

**SUBSTITUTE FOR
SENATE BILL NO. 405**

A bill to amend 1917 PA 273, entitled
"An act to regulate and license pawnbrokers that conduct business
in this state; to provide for the disposition of allegedly
misappropriated property in the possession of pawnbrokers; to
provide remedies and prescribe penalties; and to provide for the
powers and duties of certain local governmental units and state
agencies,"
by amending the title and sections 8, 9, and 18 (MCL 446.208,
446.209, and 446.218), the title and section 9 as amended by 2018
PA 345 and section 8 as amended by 2002 PA 469.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 TITLE
2 An act to regulate and license pawnbrokers that conduct
3 business in this state; to provide for the disposition of allegedly

1 misappropriated property in the possession of pawnbrokers; to
 2 provide remedies and prescribe penalties; **to prescribe civil**
 3 **sanctions**; and to provide for the powers and duties of certain
 4 local governmental units and state agencies.

5 Sec. 8. A pawnbroker, at the time of a loan, shall deliver to
 6 the person pawning or pledging any article a memorandum or note
 7 signed by ~~him or her,~~ **the pawnbroker**, containing the substance of
 8 the entry ~~required to be made by him or her~~ **the pawnbroker** in his
 9 ~~or her~~ **the pawnbroker's** book ~~by that is required under~~ section 6. A
 10 **The pawnbroker shall not make or receive a charge** ~~shall not be made~~
 11 ~~or received by the pawnbroker~~ for the entry, memorandum, or note.
 12 The memorandum or note ~~shall~~ **must** be consecutively numbered and
 13 ~~upon~~ **the following must be printed on** its back ~~shall be printed in~~
 14 English in 12-point type: ~~the following:~~ "If interest or charges in
 15 excess of ~~3%~~ **4%** per month, plus storage charges provided in this
 16 document, are asked or received, this loan is void and of no
 17 effect, ~~and~~ the borrower cannot be made to pay back the money
 18 loaned, any interest on the loan, or any charges or any part of the
 19 charges, and the pawnbroker loses all right to the possession of
 20 the goods, article, or thing pawned, ~~and~~ shall surrender the item
 21 to the borrower or pawner ~~upon~~ **on** due demand for the item."

22 Sec. 9. (1) A licensed pawnbroker may charge on any loan a
 23 rate of interest that does not exceed ~~3%~~ **4%** per month and is not
 24 required to accept any interest less than 50 cents on a single
 25 loan. A pawnbroker may also charge \$3.00 per month or fraction of a
 26 month for the storage of unencumbered personal property under any
 27 single pledge or pawn.

28 (2) A pawnbroker or the pawnbroker's agent or employee shall
 29 not charge or receive interest on a loan that exceeds the amounts

1 established in this act.

2 (3) Interest on a loan is not payable in advance and ~~shall~~
3 **must** be computed on unpaid monthly balances without compounding.

4 (4) A pawnbroker is not entitled to any examination fee and
5 shall not make any charge that exceeds the amounts established in
6 this act.

7 Sec. 18. **(1)** ~~Any~~ **Except as otherwise provided in subsection**
8 **(2), a person who shall violate any of the provisions of violates**
9 this act, whether as owner, or as clerk, agent, servant or ~~employee,~~
10 ~~shall be employee, is~~ guilty of a misdemeanor and upon conviction
11 thereof in any court of competent jurisdiction be fined not less
12 than ~~25 dollars nor more than 100 dollars, or punishable~~ by
13 imprisonment ~~in the county jail for~~ not less than 10 days ~~nor and~~
14 **not** more than 3 months **or a fine of not less than \$250.00 and not**
15 **more than ,-\$1,000.00,** or by both. ~~such fine and imprisonment in~~
16 ~~the discretion of the court.~~

17 **(2) A person who violates section 9 by charging on any loan a**
18 **rate of interest more than the rate prescribed in that section may**
19 **be ordered to pay a civil fine of not more than \$5,000.00. A**
20 **violation of section 9 as described in this subsection may be**
21 **prosecuted by the prosecutor of the county in which the violation**
22 **occurred, or by the attorney general.**