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**Government of the District of Columbia**



**Department of Consumer and Regulatory Affairs**

Testimony of

**Harold B. Pettigrew, Jr.**  
**Administrator, Business and Professional Licensing Administration**

**on**

***Bill 18-715***  
***“The Predatory Pawnbroker Regulation Act of 2010”***

Council of the District of Columbia  
Committee on Public Services and Consumer Affairs  
Muriel Bowser, Chair

June 2, 2010

Council Chamber  
John A. Wilson Building  
1350 Pennsylvania Avenue, NW  
Washington, DC 20004  
10:00 A.M.

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Good morning, Chairperson Bowser, members, and staff of the Committee on Public Services and Consumer Affairs. I'm Harold Pettigrew, Administrator of the Business and Professional Licensing Administration at the Department of Consumer and Regulatory Affairs. I'm here today to testify on Bill 18-715, the Predatory Pawnbroker Regulation Act of 2010. With me is Nick Majett, Deputy Director for Communications and Customer Service.

### **I. Proposed Bill and Emergency Legislation**

Bill 18-715 would amend the pawnbroker licensing provisions in chapter 28 of Title 47 of the District of Columbia Official Code to transfer regulatory authority from DCRA to the Department of Insurance, Securities, and Banking (DISB). The bill would also set a maximum interest rate of 24% per annum for all pawnbroker transactions. If enacted, we will work with DISB to ensure a smooth administrative transition.

Additionally, emergency legislation dealing with pawnbrokers is currently in effect. Under the "Predatory Pawnbroker Regulation and Community Notification Emergency Act of 2010," effective April 29, 2010 (D.C. Act 18-385),<sup>1</sup> several new requirements will affect both current licensees and future license applicants.

First, the emergency law requires that at least 30 days before any new pawnbroker license is issued, DCRA must provide notice of the application to all Advisory Neighborhood Commissions in the ward where the pawnbroker will be located. All affected Advisory Neighborhood Commissions are required to be accorded great weight during agency deliberations on whether to approve the license application.

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<sup>1</sup> The emergency law will expire on July 28, 2010. A temporary law, the "Predatory Pawnbroker Regulation and Community Notification Temporary Act of 2010" (D.C. Act 18-412), was signed by the Mayor on May 19, 2010 and will be transmitted to Congress. Upon the expiration of the emergency law, the temporary law will replace it and will remain effective for 225 days, unless replaced by a permanent law.

Second, the emergency law creates two different interest rate schemes, depending on when the pawnbroker license was issued.

Pawnbrokers licensed as of April 1, 2010 can continue charging the maximum interest rates allowed pursuant to Chapter 9, section 910 of Title 16 of the District of Columbia Municipal Regulations (16 DCMR § 910). Those rates are as follows:

- Five percent (5%) per month, or fraction of the month, on the first five hundred dollars (\$500);
- Four percent (4%) per month, or fraction of the month, on the next five hundred dollars (\$500); and
- Twenty-four percent (24%) per annum on loans of more than one thousand dollars (\$1,000).
- Alternatively, a pawnbroker licensee may exercise an option to receive a charge of two dollars (\$2) per month instead of interest.

Pawnbrokers licensed after April 1, 2010 may not charge an interest rate greater than 24% per annum. Last month, we sent notices to all licensed pawnbrokers informing them of the emergency law's requirements.

## **II. Background on Pawnbrokers**

The District currently has eight licensed pawnbrokers operating in five wards:

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| • 3228 Georgia Avenue, NW<br>(Ward 1)          | • 1815 Wisconsin Avenue, NW<br>(Ward 2) |
| • 1508 14 <sup>th</sup> Street, NW<br>(Ward 2) | • 6212 Georgia Avenue, NW<br>(Ward 4)   |
| • 1726 14 <sup>th</sup> Street, NW<br>(Ward 2) | • 6400 Georgia Avenue, NW<br>(Ward 4)   |

- 1313 Rhode Island Avenue,  
NE (Ward 5)
- 703 H Street, NE  
(Ward 6)

Since 2008, we have not received any complaints from consumers regarding pawnbroker licensees.

### **III. New Pawnbroker License Application**

On May 25, 2010, we received a pawnbroker license application for a new location at 7301 Georgia Avenue, NW (Ward 4). Pursuant to the emergency law, we sent the 30-day notice to all Ward 4 ANCs on May 28. We will give great weight to the view of the affected ANCs in determining whether to issue the license.

### **IV. Conclusion**

Chairperson Bowser, thank you for providing us the opportunity to discuss Bill 18-715. Mr. Majett and I are prepared to answer any questions you may have at this time.