designee, where he shall accurately and intelligently enter, in ink, in the English language, at the time of purchasing or receiving any article or items the following information:
  - a. The name of the person from whom the property was purchased or received, his place of residence and his date of birth;
  - b. Date and time of the transaction;
  - c. A detailed description of the item which shall include, if available, the manufacturer's name, style model number, serial number, engraved initials or other identifying marks;
  - d. If the seller is not known personally to the dealer or the dealer's agent, the dealer is required to obtain the person's drivers license number and the state of issuance or, if available the identifying number from at least one form of government-issued identification; and
  - e. The amount paid for the article.
4. Any person who fails to keep such records or fails to make the required entries therein, or shall intentionally or knowingly make any false or unintelligible entry, or any entry which he has reason to believe is untrue, or who shall fail to make the inquiries necessary to enable him to make such entries, or who shall fail to produce his records when requested by a law enforcement officer during reasonable business hours, or who shall destroy or willfully permit such records to be destroyed or lost, shall be guilty of a misdemeanor.
5. The records required by this section shall be maintained one (1) year after the date of purchase of receipt and shall be available for inspection by law enforcement officers during reasonable business hours.

#### **12.0512: PAWN TICKETS**

1. At the time of receiving a pledge and upon subsequent renewal of a loan, the pawnbroker shall deliver to the pledgor or his agent a pawn ticket, which pawn tickets shall be correspondingly serially numbered, and shall contain the following information:
  - a. The name and address of the pawnbroker;
  - b. A generic description of the pledge with such particular details of description noted whenever possible in order to distinguish the article or articles;
  - c. The date and time of the transaction; and
  - d. The amount, duration and terms of the loan.
2. The pawnbroker may insert on the pawn ticket any other terms, conditions and information that are not inconsistent with the provisions of this chapter.

#### **12.0513: HOLDING PERIOD - NEW OR SECONDHAND GOODS PURCHASED FROM INDIVIDUAL NOT ENGAGED IN TRADE**

1. Any person licensed as a pawnbroker, who shall purchase any new or secondhand goods of any individual not engaged in trade, shall keep the same for inspection for ten (10) days from the time of the transfer, except on written release from the Chief of Police or his designee. The property shall be held during this period on the licensed premises or some other secure location within the City and shall not be disposed of or altered from the form in which it was received during this period.
2. Any person licensed as a secondhand dealer who shall purchase any new or secondhand goods of any individual not engaged in trade shall either:
  - a. Keep the same for inspection for ten (10) days from the time of transfer, except on written release from the Chief of Police or his designee. The property shall be held during this period on the licensed premises or some other secure location within the City and shall not be disposed of or altered from the form in which it was received during this period; or
  - b. Keep the same for inspection including Saturdays, Sundays and calendar holidays after delivering the required records to the Police Department. The time period shall begin when the records are delivered to

the Police Department. The property shall be held during this period in the licensed premises or some other secure location within the City and shall not be disposed of or altered from the form in which it was received, except on written release from the Chief of Police or his designee.

3. When articles are acquired by a pawnbroker or secondhand dealer in a group, they shall be kept together for identification purposes and not separately until the ten (10) day period has elapsed, unless released prior on written authorization by the Chief of Police or his designee..

#### **12.0514: HOLDING PERIODS - PAWNED ARTICLES**

Every article of any kind or description which is taken in pawn by a pawnbroker shall be held by the pawnbroker for a period of thirty (30) days, during which time the same shall not be shown either for sale or for inspection, to any person, other than a law enforcement officer, during reasonable business hours.

#### **12.0515: HOLD ORDERS – EFFECT**

The Chief of Police or any authorized law enforcement officer may, by written order, order a pawnbroker or secondhand dealer to hold any specified article or articles, deposited with or in custody of such pawnbroker or secondhand dealer, for purposes of further investigation by law enforcement when the item or items are believed to be stolen. A hold order shall remain in effect for a period of thirty (30) days commencing the day on which the hold order was delivered to the pawnbroker or secondhand dealer. A hold order shall supersede the provisions of Sections 12.0513 and 12.0514 and no sale or other disposition may be made of the article or articles which such hold order remains outstanding, unless released by officers issuing the hold order.

#### **12.0516: LOST OR STOLEN PROPERTY - TITLE – LIABILITY**

A pawnbroker who accepts in pledge any article as security for a loan from a pledgor who is not the owner thereof, obtains no property in the article, either by reason of maturation of the loan or by transference of the pawn ticket to the pawnbroker by the pledgor or holder thereof. Ignorance of the fact that the pledged article was lost or stolen shall not be construed to affect the question of title, and if the pawnbroker shall sell such article to a third person, he shall remain liable to the original owner.

#### **12.0517: UNLAWFUL TRANSACTIONS WITH MINORS**

It is unlawful for any pawnbroker or secondhand dealer to accept any articles in pawn or purchase any secondhand personal property by acquiring a pawn ticket by transference from any person under eighteen (18) years of age.

#### **12.0518: INSPECTION - POLICE DEPARTMENT’S AUTHORITY / DUTY**

1. It shall be the duty of the Police Department to periodically contact the licensed premises under this chapter to inspect or obtain copies of records required to be kept according to Section 12.0511, setting forth a description of the person by whom they were left in pledge or sold.
2. The Chief of Police or his designee shall have the power and authority to require such reports to be made in a manner and form subject to his approval.

#### **12.0519: INSPECTION – PREMISES**

No pawnbroker or secondhand dealer or any other personnel shall refuse, resist or attempt to prevent any law enforcement officer without a warrant from examining the licensed premises occupied by the pawnbroker or secondhand dealer, or other secured premises within the city limits where property is stored, during reasonable business hours for the purpose of discovering stolen property.

#### **12.0520: INSPECTION - RECORDS AND PLEDGED PROPERTY – AVAILABILITY**

1. The books or records required by Section 12.0511 to be kept by pawnbrokers or secondhand dealers shall be open to the inspection of city police officers during reasonable business hours.
2. The pawnbroker shall produce and show any article pledged in connection with any loan.

**12.0521: INSPECTION - CONCEALING ARTICLES TO PREVENT IDENTIFICATION**

No pawnbroker or secondhand dealer shall conceal, secrete or destroy, for the purpose of concealing, any article purchased or received by him, for the purpose of preventing identification thereof by law enforcement officers. (98- 5)