

Harry Kim
Mayor



Lawrence K. Mahu
Police Chief

Harry S. Kubojiri
Deputy Police Chief

County of Hawaii

POLICE DEPARTMENT

349 Kapiolani Street • Hilo, Hawaii 96720-3998
(808) 935-3311 • Fax (808) 961-8865

February 1, 2008

The Honorable Russell S. Kokubun, Chair
And Members
Committee on Commerce, Consumer Protection, and Affordable Housing
The Senate
State Capitol
415 Beretania Street
Honolulu, Hawai'i 96813

Re: Senate Bill 2567, Relating to Pawnbrokers and Secondhand Dealers

Dear Senator Kokubun and Members:

The Hawai'i Police Department supports the passage of Senate Bill No. 2567, Relating to Pawnbrokers and Secondhand Dealers, that changes the method used to record the daily transactions of pawnbrokers and secondhand dealers from a manual system to an electronic system.

Our department is in agreement with the Honolulu Police Department that the implementation of this measure would be beneficial to the legitimate businesses and law-abiding residents of Hawai'i.

With the current technology available in today's market, it is inconceivable that pawnbrokers and secondhand dealers are not mandated by law to maintain electronic records of transactions. Providing law enforcement with the ability to inspect and monitor pawnshop transactions in a timely manner is in effect providing our investigators yet another tool in effectively combating property crimes in the community.

Under the current system, investigators must physically search through pawn tickets and/or wait until the information is transferred into a police department database by our personnel to conduct any research for stolen property. This method of manually researching data hampers investigators' efforts in locating and recovering stolen property before it is sold or destroyed, since sales are only held for 30 days and pawns are held for 60 days.

A majority of the property crimes involve residential burglaries, which occur when no one is present in home and there are no witnesses, such as neighbors, therefore making these types of crimes difficult to solve. At times, the only link between a suspect and the crime is associating the stolen property with a suspect, therefore, recovering the stolen property becomes crucial evidence in a successful prosecution.

For these reasons, we urge this committee to support this legislation. Thank you for allowing the Hawai'i Police Department to testify on S.B. No. 2567.

Sincerely,


LAWRENCE K. MAHUNA
POLICE CHIEF

"Hawai'i County is an Equal Opportunity Provider and Employer"



SHOPO

STATE OF HAWAII ORGANIZATION OF POLICE OFFICERS

"A Police Organization for Police Officers Only"

February 4, 2008

Senator Russell S. Kokubun, Chair
Senator David Y. Ige, Vice-Chair

Committee on Commerce, Consumer Protection, and Affordable Housing Committee

DATE: Tuesday, February 5, 2008
TIME: 9:00 A.M.
PLACE: Conference Room 229
State Capitol

TESTIMONY ON SENATE BILL 2567 RELATING TO PAWNBROKERS AND
SECONDHAND DEALERS

Chairman and Members of the Senate Committee on Commerce, Consumer Protection, and Affordable Housing Committee:

The State of Hawaii Organization of Police Officers ("SHOPO") **supports** Senate Bill 2567. The intent of this measure is to require pawnbrokers and secondhand dealers to change daily record transaction methods from a manual system to an electronic method through the use of the Internet or a computer disk.

Property crime in Hawaii has increased at an alarming rate, and experts generally agree that drug use, specifically crystal methamphetamine use, is the driving force behind the high property crime rate. This nexus exists because stolen property can easily be sold for money that can then be used to feed the perpetrator's drug habit.

One way to reducing the profits from property crimes is to streamline the reporting of pawnbroker and secondhand dealer transactions to law enforcement. The current method of recording the daily transactions of pawnbrokers and secondhand dealers is old and time-consuming. Currently, pawn ticket receipts are manually recovered and entered into a computer system. By the time the police department receives this information, it may already be outdated.

An automated system to record daily transactions would revolutionize this process by increasing the speed by which information is transferred from the pawnshop or secondhand dealer to the police department. Such a system would reduce the recovery

time for stolen items and allow the police to inspect and track these transactions in a timely manner.

SHOPO urges the passage of Senate Bill 2567.

Thank you very much.

Scott Dunn

**TESTIMONY BEFORE THE STATE SENATE'S
COMMERCE, CONSUMER PROTECTION AND
AFFORDABLE HOUSING COMMITTEE**

TUESDAY, FEBRUARY 5, 2008

**REGARDING SENATE BILL NO. 2567, "RELATING TO
PAWNBROKERS AND SECONDHAND DEALERS."**

Good morning Chairman Kokubun and members of the Commerce,
Consumer Protection and Affordable Housing Committee. I am **Lloyd J.
McKee**, Manager of Waipahu Hawaii Pawn and a director of the **Hawaii
Pawnbrokers Association**, here to testify on Senate Bill No. 2567,
"Relating to Pawnbrokers and secondhand dealers."

I am deeply concerned over what the proposed, and as yet undefined,
automated system will require of computerized as well as non-
computerized shops. As one with computers, I question what "system" is
to be established and by whom. A system change may well impact the
hardware and software we currently use. Changes will surely impose costs
and take time for us to comply. The problem will be even greater for
those without computers at present.

**TESTIMONY BEFORE THE STATE SENATE'S
COMMERCE, CONSUMER PROTECTION AND
AFFORDABLE HOUSING COMMITTEE**

TUESDAY, FEBRUARY 5, 2008 – LLOYD J. McKEE

Page 2

Records of my shop's operations in 2006 and 2007 reflect the following number of transactions we processed:

2006

5,505 pawns and 740 buys. A total of 6,245 transactions at a cost of \$ 9,367.50 were the proposed fee applied.

2007

5,545 pawns and 717 buys. A total of 6,262 transactions at a cost of \$ 9,393.00 were the proposed fee applied.

Lacking sufficient time to conduct an in-depth review, a snapshot view was taken of December 2007's transactions. 200 of 426 pawns and 37 of 56 buys ranged in values from \$ 3 to \$ 150. Of concern also are that: (1) a majority of our customers return to pawn the same items repeatedly so

**TESTIMONY BEFORE THE STATE SENATE'S
COMMERCE, CONSUMER PROTECTION AND
AFFORDABLE HOUSING COMMITTEE**

TUESDAY, FEBRUARY 5, 2008 – LLOYD J. McKEE

Page 3

that the fee is assessed repeatedly on those same items and, (2) there are frequent requests to break down pawns into multiple transactions thereby making it easier to redeem pawns of lesser amounts for the customer's convenience but which will increase the administrative fees for pawnbrokers if this bill is enacted. Without details regarding what constitutes "offset the administrative costs of the electronic reporting system," the proposed fee appears excessive especially for low-end pawns and buys. The proposed fee warrants the Committee's close review and assessment as to its validity.

This concludes my comments. Thank you for the opportunity to address the Committee. I will be pleased to respond to any questions you may have.

**TESTIMONY BEFORE THE STATE SENATE'S
COMMERCE, CONSUMER PROTECTION AND
AFFORDABLE HOUSING COMMITTEE**

TUESDAY, FEBRUARY 5, 2008 – LLOYD J. McKEE

Page 4

**Lloyd J. McKee
Waipahu Hawaii Pawn
94-300 Farrington Highway, Suite G-14
Waipahu, Hawaii 96797
Telephone/Fax: 671-6555
E-mail: waipahupawn@hawaiiantel.net**

February 4, 2008

LATE TESTIMONY

Hearing: Tuesday, February 5, 2008, 9 a.m. Room 229

To: The Honorable Russell S. Kokubun, Chair
The Honorable David Y. Ige, Vice Chair
Members of the Committee On Commerce, Consumer Protection, and Affordable Housing

From: John Spiker, On behalf of the Hawaii Pawnbrokers Association

Re: SB No. 2567 – Relating to Pawnbrokers and Secondhand Dealers

We are opposed to SB2567 in its current form for the following reasons:

We believe statistics for property recovered from pawnshops does not justify the financial and technological hardship this bill would place on small business owners.

According to recent statistics from the National Pawnbrokers Association, less than $\frac{1}{10}$ of 1% of stolen property was found in pawnshops. After talking with many local pawn dealers, they report less than $\frac{1}{2}$ of 1% of the items in their shops were found to be stolen.

We believe the low percentage is the result of strict guidelines that we already follow such as requiring every customer to provide us with a government issued photo ID card and the fingerprinting of each customer. Items purchased by pawnshops are held a minimum of 30 days and pawned items are held a minimum of 60 days before they can be sold.

We believe this gives ample time for law enforcement to retrieve stolen property.

This Bill implies that large numbers of drug users are using pawnshops to convert stolen property into cash. This is incorrect. Hollywood stereotyping of pawnbrokers is unjust. The majority are honest, hard working small business owners.

The Hawaii Pawnbrokers Association wants to work with the Honolulu Police Department to help improve the timely transfer of information. There are many ways to work on a solution.

For example, for most pawnshops, loan transactions account for 60% to 70% of their business. Loan customers are mostly repeat customers who bring the same items several times a year. They use their property like credit cards. These loan transactions are rarely found to be stolen property.

That leaves about $\frac{1}{3}$ of our business transactions as sales. This alone would reduce HPD's workload by 60% to 70%.

Many small business owners are not computer literate. Many of them will not be able to comply with the requirement to computerize information because of their age and lack of experience and training with computer technology.

A significant concern of our Association is the proposed \$1.50 administrative fee per transaction. The proposed fee is high and the system is being outsourced to a private mainland company with no limitation on what they can charge.

The impact of this Bill would be devastating and will probably put many small business owners out of business. Our industry believes the legislature wants to support small businesses.

In summary, on behalf of the Hawaii Pawnbrokers Association, we ask that you do not pass this bill in its present form. We ask for a working group consisting of representatives from the Department of Commerce and Consumer Affairs, the Police Department, Hawaii Pawnbrokers Association and other business owners to work on a solution to the timely transfer of information from pawnshops and secondhand dealers.

We respectfully submit this testimony and thank you for your open-minded evaluation of this Bill.

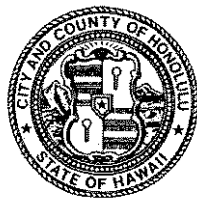
Sincerely,

John Spiker
President
Hawaii Pawnbrokers Association
808-372-2086

POLICE DEPARTMENT
CITY AND COUNTY OF HONOLULU

801 SOUTH BERETANIA STREET · HONOLULU, HAWAII 96813
TELEPHONE: (808) 529-3111 · INTERNET: www.honolulu.org

MUFI HANNEMANN
MAYOR



BOISSE P. CORREA
CHIEF

PAUL D. PUTZULU
MICHAEL D. TUCKER
DEPUTY CHIEFS

OUR REFERENCE JC-NTK

February 5, 2008

The Honorable Russell S. Kokubun, Chair
and Members
Committee on Commerce, Consumer Protection
and Affordable Housing
The Senate
State Capitol
Honolulu, Hawaii 96813

Dear Chair Kokubun and Members:

Subject: Senate Bill No. 2567, Relating to Pawnbrokers and Secondhand Dealers

I am Janet Crotteau, Captain of the Criminal Investigation Division of the Honolulu Police Department, City and County of Honolulu.

The Honolulu Police Department supports Senate Bill No. 2567, Relating to Pawnbrokers and Secondhand Dealers, but we prefer the language in House Bill No. 2553.

House Bill No. 2553 removes a lot of extraneous verbiage which solidifies the intent of the amendments, therefore clarifying the meaning.

The purpose of this bill is to amend section 486M-2, Record of transactions, Hawaii Revised Statutes, by requiring pawnbrokers and secondhand dealers to change the method they use to submit their daily recording of their transactions from a manual system to an electronic method with the use of the Internet or a computer disk.

Implementation of this amendment would allow us to more efficiently file and track pawnshop transactions for the entire island of Oahu. The ability to inspect and track transactions in a timely manner is extremely important because it would provide the investigators with current information as to what items are being sold or pawned. An investigator armed with fresh information would more likely be able to locate and

The Honorable Russell S. Kokubun, Chair
and Members
Page 2
February 5, 2008

recover stolen property before it was sold or destroyed. At the present time, the manual method of recovering the data has seriously hampered the effectiveness in receiving the pawn ticket information. Since sales are only held for 30 days and pawns are held for 60 days, by the time we pick up the ticket and input it to the system, the item may already have been sold.

In order for investigators to solve more property crimes in Hawaii, we need more help with identifying the perpetrators of these crimes. Since property crimes are often considered victimless because the crime occurs when no one is present to witness it, they are often the most difficult to solve. The speed with which we receive the transaction information may be the difference between a successful prosecution and the recovery of stolen items or the loss of a person's property.

Many jurisdictions on the mainland currently use centralized pawn database programs to track the movement of property, which has proved to be beneficial in their investigations and has increased the rate of recovery of stolen items three times from the national average of two percent.

We have made several changes to the proposed amendments which deal with problems voiced in prior legislative sessions. We believe that these changes address the problems that were discussed. These amendments allow time for discussion so mutual agreements among the various police departments and the businesses affected by these changes can be attained.

The Honolulu Police Department believes the implementation of this bill would be beneficial to the legitimate businesses and law-abiding residents of Hawaii.

The Honolulu Police Department urges you to support Senate Bill No. 2567, Relating to Pawnbrokers and Secondhand Dealers, but we prefer the language in House Bill No. 2553.

Thank you for the opportunity to testify.

Sincerely,



JANET CROTTEAU, Captain
Criminal Investigation Division

APPROVED:



for
BOISSE P. CORREA
Chief of Police

EXAMPLE OF PROFIT ON A SINGLE PAWN / SALE TRANSACTION

Spot gold pricing - Based on the spot gold market price for 1 Troy ounce of pure gold 24 Karat (.9999)

Spot Gold Price \$925.40 per troy oz. (source Kitco 1-31-2008)

Spot Prices per gram \$29.75 (24 karat)
\$17.40 (14 karat)

Hawaiian Bracelet 11.5mm 14 karat Yellow gold weight 45.26 grams

45.26 grams
X \$17.40 per gram 14 karat
\$787.52 (value of bracelet based on weight and quality of gold)

Pawn transaction Loan

\$ 7.50 per gram	\$787.52 Value
<u>X 45.26 grams 14Kt. Hawaiian Bracelet</u>	- <u>\$340.00 Forfeit Item</u>
\$339.45 (\$340.00) loan	\$447.00 Profit
+ <u>20% (\$68.00) interest (profit)</u>	
\$408.00 to redeem Bracelet	

Sale in store \$787.52 + 2% to 5% markup or can scrap out @ Spot gold value based on weight and gold quality (Karat).

Ranken & Drewyer, L.L.C.

Anthony L. Ranken
Michelle L. Drewyer
Attorneys

222 N. Church Street
Waipuku, Maui, Hawaii 96793
(808) 244-7011 • Fax: (808) 244-7022
e-mail address: info@mauilaw.us

Amber L.M. Alexander
Paralegal

February 4, 2008

LATE

To: CPC Committee, State Senate

Testimony of Anthony Ranken on behalf of Richard Dan and Kamaaina Loan, re:

SB 2567, Relating to Pawnbrokers and Secondhand Dealers

Date of Hearing: Tuesday, February 5, 2008, 9:00 am, conference room 229

On behalf of Richard Dan, a pawnbroker based on Maui since 1978 and operating throughout the state, I am submitting this testimony regarding S.B. No. 2567. Mr. Dan has testified, proposed legislation and been proactive with most legislation involving pawn or second hand dealers since the late 1970s.

We support the concept of electronic reporting, and in fact for a number of years already Mr. Dan has been reporting all his transactions electronically, by way of an internet-based system that is accepted and used by the Maui police, pawnreport.com.

We cannot, however, support this bill as written. It is designed to substitute a different, and apparently very expensive, system of electronic reporting. The proposed (and unnecessary) cost of \$1.50 per transaction would be charged to the pawnbrokers and secondhand dealers, and presumably they would pass it on to their customers, who, of all the people in our society, are the ones who can least afford it.

The reach of this bill is so extensive as to be virtually impossible to implement. The phrases "dealer" and "secondhand dealer" are defined in H.R.S. §486M-1. "Dealer" includes anyone "who engages in a business which includes the buying of previously owned article [sic]," and it specifically includes "any secondhand dealer." "Secondhand dealer" in turn is defined to include "any person who trades in secondhand or previously owned articles." Thus the law that is before this committee would cover not only pawn shops, but also many other businesses, including for example: antique stores, coin shops, E-Bay trading assistants, golf shops (which routinely buy and sell used sets of clubs), jewelry stores (almost all of which either buy secondhand jewelry and/or accept it as trade-ins), auctioneers, bankruptcy trustees, and even swap meet vendors!

As a suggestion to partially overcome the above problems, perhaps the electronic reporting system should be tested on just pawnbrokers at first, and leave the myriad numbers of secondhand dealers out of this year's bill. Even if that is done though, the charge of \$1.50 should be eliminated because free software systems are

available and because it would be unfair to consumers and/or pawnbrokers to burden them with this unnecessary charge. Supplying the digital information is as easy as transmitting a spreadsheet file (such as an Excel file) via a CD-Rom or through the internet. There is no reason this should cost anything at all, let alone \$1.50 per transaction. The explanation for this fee appears to be that there is a mainland software company trying to peddle their own software and reporting system for a profit. There has been no evidence presented to this legislature demonstrating that electronic reporting will cost the State anything, let alone \$1.50 for each transaction. The legislature has a responsibility to satisfy itself that this tax is really necessary, and should demand evidence as to the real costs, and the costs of other alternatives, before passing legislation that charges the business (and thereby the consumer) such a cost. This State and its residents would be better served if instead of hastily passing this legislation, the State took a year to find the best option, issuing a request for proposals and comparing all of the alternatives, including those that do not cost money. Why should pawnbrokers and their customers pay \$1.50 to the State for every transaction -- amounting to tens of thousands of dollars a year for many pawnbrokers -- if there are perfectly adequate reporting systems, already in use, that don't cost the State anything?

The pending companion bill in the house, HB 2553, House Draft No. 1, would waive the \$1.50 charge on transactions under \$20. But even on a \$25 transaction, that \$1.50 represents a significant loss to a struggling pawn consumer who obviously needs all the money he or she can raise. The pawnbroker or secondhand goods dealer would naturally have to pass on the \$1.50 fee in the form of a lower price paid to the consumer for goods. This in turn would have the effect of driving more consumers to unregulated dealers such as swap meet vendors, and in some cases to unscrupulous dealers, i.e., fences.

Unless the police departments are planning to engage in illegal selective enforcement of this law, they will have to have a system in place that is useable by all of the different types of secondhand dealers. The bill in its current form appears to give the police chief of each county unlimited power to dictate the exact method that dealers use to report transactions, including requiring them to purchase specific software and install it on their computers. The police should not be given so much discretion that they can require every swap meet vendor, mom and pop antique store, and golf shop to buy a computer and a \$1000 software package -- only to perhaps be told a year later that the police department has decided to change programs and all users will now have to spend another \$1,500 to keep up with the latest reporting method! Many secondhand goods dealers do not currently have computers, internet connections, or sophisticated digital camera equipment and software to upload the pictures.

There are reasons why the legislature will want to proceed with caution legislating in this area. The goal of this bill is to catch crooks who steal merchandise and attempt to sell it to secondhand dealers and pawnshops. Currently, pawn shops are the only ones that keep records of any real substance regarding the trafficking of secondhand merchandise. Pawn shops obtain identification and detailed information from the customer, pursuant to H.R.S. §486M-2. This information is very useful to the police in apprehending thieves. Potential customers know this, and therefore the dishonest ones go to the other types of secondhand dealers -- the ones who are not

following the existing regulations and are not being supervised by the police department as they should be under the law. Because of the current stringent reporting requirements and their selective enforcement against pawn shops, very few pawn transactions currently involve stolen property. There are a myriad of other places where thieves can more safely sell their loot -- swap meets, garage sales, antique stores, jewelry stores, coin shops, etc. Passing ever more burdensome regulations, and enforcing them only against pawn shops, is a simplistic and ineffective reaction to property crime. Clamping down on pawn shops will merely force more stolen merchandise into the hands of the secondhand dealers that the police choose not to supervise, and will make it harder for the victims of theft to recover their property.

We ask that you at least refrain from passing any mandatory electronic reporting legislation until the Honolulu Police Department has tested and proven possible electronic reporting methods. This can be done on a trial basis, using the incentive contained in H.R.S. §486M-4(b), whereby the police chief may cut in half the holding period applicable to secondhand goods dealers who report their transactions electronically. Until HPD has shown that it has in place a functional, efficient and economical reporting system, it will not do any good to mandate that dealers furnish the data. And until HPD is prepared to administer and enforce the requirements of this law evenhandedly in regard to all types of secondhand dealers, it would be unfair and discriminatory to implement the law. For these reasons, this legislation is premature and should be held.

Thank you for considering our input on this matter. I reside on Maui and will not be able to fly over for this hearing, but please feel free to call me at any time, if any of you have questions.

Respectfully submitted,



Anthony L. Ranken

Donda Spiker**LATE**

From: yvettemoore007@aol.com
Sent: Monday, February 04, 2008 4:25 PM
To: CPCtestimony@capitol.hawaii.gov; Donda Spiker
Subject: Testimony Bill#2567

Addressed To: Honorable Chairperson Russell Kokubun, and other Honorable Chairpersons on Committee for Consumer Protection and Affordable Housing

RE: New S.B. No. 2567 and H.B. No. 2553

Testimony for the Senate and House of Representatives

Twenty-Fourth Legislature 2008

State of Hawaii

From: Pawnbroker, Yvette Moore, Paradise Loan & Jewelry, LLC

Dear Honorable Chairpersons,

I have been in the pawn business in Hawaii for 12 years. I am a full-time worker, and mother. Our business was formally owned by my father-in-law; retired major of Pearl City Police Station- Gordon Moore. He has mentored me within the business for many years. We oppose Bill #2567.

To be straight to my point; we will explain why these bills will be negative and destructive to the welfare of our small businesses (also standing for other small pawn shops). It is also a detriment for our lower-income customers in Hawaii who are the majority as regular customers in need of our services. Another point we will cover is the fact that the computer systems and the \$1.50 per transaction fee that is imposed could literally put most pawnshops out of business and instigate even more burdensome costs to the police department.

In the recent past, the current system has proved that the police have recovered less than 1% of goods that were stolen. This percentage rate is compared in our daily pawn transactions. Therefore, this does show that the system does work and is not ineffective.

It is well-known that pawnshops are not the only place for secondhand goods; swap meets, internet sales, street selling, popular mall stores, and used appliance shops are other avenues for it.

Most of our customer base is returning customers who are lower income individuals who truly need pawnshops just to get by or succeed with daily living costs. Currently in the news throughout Hawaii, there are more people who have lost their

2/4/2008

jobs. Many of these individuals who do not have good credit need pawnshops just to help with their daily living costs.

In all due respect, we would like to ask this committee; is it not on your agenda or mission to help and protect small businesses of Hawaii, and also help and support low-income individuals who depend on our businesses to survive rising costs? For example, our business is closely located to a military base. Many military personnel (who are not of a higher income bracket) visit our pawnshop just to endure to the next paycheck that is many times delayed by the government. These are hard working people who fight our war and deserve to be served well also.

Many pawnshops that are owned by older individuals (who have been in the business for many years) are not computer equipped. Imposing computer costs on them could force them to close because there would not only need new space to be made for this equipment but employee costs to help maintain these tasks. Please consider the hardships on these small businesses that have served Hawaii people for years. Also, the \$1.50 per transaction imposed would need to be passed onto the customer, which in many cases would be very burdensome to customers who only need small loans such as \$5 to \$40 just for transportation, etc . With the rising cost of gas and bus rides, why would the government penalize the lower income people in their way of life? This \$1.50 fee is unfair to our small businesses and should not be implemented. The next issue that we would like to address is the fact that new computer systems within the police department would raise their own cost with acquiring, protecting and maintaining it. Inputting would not only be of concern, maintaining healthy computer networks are very costly too. It is well known that there are many computer hackers that can easily mess up a government system, and the risks of privacy laws could be violated. In the present system, public knowledge of our customer's transactions cannot be tampered with. However, with this new proposed system, there would be ways for our customer's privacy to be exposed through the Internet.

On other important similar issues, many computer tech companies charge astronomical fees to program government computers for more efficient use, which in many cases is not necessary if the system was kept the same, and done manually. If the police department could hire more office help to improve the current system, this would make more efficient cost sense. New computers systems that is to deal with mainland companies for processing; always mean higher costs that everyone will need to pay for. In order to compromise on this \$1.50 issue, my colleagues and I would like to offer a better way, that is to have the pawnbroker's work with police department to use their existing computer system updated by local means. In all respect, the police department has suggested a more expensive way with an unreasonable request done by mainland companies. There is no doubt that we could work together to improve their system locally. Again, we ask for the good of our customers, please do not approve Bill# 2567.

Thank you for your time.

Yvette Moore

Paradise Loan & Jewelry, LLC
Tel. (808) 306-5393

2/4/2008

LATE

TESTIMONY FROM ROBERT MCCLUNG
EWA BEACH BUY & SELL LLCSUBJECT: Relating To Pawnbrokers & Secondhand Dealers
SB 2567

As an owner of Ewa Beach Buy for approximately 20 years, less than 1/10 of 1 percent of items loaned or sold has been picked up by police. Our average transactions are for approximately \$20-\$30. The majority of our customers are low income and to charge them \$1.50 per ticket is unfair to the customer. The customer will not sell or pawn if they have to pay \$1.50 PLUS interest. Instead they would end up selling it outside on the street or go to the swap meet where there is no control, no charge, no law to keep records of transactions.

A few years ago, the holding period for all sales was 15 days. The police asked for 30 days so they could have more time which was agreed & which we complied. All my paperwork is ready to be picked every week. I have had calls from the pawnshop detail for our district who inputs the tickets on the SAME DAY. I don't understand why it takes 90 days as it was stated in the papers.

An example: When a \$10 loan is made, the pay back is \$12. NOW you add \$1.50. So now the customer is pay \$13.50 for a \$10 loan. Put yourself in the customer's place and ask yourself if it is a "GOOD DEAL"!!!

On the subject of thieves, they are unlikely to utilize the pawnshop too much. Due to the fact that everyone must be 18 years old with valid picture id and with a lot of shops having cameras. The chance of getting caught increases significantly. A large number of items stolen, are from family members or relatives & owners refuse to prosecute their loved ones.. Swap meet, yard sales, construction sites, internet, buy & sell ads in the newspaper are all avenues where a number of items of being moved without no accountability or paperwork requirements. Only PAWNSHOPS are required to keep paperwork.

In summary, if the charge was transferred to the pawnshops it would be impossible to make small loans. An example, a \$10 loan with \$2 interest, \$1.50 charge, .50 (4 1/2 GE TAX), .06 (for 3-part paper). With a total cost of \$2.06 minus \$2.00 = -.06 before other costs are taken into account. So, there is no way to make small loans like \$10 to get gas to go work or to buy groceries.

I personally think this bill will force customers that can least afford it to sell on the street.

Thank for your time.


Robert McClung+