

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS
Business and Professional Licensing Administration



OFFICE OF THE ADMINISTRATOR

VIA U.S. MAIL

December 16, 2010

Advisory Neighborhood Commission 4B
6856 Eastern Avenue, NW Suite 314
Washington, D.C. 20012

Famous Pawn, Inc. via
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Pawnbroker License Application Determination for Famous Pawn
7301 Georgia Avenue, N.W.

Background:

On May 25, 2010, Famous Pawn, Inc. t/a 1st Cash Pawn ("Famous Pawn") submitted a pawnbroker license application to operate at 7301 Georgia Avenue, N.W. After receipt of the application, on May 28, 2010, the D.C. Department of Consumer and Regulatory Affairs ("DCRA") notified the Ward 4 Advisory Neighborhood Commissions ("ANCs") of Famous Pawn's submission. In the notification, DCRA pursuant to the Predatory Pawnbroker Regulation and Community Notification Emergency Act of 2010 ("Act"; to include amended D.C. Official Code § 47-2884.05) invited the Ward 4 ANCs to review, comment and/or provide recommendations on the application on or before July 6, 2010. On July 4, 2010, ANC 4B submitted a letter of concerns and recommendations regarding Famous Pawn's application. Subsequently on August 19, 2010, Famous Pawn submitted a memorandum response in support of the pending application. Following receipt of the two submissions, DCRA officials took the matter under advisement and hereby render a decision on the pending application.

Legal Requirements to Obtain Pawnbroker License Application:

D.C. Official Code § 47-2884.05 outlines the requirements to secure a pawnbroker license in the District of Columbia. Specifically, applicants must submit the following: certificate of occupancy, basic business license application, clean hands certification, Office of Tax and Revenue registration, surety bond, pawn record ledger, pawn tickets, police criminal history report and applicable corporate documents. Famous Pawn submitted all of the required documents to DCRA and has successfully completed the required Metropolitan Police Department interview.

Discussion:

In evaluating Famous Pawn's application, pursuant to D.C. Official Code § 47-2884.05, DCRA must determine whether the business has the financial responsibility, experience, character and general fitness as to command the confidence of the community and to warrant the belief that the business will be operated honestly, fairly, and efficiently. Furthermore, DCRA must determine whether the applicant's business will promote the convenience and advantage of the community. As part of its determination, DCRA will consider the submissions both in support and in opposition to the pending application. Specifically, as the Act requires DCRA to give "great weight" to the ANCs during deliberations to approve or deny the application, DCRA turns to examine ANC 4B's recommendations regarding Famous Pawn's application.

Character Requirement:

ANC 4B asserts that Famous Pawn began and proceeded to renovate 7301 Georgia Avenue, NW without first notifying the community of its intentions to operate a pawnshop at that location. ANC 4B further asserts that Famous Pawn did not willingly participate in ANC community meetings, but only attended meetings after initial passage of the Act and after issuance of the April 13, 2010 Temporary Restraining order by D.C. Superior Court Judge Robert S. Tignor. Additionally, ANC 4B asserts that Famous Pawn caused further community angst by using the name "First Cash" on the artist's rendering of the proposed pawnshop rather than the name Famous Pawn. Based on these events, ANC 4B asserts that Famous Pawn is "clandestine, uncooperative, untrustworthy and unethical in its dealings with the community and its leaders" and as such concludes that Famous Pawn does not have the character to command the confidence of the community.

Famous Pawn responds that as a leader in the pawnbroking business for more than twenty years with over 560 stores in operation in both the United States and Mexico, it meets the character requirements of D.C. Official Code § 47-2884.05. Famous Pawn cites that its operations are regulated by both the Securities and Exchange Commission ("SEC") and the D.C. Department of Insurance, Securities and Banking ("DISB"). Of note, Famous Pawn responds that ANC 4B did not and cannot allege any violation in Famous Pawn's compliance history with the extensive regulatory regimes or allege any lack of financial ability to operate at 7301 Georgia Avenue, NW in a responsible manner.

To determine whether the applicant complies with the requirement to operate honestly, fairly, and efficiently within the purpose of D.C. Official Code § 47-2884.05, DCRA must determine whether the "financial responsibility, experience, character and general fitness" of the applicant is sufficient. Based on the evaluation of the application and the applicant's submissions, DCRA concludes that the applicant has demonstrated the financial responsibility, experience, character and general fitness as to command the confidence of the community and to warrant the belief that the business will be operated honestly, fairly, and efficiently. As ANC 4B has submitted no contrary evidence regarding three of these elements – financial responsibility, experience and general fitness – Famous Pawn's assertions as to these elements are not contradicted. Additionally, Famous Pawn has complied with all of the financial requirements to operate a pawnshop in the District of Columbia. Therefore, DCRA determines that these elements of the Act have been satisfied.

To support its position to reject Famous Pawn's application, ANC 4B argues that Famous Pawn fails to demonstrate the requisite character to command the confidence of the community. Specifically, ANC 4B stresses that Famous Pawn's failure to fully engage the community by disclosing its plans for 7301 Georgia Avenue, NW before commencing any renovations and by using the name First Cash, indicates a lack of trustworthiness and reliability. DCRA agrees that Famous Pawn did a poor job of communicating with the community and has failed to establish a trust bond with the ANC. However, it does not follow that Famous Pawn's failure to communicate with the community reflects a lack of the requisite character such as to be unable to command the confidence of the community. DCRA concludes Famous Pawn's failure to engage the community is not indicative of a character flaw. Rather, this failure was a communications and marketing error. As such, DCRA agrees with the ANC that Famous Pawn did not initially disclose its business intentions in an open manner to the community, but DCRA determines that Famous Pawn nonetheless meets the character requirement under the Act.

Convenience and Community Advantage Requirement:

ANC 4B argues that Famous Pawn will not "serve" the nearby community. ANC 4B asserts that Famous Pawn stated that the target market will be persons living in nearby Maryland, Virginia and all of Washington, D.C. As a destination store for these potential customers, ANC 4B asserts that Famous Pawn will not promote the convenience and advantage of the community as intended by the Act. Furthermore, ANC 4B argues the nearby community's socioeconomic demographics do not support this business as pawnshops are more suited to "low-income families" and "distressed communities" whereas the surrounding neighborhoods of Shepherd Park and Takoma have a median income of twice the average of low-income families. ANC 4B also argues that as another pawnshop already exists nearby at 6212A Georgia Avenue, NW, Famous Pawn's operation would not be an advantage for the community. Finally, ANC 4B argues that neighborhood crime would rise and real property values decrease were Famous Pawn allowed to operate at 7301 Georgia Avenue, NW.

Famous Pawn counters that approximately 29% of its existing D.C. customers currently reside in upper Georgia Avenue, NW neighborhoods with zip codes of 20010, 20011, and 20012. So Famous Pawn believes there is a need in the surrounding neighborhoods for a nearby pawnshop. Famous Pawn further counters with the following: 1) evidence detailing the convenience of small consumer loans for a community; 2) evidence projecting annual tax revenues of \$17,250 to \$23,000; and 3) evidence of returning a vacant commercial space to productive use. Finally, Famous Pawn responds with the following: 1) "community" is not limited to the local ANC; 2) ANC incorrectly compares payday lending institutions to pawnbrokers; 3) community members earning less than the median income are members of the community too and their financial needs should not be discounted; 4) existence of one other pawnshop fosters competition and is a community advantage; 5) strict regulations prevent pawnshops from trading stolen items unlike internet sites and flea markets; 6) ANC offers no probative evidence that crime statistics associated with payday lending are applicable to the pawnbroker industry; and 7) ANC offers no evidence that property values will decrease.

Accepting as fact Famous Pawn's evidence, exhibit H supports that approximately 30% of its District of Columbia customer base comes from the Shepherd Park and Takoma neighborhoods, it is true that a pawnbroker business located closer to this community would be a convenience for

those customers. ANC 4B has not submitted contrary evidence. Although it is true that Shepherd Park and Takoma are neighborhoods with many households well above the median income range, it is also true that there are many households in the community which do benefit from the business provided by Famous Pawn. Furthermore, nothing in the Act confines the definition of community to the surrounding ANCs as proffered in ANC 4B's submission. Additionally, the ANC did not speak to the increased annual tax revenues that will be derived from Famous Pawn's business. Therefore, it is an advantage for the community to have a pawnbroker business operating at 7301 Georgia Avenue, NW.

Similarly, the argument advanced by the ANC that crime will increase fails. Pawnbrokers, unlike on-line sites and flea markets, are heavily regulated by both SEC and DISB. Thieves can avoid the scrutiny of pawnbrokers and their associated regulatory authorities and primarily use the internet to sell stolen goods. Hence in the marketplace of today, there is no correlation between a pawnbroker business and community crime rates.

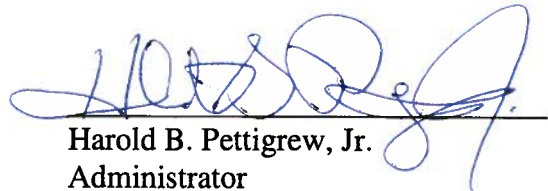
Lastly, the ANC submitted a statement by Randy Boehm, Vice President of the Gateway Georgia Avenue Revitalization Corporation, that real property values will decrease with the operation of Famous Pawn. Conclusory statements offered by an officer of a private non-profit seeking to redevelop this commercial corridor in the ANC's boundaries are insufficient to support the ANC's allegation that property values will fall. In considering this statement, DCRA sees no foundation for the stated opinion that real property values will decrease with the operation of Famous Pawn. Therefore, this argument is rejected.

Conclusion:

Previously, Famous Pawn complied with the filing and interviewing requirements of D.C. Official Code § 47-2884.05. After reviewing the record and according great weight to the recommendation of the ANC, DCRA has determined that Famous Pawn also has complied with the Act's requirements regarding the following: financial responsibility, experience, character and general fitness. Also after giving great weight to the ANC's recommendation, DCRA has determined that Famous Pawn has met the requirements such as to command the confidence of the community and to warrant the belief that the business will be operated honestly, fairly, and efficiently in accordance with the Act. DCRA has further determined that as Famous Pawn engages in its business it will promote the convenience and advantage of the community as required by the Act. Accordingly, the pawnbroker license application for Famous Pawn to operate at 7301 Georgia Avenue, NW is approved.

If you have any questions about this notice, you may contact the Business and Professional Licensing Administration at (202) 442-4400.

12/16/10
Date


Harold B. Pettigrew, Jr.
Administrator