

Justice Data and Investigative Services Bureau

Secondhand Dealer/Pawnbroker Licensing Unit

Frequently Asked Questions (FAQ's)



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What is a Secondhand Dealer and/or Pawnbroker?

A secondhand dealer is defined in the (B&PC), section 21626.

(a) A “secondhand dealer,” as used in this article, means and includes any person, copartnership, firm, or **corporation whose business includes buying, selling, trading, taking in pawn, accepting for sale on consignment, accepting for auctioning, or auctioning secondhand tangible personal property**. A “secondhand dealer” does not include a “coin dealer” or participants at gun shows or events, as defined in Section 478.100 of Title 27 of the Code of Federal Regulations, or its successor, who are not required to be licensed pursuant to Sections 26700 to 26915, inclusive, of the Penal Code, who are acting in compliance with the requirements of Sections 26500 to 26585, inclusive, and 27545 of the Penal Code, and who are not a “Gun Show Trader,” as described in Sections 16620 and 26525 of the Penal Code.

(b) As used in this section, a “coin dealer” means any person, firm, partnership, or corporation whose principal business is the buying, selling, and trading of coins, monetized bullion, or commercial grade ingots of gold, or silver, or other precious metals.

How do I apply for a State Secondhand Dealer or Pawnbroker License?

Pursuant to Business and Professions Code (B&PC), section 21641 and Financial Code (FIN) section 21300, city/county licensing agencies have the responsibility to incorporate the Secondhand Dealer and Pawnbroker licensing process into their local programs. It is the responsibility of the local licensing agency to administer, maintain, and enforce state law regarding the secondhand dealer or pawnbroker licenses.

Persons, entities, or corporations wishing to conduct business as a State Secondhand dealer or Pawnbroker, must first **apply for a specific license to conduct such business with the local licensing agency (Chief of Police or Sheriff’s Department)**. The licensing agency provides a unique link for applicants seeking a State license within their jurisdiction.

What are the requirements for State Secondhand Dealers?

Secondhand dealers, Coin dealers and Pawnbrokers are mandated under Article 4, Tangible Personal Property of the B&PC.

- Report acquired tangible personal property electronically to the DOJ California Pawn & Secondhand Dealer System (CAPSS), no later than the next business pursuant to B&PC 21628 and 21630.
- Hold the property for 7 days pursuant to B&PC 21636.1. Store the property items on the premises and make available to law enforcement personnel upon request. Off-site storage is permissible if the location documented.
- **NOTE:** There may be other requirements from the local municipalities.

What are the requirements for State Pawnbroker license?

Pursuant to Financial Code (FIN) Section 21000, a pawnbroker is any person engaged in the business of receiving goods in pledge as security for a loan.

A pawnbroker must be licensed pursuant to FIN Section 21300.

(a) The chief of police, the sheriff, or, where appropriate, the police commission shall accept an application for and grant a license permitting the licensee to engage in the business of pawnbroker, as defined in Section 21000, at the address indicated on the application, to an applicant who has complied with the requirements of Sections 21303, 21304, and 21305 and has not been convicted of an attempt to receive stolen property or any other offense involving stolen property. Prior to the granting of a license, the licensing authority shall submit the application to the Department of Justice. If the Department of Justice does not comment on the application within 30 days thereafter, the licensing authority shall grant the applicant a license. All forms for application and licensure, and license renewal, shall be prescribed and provided by the Department of Justice. A fee shall be charged to the applicant by the Department of Justice, as specified in Section 21642.5 of the Business and Professions Code, for processing the initial license application and funding the single, statewide, uniform electronic reporting system set forth in subdivision (j) of Section 21628 of the Business and Professions Code. The licensing authority shall collect the fee and transmit the fee to the Department of Justice. In addition, the police chief, sheriff, or, where appropriate, the police commission, may charge a fee to the applicant not to exceed the actual costs incurred to process the application and to collect and transmit the fee charged by the Department of Justice.

(b) For the purposes of this section, “convicted” means a plea or verdict of guilty or a conviction following a plea of nolo contendere.

(c) Notwithstanding subdivisions (a) and (b), no person shall be denied a pawnbroker’s license solely on the grounds that he or she violated any provision contained in Chapter 1 (commencing with Section 21000) or Chapter 2 (commencing with Section 21200), or any provision contained in Article 4 (commencing with Section 21625) or Article 5 (commencing with Section 21650) of Chapter 9 of Division 8 of the Business and Professions Code, unless the violation demonstrates a pattern of conduct.

FIN Code Section 21304:

(a) As a condition precedent to the issuing of a pawnbroker’s license, the applicant shall file with the issuing authority a financial statement confirming that the applicant has at least one hundred thousand dollars (\$100,000) in the form of liquid assets readily available for use in each licensed business for which the application is made, not including real property, or, in the absence of one hundred thousand dollars (\$100,000), an applicant may post a nonrevocable surety bond in the amount of one hundred thousand dollars (\$100,000) or the applicant may, in lieu of posting a surety bond, deposit money, certificates, accounts, bonds, or notes, as provided in Section 995.710 of the Code of Civil Procedure. The financial statement shall be filed by the applicant under penalty of perjury and signed by a California certified public accountant verifying that he or she has reviewed the financial statement.

(b) This section does not apply to any person holding a secondhand dealer’s license pursuant to Section 21641 or 21642 of the Business and Professions Code who is actively engaged as a pawnbroker on the effective date of this section.

Is a Secondhand Dealer or Pawnbroker license transferable?

No, the licenses are not transferable, pursuant to FIN section 21305.

What is the difference between a State Secondhand Dealer and Pawnbroker?

Pursuant to FIN Code Section 21000, a pawnbroker is any person engaged in the business of receiving **goods in pledge as security for a loan.**

A pawnbroker is also a secondhand dealer but a secondhand dealer is not a pawnbroker. Secondhand dealers are unable to **secure loans without an active pawnbroker license.**

FIN Code Section 21304:

(a) As a condition precedent to the issuing of a pawnbroker's license, the applicant shall file with the issuing authority a financial statement confirming that the applicant has at least one hundred thousand dollars (\$100,000) in the form of liquid assets readily available for use in each licensed business for which the application is made, not including real property, or, in the absence of one hundred thousand dollars (\$100,000), an applicant may post a nonrevocable surety bond in the amount of one hundred thousand dollars (\$100,000) or the applicant may, in lieu of posting a surety bond, deposit money, certificates, accounts, bonds, or notes, as provided in Section 995.710 of the Code of Civil Procedure. The financial statement shall be filed by the applicant under penalty of perjury and signed by a California certified public accountant verifying that he or she has reviewed the financial statement.

(b) This section does not apply to any person holding a secondhand dealer's license pursuant to Section 21641 or 21642 of the Business and Professions Code who is actively engaged as a pawnbroker on the effective date of this section.

FIN Code Section 21303:

a) As a condition precedent to the issuance or renewal of a pawnbroker's license the applicant shall file a pawnbroker's two-year nonrevocable surety bond with the issuing authority, in the sum of twenty thousand dollars (\$20,000). The pawnbroker's bond required by this article shall be executed by an admitted surety in favor of the State of California and shall be filed by the applicant with the licensing authority.

(b) The bond shall be for the benefit of pledgors of pledged property when the property is not available for redemption, due to the criminal negligence, criminal malfeasance, or other criminal conduct of the pawnbroker, and the pledgor has complied with the conditions precedent to redemption under the terms of the loan contract. The pledgor has the burden of establishing by clear and convincing evidence that all conditions precedent to redemption under the terms of the loan contract have been performed.

What is tangible personal property?

Tangible personal property is defined in B&PC section 21627 as:

21627 (a) As used in this article, “tangible personal property” means all secondhand tangible personal property that bears a serial number or personalized initials or inscription or that, at the time it is acquired by the secondhand dealer, bears evidence of having had a serial number or personalized initials or inscription.

(b) “Tangible personal property” also means the following:

(1) All tangible personal property, new or used, including motor vehicles, received in pledge as security for a loan by a pawnbroker.(2) All tangible personal property that bears a serial number or personalized initials or inscription and that is purchased by a secondhand dealer or a pawnbroker or that, at the time of the purchase, bears evidence of having had a serial number or personalized initials or inscription.

3) All tangible personal property that the Attorney General statistically determines through the most recent Department of Justice crime data, updated pursuant to Section 13010 of the Penal Code, to constitute a significant class of stolen goods. A list of that personal property shall be supplied by the Attorney General to all local law enforcement agencies and posted on the Attorney General’s Internet Web site. That list shall be updated annually by the Attorney General, beginning January 1, 2016, to ensure that it addresses current problems with stolen goods.

(c) As used in this article, “tangible personal property” does not include any new goods or merchandise purchased from a bona fide manufacturer or distributor or wholesaler of the new goods or merchandise by a secondhand dealer. For the purposes of this article, however, a secondhand dealer shall retain for one year from the date of purchase, and shall make available for inspection by any law enforcement officer, any receipt, invoice, bill of sale, or other evidence of purchase of the new goods or merchandise.

(d) As used in this article, “tangible personal property” does not include coins, monetized bullion, or commercial grade ingots of gold, silver, or other precious metals. “Commercial grade ingots” means 0.99 fine or finer ingots of gold, silver, palladium, or platinum, or 0.925 fine sterling silver art bars and medallions, provided that the ingots, art bars, and medallions are marked by the refiner or fabricator as to their assay fineness.

(e) For purposes of this article, a “significant class of stolen goods” means those items determined through the Department of Justice’s most recent OpenJustice Web portal update to constitute more than 10 percent of property reported stolen in the calendar year preceding the annual posting of the list of significant classes of stolen goods.

What is the purpose of reporting acquired property?

The purpose of reporting acquired property by secondhand dealers and pawnbrokers is to provide law enforcement agencies with possible leads of property that has been reported stolen and identify the

person initiating the transaction with physical description and thumb print, refer to B&P 21625 and 21628.

What is the California Pawn & Secondhand Dealer System (CAPSS)

CAPSS is the name given to the electronic reporting system to meet the legislative mandate for secondhand dealers and pawnbrokers for electronically reporting the Secondhand/Pawnbroker Report (JUS 123) to the California Department of Justice (DOJ). The CAPSS is a secured, web-based electronic reporting system that requires the use of a desktop/laptop computer and a standard web browser.

In 2012, Assembly Bill (AB) 391 was enacted which established a new requirement that secondhand dealers and pawnbrokers electronically report to the DOJ all secondhand tangible property which has been purchased, taken in trade, taken in pawn, accepted for sale on consignment, or accepted for auctioning pursuant to B& PC Sections 21630 and 21633 subdivision (j).

In 2016, AB 1751, was enacted to clarify CAPSS and reporting requirements for secondhand dealers and pawnbrokers. B&PC Sections 21628 and 21642.5 were amended, Section 21627.5 added; Sections 21628.1 and 21633 (repealed) and added Section 21630.

What type of devices are required to electronically report to CAPSS?

The following devices are required to use CAPSS:

- Computer with Internet Access
- Electronic Signature Pad
- Fingerprint Scanner and software to capture the required images. Please note that a fingerprint scanner will NOT work without software to capture images

What type of information is required to report to the CAPSS?

The Business & Professions Code 21628 mandates reporting of tangible personal property. Refer to the link below for the B&PC 21628:

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=21628.&lawCode=BPC

Are firearms dealers required to have a State Secondhand Dealer or Pawnbroker license?

Firearms dealers whom pawn, buy, sell consign, trade, or auction **secondhand firearms** are required to have a State Secondhand or Pawnbroker license.

What are the reporting requirements for the Secondhand Firearms dealers?

Firearm dealers should continue to report firearm transaction via **FDAS/DROS**. However, firearms dealers must register into CAPSS for the licensing administration only (license fees, renewals). Firearms should not be entered into CAPSS.

If you have any questions concerning licensing for State Secondhand Dealers or Pawnbrokers please email: shd.pblicensing@doj.ca.gov. Firearms questions email: firearms.bureau@doj.ca.gov

How do I register for CAPSS?

To use CAPSS, you will need a User ID and PIN. You must contact the CAPSS Unit via phone at (916) 210-3212 or via email: CAPSS@doj.ca.gov for this information.

Contact Information

Secondhand Dealer/Pawnbroker Unit shdpblicensing@doj.ca.gov

CAPSS (916) 210-3212

CAPSS Email: capss@doj.ca.gov