



CITY OF BEVERLY HILLS STAFF REPORT

Meeting Date: October 18, 2011

To: Honorable Mayor & City Council

From: Susan Healy Keene, AICP, Director of Community Development

Subject: Discussion Regarding Additional Regulation of Pawnbrokers in the City

Attachments: List of Pawnbroker and Secondhand Dealer Licensees
Municipal Code Regulation of Pawnbrokers
Images of Ground-Level Pawnbroker Businesses

INTRODUCTION

This report provides information about pawnbroker businesses in the City and seeks City Council direction as to whether it wishes staff to explore zoning regulation of pawnbroker businesses.

BACKGROUND

There are currently 16 pawnbroker and 55 secondhand dealers in the City. Pawnbrokers are defined in the Municipal Code as persons who engage in the business of receiving tangible personal property in pledge as security for a loan. The definition excludes secondhand dealers as defined in the Code. Secondhand dealers receive tangible personal property for the purpose of resale and not in pledge as security for a loan. Tangible personal property does not include any new goods or merchandise purchased from a bona fide manufacturer, distributor or wholesaler and also does not include coins, bullion or commercial grade ingots of precious metals.

The state regulates pawnbrokers under Chapter 2 of the Financial Code, including maximum allowed loan rates and charges. Both pawnbrokers and secondhand dealers require a City regulatory permit that is administered by the Police Department and must be renewed on a yearly basis. Pawnbrokers and secondhand dealers must report daily to the Police Department descriptions of all tangible personal property received in pledge or purchased, pursuant to state law. The City prohibits pawnbrokers from engaging in business in any manner from 7:00 p.m. to 7:00 a.m. on the succeeding day. The City's Code additionally requires pawnbrokers to

maintain a sign on the premises clearly visible from the sidewalk stating "Licensed Pawnbroker," or, if located in an office building, a conspicuous sign placed at the door to such pawnbroker. Pawnbrokers have been allowed in the City as retail businesses in commercial zones and the City's zoning code does not regulate pawnbrokers separately from other retail businesses.

Of the 16 pawnbrokers currently operating in the City, two were established pre-1993 (when the City first compiled this information), two were established in 1993, none were established in the years 1994 through 2005, and twelve were established in the last five years (see attached list).

The Police Department has not experienced problems with these businesses, likely because they are heavily regulated. The City Code Enforcement Division has not received complaints related to the operation of pawnbroker businesses, other than some past complaints about signs, which is a common complaint with regard to commercial businesses.

The issue of regulating pawnbrokers was discussed by the Planning Commission in the early 1990s, when an increase in the number of pawnbrokers during a recession prompted concerns. It was determined at that time that the main concern was one of City image and aesthetics. Because the City already required architectural review of all exterior changes to commercial buildings including signs, it was determined that no code changes were necessary. A particular concern was the language used in signs such as "pawn shop" or "collateral lender." The City can regulate the size, location and aesthetics (number of colors, etc.) of a sign but may not regulate the name of a business. If the name of a business is "Jane's Pawn Shop," that name may be included in a business identification sign.

Attached are photos of all of the pawnbroker businesses in the City located in ground floor storefronts. Other pawnbroker businesses are located in upper floors of commercial buildings or in other locations without a street presence.

DISCUSSION

Beverly Hills has experienced an increase in the number of pawnbrokers in the City in the last five years. Many pawnbrokers in Beverly Hills are also jewelry, watch, or art dealers and represent themselves as such (see attached photographs). As a result of the regulatory permit requirement and the architectural review requirement for commercial businesses, the City has not experienced a large number of complaints related to these businesses. Many other cities regulate these businesses in their zoning codes and below is a table summarizing zoning regulation of pawnbrokers in the cities of Culver City, Malibu, Santa Monica and West Hollywood.

The City Council may determine that the current regulations are sufficient, may direct staff to explore regulations with the Planning Commission, or may direct staff to return with an interim urgency ordinance if it is determined there is an immediate need to further regulate pawnbrokers. If directed to review the issue with the Planning Commission, staff would propose focusing on regulation of ground-floor level pawnbrokers. Staff also proposes removing the current code requirement that pawnbrokers must maintain a sign on the premises clearly visible from the sidewalk stating "Licensed Pawnbroker." Pawnbrokers are required to maintain their licenses in the business so the license is available for review. A number of jewelry, watch and art dealers in the City offer pawnbroker services as a discreet service to valued clients, by appointment only, and would prefer not to advertise this service.

Westside Cities' Regulation of Pawnbrokers

City	Pawn Shops Permitted	Permitted Zones	CUP ¹	Distance Separation	Cap
Culver City	Yes	General Commercial	Yes	Min. linear distance of 1,000 FT from other pawnshops, check-cashing business, park, playground, school, R-1	No
Malibu	No ²				
Santa Monica	Yes	Certain Commercial: C3 & C3-C	Yes	No	Yes – 4 max
West Hollywood	Yes	Commercial Zones: SM Blvd/ Sunset	Yes	No	No

FISCAL IMPACT

If staff is directed to develop zoning regulations for pawnbrokers, staff proposes diverting 80 hours from the 250 hours allotted for Planning work on the approved Work Plan item, "Revitalize Southeast Beverly Hills." This Work Plan item is being led by Policy and Management with Community Development in a supporting role and staff believes hours could be diverted without substantially impacting its work on that project. If so directed, staff proposes commencing work on a pawnbroker ordinance between January and April 2012. Other than staff costs to develop an ordinance and the City's cost for public notices, there is not expected to be any other fiscal impact to the City.

RECOMMENDATION

It is recommended that the City Council provide direction to staff as to whether it wishes to explore zoning regulation of pawnbroker businesses.

Susan Healy Keene, AICP

Approved By



¹ Conditional Use Permit

² Pawnbroker is not a use specifically permitted, or substantially similar to a use permitted in the Malibu Zoning Code; it is therefore considered to be prohibited.

Attachment 1

BEVERLY HILLS SECONDHAND DEALER AND PAWNBROKER LICENSEES

(TRACKED STARTING 1993)

Updated 10/10/11

Business names in red are active Business names in green are pending Business names in black are closed Red w/ yellow highlight are active pawnbrokers

ESTABLISHED PRE 1993	ESTABLISHED PRE 1993	LICENSED IN 1996	LICENSED IN 2001	LICENSED IN 2009
Amir Mozafarian	Leonore's Furs	BH Estate Jewelry	18 Karat Appraisers	Advance Coin & Stamp
Artin Antiques & Jlry	Marvin Hime	Gem & Jlry Buyers	BH Collateral Lndr	Premier Jewelry Lenders
Assured Loan Co.	Mauricio Ades	Keshmiris, Inc.	Beverly Hills Jewelers	Valencia Loan Company
Berkely Square	Roberts Jewelry	Jewels by Ten Brink		Watchman of BH, LLC
Beverly Hills Jlrs.	Royalty Diamonds	Superior Stamp/Coin	LICENSED IN 2002	Secured Gold Buyers
Beverly Hills Watch Co.	Sarah Jacob	Tallarico Designs	Ira/Larry Goldberg	Loan 90210
Beverly Loan Co.	Sol Schwartz		90210 Collection	L.A. Gold & Silver
BH Jewelry Buyers	ZB Enterprises	LICENSED IN 1997		World Finest Antiques
BH Steel Corporation		American Lending, Inc.	LICENSED IN 2003	
California Jewelsmiths		Holland & Holland	La Valencia	LICENSED IN 2010
Collateral Lender	LICENSED IN 1993	Philippe's, Inc.	Superior Galleries	Estate Buyers
Zimmelman & Sons	S. Bev/Wilsh Jlry & Loan	Mirage Jewelers		Heritage Collectibles
David Orgell	Beverly Hills Auctioneers	Muriel, Inc.	LICENSED IN 2004	First Int'l Diamond, Inc.
Denmark Jewelry Inc.	Beverly Hills Jlry Lndrs	Raphael's 90210	M. Kantor & Associates	Win Win Charitable
Donald E. Gruenberg	Estate Jlry by K. Rothner	Rodeo Fine Jewelry	M.J. Bohan Co, Inc.	The Jlry Liquidation Guru
Edwar	Lang Jewelers	Steven J. Geller		Exclusive Loan of BH
HMS Ltd.	Nina Jewelry & Loan	Zimmelman Family Jlrs	LICENSED IN 2005	XIV Karats, Ltd.
Int'l Diamond Importers	Pawnbroker for the Arts		Diana Jewelry	Advance Collateral Lending
Kazanjian & Fogarty	Robert Cannon	LICENSED IN 1998	Jack K. Diamond Co.	
Kazanjian Bros., Inc.	Sherwood's	BH Dia Trading Co	The Paper Bag Princess	
Klenner Schwartz	The Jackels Collection	Christie's		LICENSED IN 2011
Le Vieux Paris	William Raskin	Farley & Co., Inc.	LICENSED IN 2006	Beverly Hills Lenders, LLC
M. Weinstein		Jan Bronson	BH of Bond St. Lndrs	Revere Jewels
Michael J. Kazanjian	LICENSED IN 1994	Primary Colors		Wilshire Jewelry Buyers
Rodeo Dr. J & L	Kravit Estate Buyers	Tactical Operations	LICENSED IN 2007	Beverly Hills Auctions
Sherwood's (Gun)	Int'l Jewelry of BH	Top Dollar Fin. LLC	Burns Keith, Inc.	Norechi International
Steven & Co. Jewelers	Lippincott Estate Buyers	Yadegar	Jackmond	LoanEx Jewelry & Loan #2
Sullivan & Company	Peggy Gottlieb		LICENSED IN 2008	Gold R Us
Advance Coin/Stamp	Royce Estate Buyers	LICENSED IN 1999	Ken Klenner	Great Estate Road Show
Arteffects	Summerfield's	A.I.M. Group	Excalibur	McNeal & Grunberg
Beverly Hills Fur Co.		Alan Friedman Co.	Chronologic Bijouterie	Beverly Hills Luxury Loans
Cheryl Jeffries	LICENSED IN 1995	Runsdorf Assoc. LLC	Joe's Gold & Silver	The Jewel Buyers
Diamonds on Rodeo	Bal's Coin/Jewelry	Zaven's Jewelry	R. Zach	
Cameron Jewelry	Barbara Rosen		Ineke Peskin	
Coyle Jewelry	Brambleshire Ltd.	LICENSED IN 2000	Claude Morady Estate Jlry	
Gem Exchange	Frances Klein Jlry	Steven Hill Jeweler	Essential Watches	
Gemological Services	H. Lyman		LoanEx Jewelry & Loan #1	
Dale Grunberg	I.M. Chait Gallery		Gem & Loan of BH	
Ina's 14kt	James Svastics			
Jerry Terrell	Neal Gold			
Joe Besbeck	Stephen Meadow			

Attachment 2

Article 6. Pawnbrokers

4-2-601: PERMIT REQUIRED:

No person shall engage in, conduct, or carry on the business of pawnbroker without a permit issued under the provisions of chapter 1, article 1 of this title. (1962 Code § 6-12.201 et seq.)

4-2-602: DEFINITION:

"Pawnbroker" shall mean a person who is engaged in the business of receiving tangible personal property in pledge as security for a loan and shall exclude secondhand dealers as defined in [article 5 of this chapter](#). (1962 Code § 6-12.201; amd. Ord. 93-O-2174, eff. 7-22-1993)

4-2-603: REPORTS, INVENTORY, AND INSPECTION:

- A. Every pawnbroker shall report daily or on the first working day after receipt or purchase, all descriptions of all property received in pledge or purchased as "tangible personal property" as defined in section 4-2-502 of this chapter, in whatever quantity received, including property purchased as tangible personal property at wholesale, tangible personal property taken in for sale or possess on consignment for sale, and tangible personal property taken in trade. The report shall be submitted to the chief of police or his or her designees by mail unless otherwise agreed upon by the pawnbroker and the chief of police or his/her designees. All reports shall be on forms approved by the department of justice. (1962 Code § 6-12.201 et seq.; amd. Ord. 93-O-2174, eff. 7-22-1993)

4-2-604: RESTRICTIONS AND PROHIBITIONS:

Pawnbrokers shall be subject to and comply with the following restrictions and prohibitions:

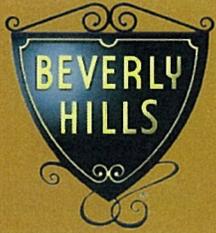
- A. Every pawnbroker shall retain pledged goods in his or her possession in conformance with California Financial Code section 21201.
- B. Shall not engage in business in any manner from seven o'clock (7:00) P.M. to seven o'clock (7:00) A.M. on the next succeeding day.
- C. Shall maintain a sign on the premises which is clearly visible from the sidewalk stating

"Licensed Pawnbroker", provided further, where the pawnshop is located in an office building, a conspicuous sign shall be placed at the door to such pawnbroker. (1962 Code § 6-12.201 et seq.; amd. Ord. 93-O-2174, eff. 7-22-1993)

4-2-605: IDENTIFICATION CARD REQUIRED:

Any permittee, operator, manager or employee, of a pawnbroker shall obtain an identification card issued under the provisions of chapter 1, article 2 of this title, and shall have such identification card in their possession at all times when engaged in the activity regulated by this article. (1962 Code § 6-12.201 et seq.)

Attachment 3



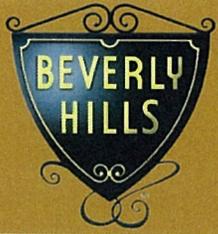
Pawnbrokers



263 S. La Cienega Blvd.



Department of Community Development



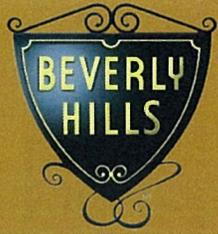
Pawnbrokers



221 S. Robertson Blvd.



Department of Community Development

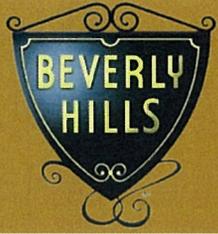


Pawnbrokers

8801 Wilshire Blvd.



Department of Community Development

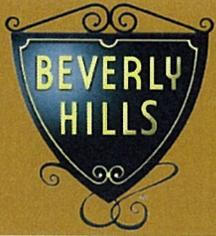


Pawnbrokers



249 S. Beverly Drive



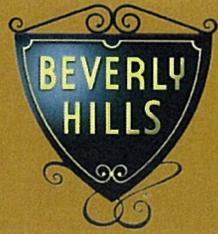


Pawnbrokers

238 ½ S. Beverly Drive
(new location)



Department of Community Development



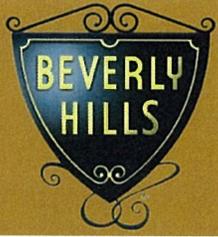
Pawnbrokers



229 S. Beverly Drive

Storefront prior to building renovation



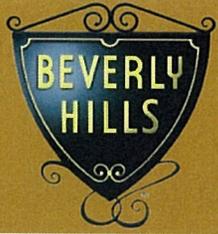


Pawnbrokers



203 S. Beverly Drive





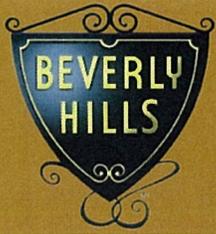
Pawnbrokers



9562 Dayton Way



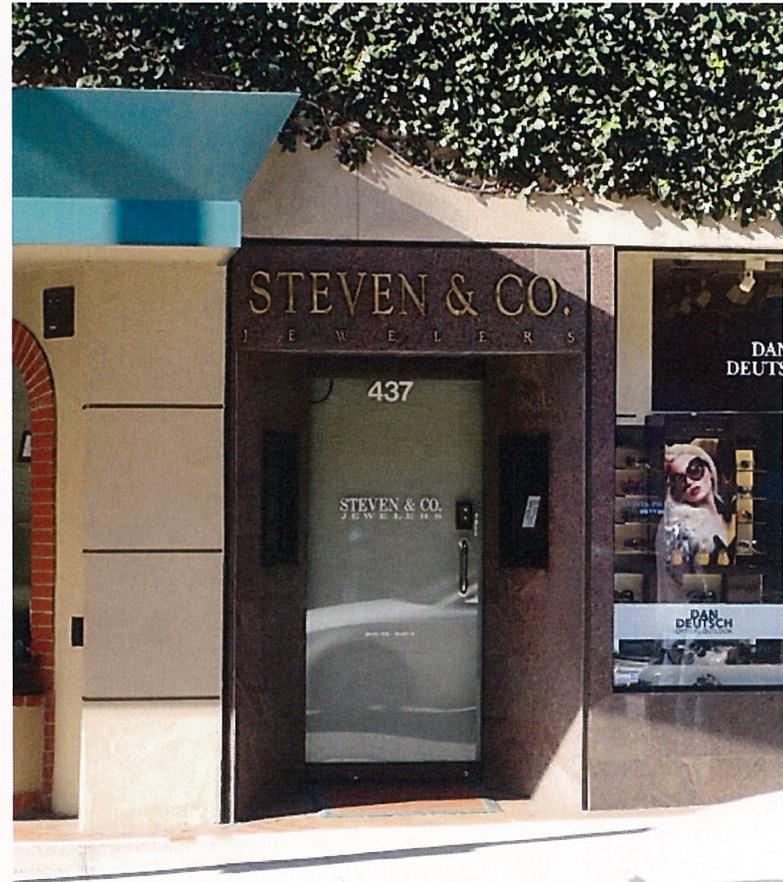
Department of Community Development



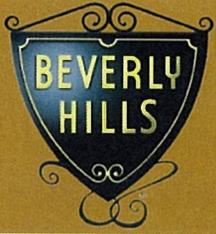
Pawnbrokers



437A N. Bedford Drive



Department of Community Development

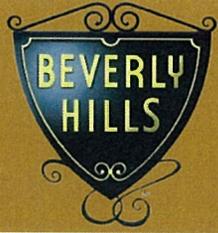


Pawnbrokers



222 N. Canon Drive





Pawnbrokers

333 N. Canon Drive



Department of Community Development