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SB421

# WORK ORDER REQUEST FORM

M2- 1293

KEYWORDS: liability  
sports

ASSIGNED TO Bradley

REQUEST FOR: BILL  RESOLUTION  RESEARCH  OTHER

SUBJECT Liability for Ski Claims

REQUESTED FOR Senator Rodey BY Kevin Bruce EXT. 3717

\* DELIVER TO Senator Rodey TAKEN BY Gruening

INSTRUCTIONS, EXPLANATIONS As attached revealing 09.65.135 relating  
to civil liability on claims arising from skiing.

OBTAIN

SPECIAL DRAFTING INSTRUCTIONS ATTACHED   
AUTHORIZED TO CONFER WITH \_\_\_\_\_

RETURN \_\_\_\_\_  
\_\_\_\_\_ TO REQUESTER

APPROVED: BGG Director, Legal Services

REVIEWED \_\_\_\_\_  
IN 3/27 DUE \_\_\_\_\_

TYPED - Draft \_\_\_\_\_ DATE \_\_\_\_\_  
Final \_\_\_\_\_ DATE \_\_\_\_\_

PROOFED \_\_\_\_\_ DELIVERED \_\_\_\_\_

SPECIAL INSTRUCTIONS TO TYPIST/PROOFREADER  
Sponsor Blank

DRAFT  FINAL

# WORK ORDER REQUEST FORM

SB 421

H2- 1414

KEYWORDS: loan funds/loans  
uniform acts

ASSIGNED TO Sofa

REQUEST FOR: BILL  RESOLUTION  RESEARCH  OTHER

SUBJECT Pawnbroker Loans

REQUESTED FOR SJ BY Kevin Bruce EXT. 3717

\* DELIVER TO Senator Rodey TAKEN BY Noah

INSTRUCTIONS, EXPLANATIONS is attached exempting pawnbrokers loans from Secured Transactions - Uniform Commercial Code.

OBTAIN

DRAFTING INSTRUCTIONS ATTACHED

AUTHORIZED TO CONFER WITH \_\_\_\_\_

RETURN \_\_\_\_\_

TO REQUESTER

APPROVED: BGB Director, Legal Services

REVIEWED \_\_\_\_\_

SPECIAL INSTRUCTIONS TO TYPIST/PROOFREADER

IN 1/8 DUE \_\_\_\_\_

TYPED - Draft \_\_\_\_\_ DATE \_\_\_\_\_

Final \_\_\_\_\_ DATE \_\_\_\_\_

PROOFED \_\_\_\_\_ DELIVERED \_\_\_\_\_

DRAFT

FINAL

Senator Kody

May 21, 1981

Mrs. Doris Howarth, Prop.  
Klondike Pawn Palace  
711 West 4th Avenue  
Anchorage, Alaska 99501

Dear Mrs. Howarth:

Senate Bill No. 421 has already passed  
the Senate and gone to the House.

I do not expect that there will be any  
action on House Bill No. 596.

Sincerely,

Charles H. Parr

CHP:vc

May 17, 1981.

Gentlemen:

The Klondike Palace strongly protests House Bill # 556 as it puts a huge burden on the small pawnbroker.

For Example, here are the Klondike Palace Loans given in February 1981..

Total Loans -----	110
Picked up before 30 Days -----	44
Picked up after 30 Days -----	17
<u>Total Loans Picked Up -----</u>	<u>61</u>

Put Into Inventory After 40 Days -----	39
Still In Pawn At this Date -----	10
(Of Intrest Due, See Enclosed Card)	
Notification Cards Sent in March-----	59
"      "      "      "  April-----	11
"      "      "      "  May  -----	6
Total Cards Sent-----	<u>76</u>

Total Cost of Post Cards @ .12¢ -----\$9.12

Thus the total Cost of Certified Mail would Be, (3\$1.50 Ea.) approximately, \$114.00 !! Plus paid employee time at the Post Office.

In Addition, Example: Loan # 240 Dated May 28, 1980.

If the Pawnee was late paying Interest each month, I would have, at this time a Total of 11 Certified Letters sent out on this particular Pawn Ticket which is still CURRENTLY IN PAWN and this, I'm sure you will concur, hardly seems fair....

I would appreciate if you would forget about House Bill 556 and support Senate Bill # 421.

Thanking you for your time, attention, and courtesy, I am,

Sincerely Yours,

*Doris Howarth*  
 Mrs. Doris Howarth, Prop..  
 Klondike Pawn Palace  
 711 West 4th. Avenue  
 Anchorage, Alaska 99501  
 Telephone . 276-3946



JUNEAU, ALASKA

Alaska State Legislature  
House

*Teresa*  
*for Monday*  
*June 8*

MESSAGE TO THE SENATE

DATE June 5, 1981

MR. PRESIDENT:

The House has passed CSSB 421(Jud)am (loans by pawnbrokers and loan shops; eff date) with the following amendment:

HCS CSSB 421(Jud) (pawnbrokers)

and it is transmitted herewith for consideration.

*Isabel Packer*  
Chief Clerk of the House



# Alaska State Legislature

## Senate

### Judiciary Committee

Official Business

Pouch V  
State Capitol  
Juneau, Alaska 99811

May 14, 1981

Rainbow Pawn Shop  
500 2nd Avenue  
Fairbanks, Alaska 99701

Dear Sir or Madam:

At the request of several pawnbrokers in the state, the Senate Judiciary Committee has introduced SB 421, "An Act relating to loans by pawnbrokers; and providing for an effective date." The committee held hearings on May 6 and voted to move the bill from committee. On May 11, SB 421 was adopted by a vote of the full Senate. Finally, the bill has been referred to the House, and I am optimistic of its further passage.

This legislation recognizes that pawnbrokers hold a unique position as lending institutions in the state. If enacted, SB 421 will accomplish the following objectives: (1) it will exempt a loan by a pawnbroker, not exceeding \$200.00, from the Uniform Commercial Code reporting requirements; and (2) it will exempt a loan by a pawnshop, not exceeding \$200.00, from the Alaska Small Loans Act.

For your information and review, I am enclosing a copy of SB 421. I encourage your support and would welcome any additional comments you wish to direct through my office.

Sincerely,

Senator Patrick M. Rodey  
Chairman

PMR/ods  
Enclosure

**Pawnbrokers**

**ALASKA TRADING POST**

ALASKA TRADING POST  
BUY SELL OR TRADE  
DIAMONDS LOANS GUNS  
GOLD NUGGET JEWELRY

240 W 5th Av ..... 277-0332

✓ Anchorage Pawn Shop 212 W 5th Av . 277-0413

✓ EASTSIDE VARIETY AND LOAN CO

283 Muldoon Rd ..... 338-1777

✓ FAST CASH LOANS

117 W Northern Lights Blvd ..... 272-2318

✓ FRONTIER PAWN SHOP 427 B ..... 277-8828

✓ GRUBSTAKE PAWN SHOP

133 W 5th Av ..... 279-8815

✓ KLONDIKE PALACE PAWN SHOP

711 W 4th Av ..... 276-3946

(See Advertisement This Classification)

✓ MONEY TREE THE

Thousands Of Misc Items

222 W 4th Av ..... 279-8015

✓ MOUNTAIN VIEW LOANS

4034 Mountain View Dr ..... 277-5745

✓ NUGGET LOANS THE 340 W 4th Av .. 272-0613

✓ PAT'S PAWN SHOP

**BUY - SELL - TRADE**

- New Guitars      ● Guns
- Jewelry            ● Diamonds

361 Muldoon Rd ..... 337-3032

✓ PIONEER LOAN CO 328 W 4th Av .... 272-1031

**REED & ASSOCIATES**

Buy ● Sell ● Trade ● Loans  
Guns ● Jewelry  
Precious Metals & Stones  
All Types Of Merchandise

Eagle River ..... 694-2792

✓ Silver Dollar Loan Co 216 W 4th Av .. 277-4413

✓ SLUICE BOX WASILLA PAWN SHOP

Wasilla Business Park Wasilla ..... 376-2365

✓ SWAP & SHOP 146 W 4th Av ..... 272-7024

**Pawnbrokers**

**B & L PAWN SHOP**

**24 HOUR SERVICE**

- CHECK CASHING ●
- INSTANT CASH ●
- WE WILL LOAN, BUY, OR TRADE ON ANYTHING OF VALUE
- CONSIGNMENTS ●
- GOLD NUGGET & DIAMOND JEWELRY - NEW & USED ●

535 1/2 1st Av

ACROSS FROM THE CHAMBER OF COMMERCE,  
Fairbanks ..... 452-5491

**CARIBOU LOAN CO**

LICENSED  
PROFESSIONAL  
PAWNBROKER

QUICK - EASY - TERMS

GUNS FOR SALE - PLUS  
Stereo Equipment - Musical Instruments -  
Cameras - Jewelry  
MANY MORE ITEMS

523 2nd Av ..... 452-2537

Cash Loan 406 Barnette ..... 452-7491

RAINBOW PAWN 500 2nd Av ..... 452-7948

(See Advertisement This Classification)

LETTER TO SHOPS RE: SB421  
AFTER WE PASS IT OUT.

RECEIVED

MAY 06 1981

#

02536 POM ANCHORAGE ALASKA 15 05-05 0135P ADT

PMS SEN PAT RODEY

JUN

SURVIVAL OF OUR FAMILY BUSINESS STANDS ON PASSAGE OF SB421.

MARK AND ROBERT PIPKIN

340 WEST 4TH AVENUE

ANCHORAGE AK 99501

TELEGRAM

ALASKA COMM. INC.

901 MAR 6 AM 1 32

*loans by pawnbrokers*

# TELEGRAM

ALASCOM, INC.  
PHONE: 586-6442  
JUNEAU, AK 99802

RECEIVED

APR 27 1981

'81 APR 27 PM 4:47

#

02171 POM ANCHORAGE AK 15 04-27 235P ADT

PMS SEN PAT RODEY

JUNEAU

YOUR SUPPORT AND HELP IN PASSING SB421 DURING THIS SESSION WILL BE APPRECIATED.

LAVERNE COOPER

146 WEST 4 AVI ANCHORAGE AK 99501

~~relating to exemption of residential property from the property tax.~~

29, April 1981.

Klondike Pawn Palace  
711 West 4th. Avenue

Fast Cash Loans  
117 W. Northern Lights Blvd.  
Anchorage, Alaska 99501

RECEIVED

MAY 08 1981

We would greatly appreciate your support of Senate Bill # 421.

If the Pawn Shops of Alaska do not get relief from the requirements of AS 45.09.104, many of them will be forced out of business.

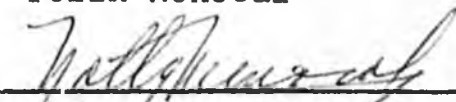
We know that we serve a very useful purpose in the community. The availability of our small loan service prevent many petty thefts. Also, because of the reports that we send to the Police Department, a lot stolen property is returned to the rightful owner and we are out of the money that we invested.

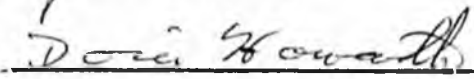
We are open seven days a week and invite you to stop in and see that a Pawn Shop is not just a "Back Alley Business", but a very needed service that can not afford to conform to AS 45.09.104.

In closing, we thank you very much for your attention, courtesy, and help.

Very Sincerely,

  
\_\_\_\_\_  
Felix Menocal

  
\_\_\_\_\_  
Natividad Menocal

  
\_\_\_\_\_  
Doris Howarth

# ALASKA LIFE

SECTION B

## Uptown pawnbroker calls shop 'crisis bank'

By Eric S. Stephens  
Times Staff

Most people think of pawn shops as dingy, back alley operations, where society's misfits hock their valuables at their own risk.

That's not always so, says local pawnbroker Doris Lavalie, co-owner of the Klondike Pawn Palace opened about 18 months ago on upper Fourth Avenue.

"The truth is there are plenty of middle-class families in Anchorage that wouldn't make it from paycheck to paycheck if it weren't for pawn shop loans."

Bank employees, secretaries and military wives frequent the Klondike Pawn Palace on a regular basis when car repairs or other unexpected emergencies drain financial resources, she says. Many return a month after a month.

The Klondike Pawn Palace is an "uptown" pawn shop, the only one near the west end of the Avenue. Its clean, uncrowded displays, including many new and novelty items, give it more the appearance of a gift store than a pawn shop.

Its customers would probably be reluctant to venture onto lower Fourth where downtown pawn shops have been clustered for years through an unwritten agreement among area landlords.

Property owners west of E street didn't rent to pawnbrokers — that area was reserved for "legitimate" businesses.

Downtown businessmen were convinced that pawnshops meant shady characters, questionable dealings and ultimately the deterioration of a pleasant business atmosphere.

But Lavalie, who had worked previously in pawn shops, was convinced that didn't have to happen. She began an uptown pawn shop which would be a lucrative business venture and provide a valid service as well.

Pawn shops are crisis banks, she says, a place where tight-budgeted residents can get funds to help them through a temporary emergency.

So when a suitable building was vacated, she approached the landlord with a proposal to rent it and open a pawn shop.

Several other merchants vied for rental of the space, Lavalie's controversial proposal faced an even slimmer chance. But, as a 14-year Alaskan, she was known and respected by most other downtown merchants. She convinced her landlord to take a chance and with partners Felix and Natty Menocal opened the Klondike Pawn Palace.

Legally, the location posed no stumbling blocks, but it certainly raised a few eyebrows. "I heard from a few other merchants, but it was all behind the scenes and my landlord decided to trust me to put in a decent shop," she says.

Ten months later, the skeptics are swallowing their words, and many have stopped in to commend Lavalie and her partners on the successful venture.

Curious browsers who come in to look over the neatly displayed rows of merchandise sometimes ask if it really is a pawn shop.

About two-thirds of the merchandise on sale is new, including native artifacts, tools, gag gifts, Alaska souvenirs and magic supplies.

Gag gifts — from liquor-flavored lollipop to suggestive underclothes — are an especially big attraction for parties during Christmas season, Lavalie said.

Wide, carpeted walkways lead between neatly arranged tables and glass display cases to the pawning area at the rear. There, a red-lettered "Loan Department" sign hangs above a wood counter where transactions take place.

Transactions are handled discreetly, says Lavalie, "because anyone can run short, but some people are embarrassed and don't want anyone to know."

Pawned items are carefully labeled and stored in a room to the rear. Almost anything can be pawned, says Lavalie. Jewelry, guns, stereos and televisions are common items, but she recently took in a pool table.

"That's all the fellow had except his truck, and that wouldn't fit in here," she says.

Lavalie views her store as a service, and until they cross her, needy customers are never turned away.

In theory, loans are made for about 20 percent of the pawned item's worth, she says. "But I sometimes make exceptions for regular customers," she admits.

She once gave a \$10 loan on a clothing iron, normally good for just \$2, to one couple, but "they were out of milk for their baby," she says.

Once an item is pawned, customers have 30 days to pay off the loan plus 20 percent monthly interest before they may pick up the pawned item. If they can't pay off the loan, they can pay the interest fee and leave the item another month.

About 90 percent of the customers pay their loans and reclaim their possessions, says Lavalie, and a good business relationship begins to develop.

Not all the shop's customers need money, says Lavalie. Pawn shops offer other services, too, directly or indirectly.

Some people pawn items because they need cheap, safe storage while they're out of town or in between residences. By taking a small loan on each item, their items are placed in bonded storage at the Klondike Pawn Palace.

Thus, one man leaving on a three-month trip took a \$5 loan on each of several large items. For a dollar a month interest on each loan, paid in advance, he left town without hauling a stereo, television and several rifles.

As long as the interest is paid, the goods are held for the owner.

The Klondike Pawn Palace draws casual shoppers as well, Lavalie said. "Some of the best bargains in town can be found at pawn shops. Some people swing through every week just to see what we have."

Besides unclaimed pawned items, the shop merchandise often includes inexpensive art works. Street artists



Dorothy Daniels of The Times

and craftsmen in need of money frequently peddle their wares to the shop owners at reduced rates.

Lavalie, who operates the shop while her partners operate a similar pawn shop on Northern Lights Boulevard, finds the work both enjoyable and gratifying.

And surprisingly to many people, she says, women in the pawning business are not unusual. "I'd say women are holding up the pawn shops in Anchorage," she observed, quickly reciting the name of a half-dozen shops run by women.

In most cases, the loans were just carried on after their husbands died or retired.

The business really isn't as tough as its reputation suggests, she says.

Despite initial doubts raised by neighboring merchants, an excellent rapport has now developed between the Klondike Pawn Palace and other area businesses.

Downtown workers often stop in at lunch to look around, and now and then someone comes up low on money and decides to hock something. "They don't have to be embarrassed because everyone thinks they're coming here to buy something."

But you can't please everybody, admits Lavalie, and at least a few people are disappointed when they see the Klondike Pawn Palace's classy atmosphere. "They see the sign and come in just to see what a pawn shop looks like. When they see it, they ask if they're in the wrong place."



Natty Menocal, left, and Doris Lavalie see their pawn shop as just another part of the uptown business scene

April 29, 1981.

To Whom It May Concern:

This is a letter of Protest regarding the Recent decision on Pawnshops coming under the requirements of AS 45.09.104.

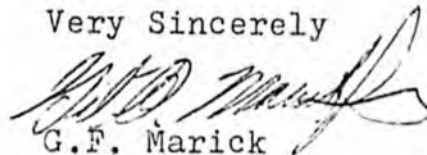
Speaking as a person who has had a need of a small loan on occasion, I have found, for the most part that pawnbrokers as a whole have been efficient, sympathetic, and friendly, not to mention HONEST.

Too often, when a law such as this, that can force these small "Mom & Pop" operations out of business, other more sinister types of "companies" soon fill the void over which there is absolutely no control from any regulatory agency whomsoever. Simply because criminal operations don't bother to report these minor details to authorities.....

I feel that I've just about made this one very important point not to mention that this would add an unnecessary burden on the already overburdened small businessman..

Thanking you for your attention, I am,

Very Sincerely



G.F. Marick  
325 L Street  
Anchorage, Ak/ 99501



# Judges and their ivory towers

by Arthur E. Hippler

A GOOD EXAMPLE of how well-intentioned but essentially destructive intervention into the normal workings of the market place can come about under the aegis of an activist judiciary is Judge Victor Carlson's recent decision demanding that pawnshops comply with the requirements contained in the Small Loans Act.

Such compliance would include substantial paperwork especially with regard to Notice of Default and Notice of Sale conditions.

Judge Carlson's decision might humorously be entitled, "The Loan Sharks Relief Act of 1981." The net result of following Carlson's doubtless well-reasoned findings probably will be the same as other government "protections" provided for the poor or needy: such help wipes them out.

If pawnbrokers no longer can afford to get into the business of loaning someone \$50 because the government has costed them out of business, be assured that there are those who will not be so deterred. The problem is that those who will not be deterred are those already outside the law.

Loan sharks will be happy to take up the slack since the "vigorous" on a \$50 loan to someone unable to qualify for a legal loan may be \$10 a week; the shark doesn't care if you ever pay back the principal amount. People who let a shark get into them even for a couple of hundred dollars often are in desperate straits as they try to pay the interest and may default the "loan" only at the cost of a broken arm, for example.

This is not the only area in which the activist judiciary of Alaska sees fit to intrude, often without clear competence and unfortunately often on the basis of unexamined biases. The present flap over the possible oil exploration in the Beaufort Sea is another example. Is the court really supposed to be in the business of deciding if a public agency has used "adequate information" to achieve its mandated purpose?

"ADEQUATE INFORMATION" naturally depends of political perspectives.

The people, by electing officials who will fill public offices to carry out particular policies are a far better judge of what political perspectives they want than a small band of legal specialists who claim an objectivity they patently do not possess and which is, I fear, totally specious as a concept in any event.

The issues here are striking and they are of long standing. The recent exacerbation of the tendency by the judiciary to run roughshod over the obvious desires (hence needs) of the electorate can probably only be overcome by more stringent use of the ballot. Not only should we be much more willing to use aggressively our right to remove judges when they show up on the ballot, we should insist on strengthening recall and referendum procedures.

In line with this the current outcry against electing the attorney general should be more closely examined. Objectively, the present system permits the governor to appoint his own creature and there is clear evidence that he does just that. The openly political, and some would say sycophantic, behavior of recent attorneys general can only be said to reflect the fact that the governor gets just what he wants.

Why then should we worry that we might get very political creatures residing there if the attorney general's office is made elective.

No doubt some, possibly many, maybe even all the future attorneys general would be highly political, many responding in lockstep fashion to what they perceived to be the voters' wishes. While not a tasteful outcome, could that be worse than an attorney general who bends his supposedly assumedly "objective" legal analysis to the transient whims of the governor?

RECENTLY, A WOMAN I know asked me why it was not a routine part of sentencing for any offense related to property or injury, that the offender recompense the injured party, instead of being given a free ride in jail. She further wondered

## Weapons systems

The "high-performance" F-15 Eagle typifies the problem of weapons systems whose technology is beyond the control of those who must fly and maintain the plane.

The F-15's highly advanced avionics system was designed around a supposedly simple system in which racks of plug-in electronic circuit boards could, in theory, be readily removed and replaced in the event of a malfunction.

But there are 45 racks of circuit boards in each F-15 — and that means 1,080 units of a squadron of 24 planes and 3,240 in a wing of 72 fighters.

Defects in those electronic components can be diagnosed only by computer, which can check only one rack of circuit boards at a time in a procedure that averages 3½ hours but can last as long as 8½ hours. Finally, the computers suffer from breakdowns that leave the entire system inoperable.

why the courts responded so poorly to the need to keep criminals off the streets, so the public would be protected while they are jailed. The only response I could give is that the courts are almost completely unresponsive to public need unless it corresponds to their biases. The present courts unresponsiveness to social needs has reached a nearly Dickensian level.

The issues are interrelated. Courts that intervene in areas in which they have no business or expertise but find questionable bases for excessive leniency, courts that impose their political judgments under the guise of objective law, attorneys general who willingly subvert their office to the governor's desires: these all seem to be amenable only by greater voter intervention. I have found that those who warn us about the dangers of demagoguery under too much direct democracy in their desire to direct us away from such interventions as I've suggested, often turn out to be the ones who benefit most by indirect government they control.

I for one am tired of the disasters they have imposed on our society.

Arthur Hippler, co-founder of the Alaska Civil Liberties Union, is a research associate professor of anthropology at the Institute for Social and Economic Research, University of Alaska.

RICHARD L. CLARK  
212 West 5th Avenue  
Anchorage Alaska 99501

RECEIVED

APR 27 1981

April 21, 1981

Senator Pat Rodey  
State of Alaska  
Juneau, AK 99811

Dear Senator Rodey:

I am a pawnbroker in Anchorage doing business as Anchorage Pawn Shop located at 212 West 5th Avenue. I am also a graduate watchmaker and as such I repair watches on the premises.

Our business has been a simple one for many years. We loan money to people in need on items of value. The loans are usually for 30 days, however, may be extended for any period by paying interest. We also send reminder cards to people informing them of the fact that their loan is coming due then giving a seven day grace period which allows ample time to contact the shop concerning the loan. If this does not bring results, we do put the item up for sale.

There are three separate lending institutions; pawn shops, finance companies, and banks, all kept separate by the amount of money they are allowed to loan. Pawn shops can loan up to and including \$100.00 and no more.

Why do pawn shops exist?

1. To give the working person needed aid immediately; aid they cannot get at finance companies or banks;
2. To help newcomers who have no credit and cannot receive help from finance companies or banks and who do not want to go to welfare;
3. We are responsible for hundreds of stolen items being returned to their owners; and
4. We cooperate with the police in obtaining hundreds of names, addresses and descriptions of people wanted by the law which we are most happy to do.

Pat, this is why I am asking you to support Senate Bill 421.

If it does not pass, we will most certainly face such problems that will surely force us out of business.

Senator Pat Rodey  
April 21, 1981  
Page 2

One final thought - pawn shops were started in the New England states 200 years ago. They were called cash shops. The charge for the use of the money was one dollar on five which amounts to 20%. This is the same we charge today. Two hundred years and not one penny of inflation.

Thank you for reading my letter.

I look forward to a reply.

Richard L. Clark  
212 West 5th Avenue  
Anchorage, AK 99501

*Copies Sent to all Legislators*

*Pat our Attorney has informed us yesterday  
our Stay of Execution is June 2nd.*

*Thanks Again.*

*Dick Clark*

*CS*



Official Business

# Alaska State Legislature

## Senate

### Judiciary Committee

Pouch V  
State Capitol  
Juneau, Alaska 99811

May 4, 1981

Ms. Margie Prott  
Frontier Pawn Shop  
427 B Street  
Anchorage, Alaska 99501

Dear Ms. Prott:

Thank you for your telegram regarding SB 421.

I was happy to introduce this legislation through the Judiciary Committee at the request of several pawnshop owners.

The Committee will conduct hearings on SB 421 on Wednesday, May 6. in the Butrovich Committee Room. I will include a copy of your telegram in each member's file for their information.

I appreciate your concerns in this area and hope to pass some legislation soon.

Sincerely,

A handwritten signature in cursive script that reads "Pat".

Senator Patrick M. Rodey  
Chairman

PMR/ods

# TELEGRAM

ALASCOM, INC.  
PHONE: 586-6442  
JUNEAU, AK 99802

081 APR 30 PM 3 55

#

02205 POM ANCHORAGE AK 15 04-30 1130A ADT

PMS SEN PAT RODEY

JUNEAU AK

MANY LIVELIHOODS WILL BE GREATLY AFFECTED WITHOUT YOUR SUPPORT  
BILL 421. THANK YOU.

MARGIE PROTT, FRONTIER PAWN SHOP

427 B ST ANCHORAGE AK 99501



# Alaska State Legislature

## Senate

### Judiciary Committee

Official Business

Pouch V  
State Capitol  
Juneau, Alaska 99811

May 4, 1981

Mr. Jim Voss  
Alaska Trading Post  
240 West 5th Avenue  
Anchorage, Alaska 99501

Dear Mr. Voss:

Thank you for your telegram regarding SB 421.

I was happy to introduce this legislation through the Judiciary Committee at the request of several pawnshop owners.

The Committee will conduct hearings on SB 421 on Wednesday, May 6, in the Butrovich Committee Room. I will include a copy of your telegram in each member's file for their information.

I appreciate your concerns in this area and hope to pass some legislation soon.

Sincerely,

A handwritten signature in cursive script that reads "Pat".

Senator Patrick M. Rodey  
Chairman

PMR/ods

# TELEGRAM

ALASKA, INC.  
PHONE: 586-6442  
JUNEAU, AK 99801

#

02401 POM ANCHORAGE ALASKA 15 04-30 0440P ADT

PMS SEN PAT RODEY

JUN

YOUR SUPPORT FOR BILL 421 IS URGENTLY NEEDED AND WILL BE  
GREATLY APPRECIATED. THANK YOU.

JIM VOSS

ALASKA TRADING POST

JUN 15 1981 30 PM 9 12

THE ALL AMERICAN SMOKE SHOP  
402 Second Avenue  
Fairbanks, Alaska 99701

March 12, 1981

The Honorable Fred Brown  
Member of the House of Representatives  
Pouch V  
Juneau, Alaska 99811  
(Mail Stop 3100)

Subject: Opinion and Decision of Judge Carlson and a Proposed Bill

Dear Fred:

I am enclosing herewith an opinion and decision of Judge Carlson, which, in a way, is self-explanatory; and also a proposed Bill, which I shall ask you to sponsor, prevailing on as many colleagues as you feel will be interested in the passage of such Bill; to vote on such.

While the opinion written by Judge Carlson is a very learned and enlightening thesis, yet it accomplishes nothing, due to the fact that I believe Judge Carlson misconceives the function and the practical operation of the pawnbroker's business.

I made a rather exhaustive study of the subject starting way back with the origin of pawnbroking, during the Roman period when such originated with the House of the Medicis, who implemented the Institution of Pawnbroking, as signified by the 'three balls', signifying the family escutcheon.

The pawnshop is essentially a 'poor man's banker'. As you may understand it, it generally serves to fill in the gap for the small man, in the event of a delay in receiving a paycheck or unemployment security check, thus bridging the hiatus for household essentials of which a householder may be deprived of by virtue of the lateness in receiving such payments. As you will observe, the limitations on loans in pawnshops is \$100., hardly a fulfillment of a familie's needs in these inflationary periods.

However, as a public representative, you can readily see that a small amount is more critical to the 'man-on-the-street', than a substantial loan is to an upper-class-borrower.

The present pawnbroker's guidelines are sketchy, vague and very uncertain. Judge Carlson has set forth a series of conditions and has made a finding that: A compliance with the law would have to follow the requirement contained in the Small Loan Act; particularly with respect to Notice of Default; Notice of Sale; Publication and numerous other conditions, as you'll see set forth in the opinion.

My experience of 25 years in the pawnbroker's business would easily demonstrate that; statistically, the average loan ranges from \$40. to \$60. The machinery needed to set up with such compliance contained in the Small Loan Act would be cumbersome, costly and actually bring about

an end or incentive to engage in the pawnbroker's business. A decree to close the door of all pawnshops would be tantamount to an attempt to comply with the decision.

In discussing the results of the opinion with Doug Baily, resolves the question that the only solution would be to pass the enclosed Bill which Mr. Baily drafted, instead of any effort to amend, modify, revise or otherwise alter the present chaotic legislation and decisions governing pawnshops.

I, in concert with some of the shops in Fairbanks, are in accord with the sentiments suggested by Mr. Baily, and I am sure would join me in urging the passage of the enclosed Bill.

Should you need any other data material or informative facts, please do not hesitate to call me for such help.

Very sincerely yours,

Lazar Dworkin

LD:mhh

enclosures

cc. to Members of the Legislature

Copy of Proposed Bill

Copy of MEMORANDUM AND DECISION AND ORDER

Copies of Letter to Fred Brown to Members of Legislature

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA  
THIRD JUDICIAL DISTRICT

STATE OF ALASKA,

Plaintiff,

vs.

E. A. GHETE, individually  
and MARGARET GHETE,  
individually d/b/a SILVER  
DOLLAR LOAN COMPANY: et al.,

Defendants.

RECEIVED  
JUL 15 1980

Baily & Mason

No. 77-2951 CIVIL

MEMORANDUM OF DECISION  
AND ORDER

Plaintiff State of Alaska brought this action against defendants, all of whom are pawnshop owners, alleging violations of A.S. 45.50.471-561, the Alaska Unfair Trade Practices and Consumer Protection Act, A.S. 45.05.690-794, secured transactions, and A.S. 45.45.010-070, interest. Plaintiff has moved for summary judgment, defendant has moved for partial summary judgment regarding the applicability of A.S. 45.05.690-794, and it is upon these motions for summary judgment that this decision is being rendered.

Specifically, plaintiff is alleging that each defendant has violated the following public policy standards:

1. 15 U.S.C. 1601-1635, the Truth-in-Lending Act, by failing to disclose in writing at the time an extension of credit is made the amount financed and/or the finance charge and/or the annual percentage rate;

2. A.S. 45.05.690-794, Uniform Commercial Code - Secured Transactions, by failing to comply with the default procedures required in a creditor-debtor relationship; and

3. A.S. 45.45.010-070, Interest, by charging excessive rates of interest.

With the exceptions of named defendants Beaubout and Lamp, who are no longer in the business, and W. N. Johnson, who has denied having been or being in business as Alaska Trading Post, all defendants have admitted that as pawnshop owners they regularly extend loans to borrowers. These loans are due thirty (30) days from the date of the loan and are secured by the personal property of the respective borrower, which property is held in the possession of the pawnshop owner until it is either redeemed by the borrower or until the loan is in default and the property is sold in satisfaction of the debt.

At the time of making the loans, each defendant assesses the borrower a charge of 20% to 25% of the amount of the loan, and this charge is due thirty (30) days from the date of the loan. The terms and conditions of these loans are set forth in defendants' form pawnshop tickets which, at least prior to April 29, 1977, served as the only written document which was usually given by each defendant to the borrower. These form tickets do not set forth the amount financed, the finance charge, and the annual percentage rate. Some of the tickets state that the pledgor has the privilege of extending the loan for an additional thirty days by paying the interest.

After thirty days pass without payment of interest, the loan is in default, and each defendant claims legal title to the personal property pledged for the loan. The form pawn tickets state that after default, the property will be sold in satisfaction of the debt without any notice to the pledgor. After default, without providing further notice to the pledgor, each defendant usually puts the pledge in stock and offers it for sale to the general public. None of the defendants accounts to the pledgors for the proceeds received from the sale of a pledged item.

MEMORANDUM OF DECISION

July 1, 1980

Page 3

Unfair Trade Practices

The State has alleged that defendants have violated A.S. 45.50.471 by failing to disclose to customers the amount financed, the finance charge, or the annual percentage rate for loans, all as required by the Consumer Credit Protection Act, 15 U.S.C. §§1601 et seq.

Although the parties to this action did not raise the issue in their initial memoranda, this court is concerned with whether or not A.S. 45.50.481(1) precludes any agent or court of this State from applying the Alaska Unfair Trade Practices and Consumer Protection Act, A.S. 45.50.471-561, to an act or transaction regulated under 15 U.S.C. 1601 et seq., and administered by the Federal Trade Commission.

In its Supplemental Memorandum on this issue, the State has urged the court to follow the reasoning of the Washington State Supreme Court in the case of State v. Reader's Digest Association, 501 P.2d 290 (Washington 1972). In that case, the Washington court interpreted an exemption provision, RCW 19.86.170, which is similar to A.S. 45.50.481(1), and held "that the FTC is not a 'regulatory body' within the meaning of RCW 19.86.170." The Washington court reasoned that the term "other regulatory body" must be construed in light of the fact that the Washington exemption provision also named specific agencies or bodies which regulate areas where permission or registration is necessary to engage in an activity. The court concluded that the FTC, which has no control over entry into its area of concern, is not a regulatory body as contemplated by RCW 19.86.170.

Even if the wording of A.S. 45.50.481(1) were exactly the same as that of RCW 19.86.170, this court would have difficulty

in following the Washington court's reasoning to conclude that the Federal Trade Commission is not a regulatory body within the meaning of the statute. However, unlike RCW 19.86.170, A.S. 45.50.481(1) does not name specific licensing agencies, and this court can reach no other conclusion than that the acts of the defendants which are complained of by the State are regulated by the FTC, and that therefore nothing in §§471-561 of Title 45 applies to those acts.

Plaintiff argues that the legislative history of A.S. 45.50.481(1) indicates that the Alaska Legislature did not intend to exempt the acts or transactions at issue here from the application of the Alaska Unfair Trade Practices Act. The court is not convinced that this legislative intent is clear, for as plaintiff itself points out at page ten of its Supplemental Memorandum, while "the amendments to the Unfair Trade Practices Act as first proposed in 1974 would have eliminated section 481(1) entirely. . . the legislature apparently decided to modify this approach." The modified approach taken by the legislature was to retain the basic exemption statute but to remove the word permitted (which word is still used in RCW 19.86.170), so that the statute now exempts from the coverage of the Alaska UTP Act " . . . an act or transaction regulated" by other state or federal officers or regulatory agencies.

Thus, whatever the legislative intent may have been, the clear wording of A.S. 45.50.481(1) remains, and this court cannot torture the statute into meaning the opposite of what it specifically declares: that the Alaska Unfair Trade Practices Act does not apply to acts or transactions which are already regulated under laws, such as 15 U.S.C. §§1601 et seq., which are administered by regulatory boards or commissions, such as the Federal Trade Commission.

MEMORANDUM OF DECISION

July 1, 1980

Page 5

Finally, the court is in agreement with the State when it argues at page three of its Supplemental Memorandum that "Congress certainly had no preemptive intent when it passed the Truth-in-Lending Act or when it gave the Federal Trade Commission generalized jurisdiction over otherwise unregulated creditors." The problem is not, as this court sees it, one of federal preemption of a field. The problem is that the State has effectively accomplished the same ends of preemption through the use of exemption provisions of A.S. 45.50.481(1), and it is not illogical to conclude that by adopting such a statute the legislature intended to avoid needless duplication of enforcement by various state and federal officers and agencies.

Accordingly, the court hereby dismisses that portion of plaintiff's cause of action which is based upon 15 U.S.C. §§1601 et seq.

Article 9  
Secured Transactions

The State has contended that the standard pawn transaction is one which creates a security interest for defendants in personal property which is pledged by the pawnor as collateral for the loan received, and that therefore Article 9 (A.S. 45.05.690) applies to and governs such a transaction. The State claims further that defendants have violated various provisions of Article 9 by:

1. Failing to give proper notice to the pledgor of the sale of the collateral;
2. Failing to adequately provide the pledgor with the opportunity to redeem the collateral;
3. Failing to account for the proceeds from defendants' sale of the collateral; and
4. Failing to reimburse the pledgor for any proceeds

MEMORANDUM OF DECISION

July 1, 1980

Page 6

of sale which are in excess of the amount financed, the finance charge, and the reasonable costs of sale.

On the issue of whether Article 9 applies to pawn transactions, defendants themselves have moved for summary judgment. Defendants maintain that pawn transactions do not create a security interest, and that therefore Article 9 does not apply. Defendants argue that the parties to a pawn transaction never intend to create a security interest, and that the pawn transaction does not create an absolute obligation to repay on the part of the pawnor.

With regard to whether or not a pawn transaction creates a security interest in the shopowner, plaintiff and defendants agree that the resolution of this case depends primarily upon whether parties involved in the pawn transaction intended to create a security interest. This test which is based on the intent of the parties was set forth clearly in Queen of the North, Inc. v. LeGrue, 592 P.2d 144, where the court cited at page 148 language from the Official Comment to the U.C.C., §9-102 (A.S. 45.05.692), which states that:

[T]he principal test whether a transaction comes under this article is: is the transaction intended to have effect as security?

\* \* \*

When it is found that a security interest as defined in Section 1-201(37) was intended, this Article applies regardless of the form of the transaction or the name by which the parties may have christened it.

Based upon the undisputed facts presented in the parties' motions for summary judgment, this court finds that the standard pawn transaction does create a security interest in the defendant shopowners. Support for this finding is found in the case of Gibson v. Hagberg, 11 U.C.C. Rep. Service 655(N.M. Dist. Ct. 1972),

MEMORANDUM OF DECISION

July 1, 1980

Page 7

where the court concluded that certain pawn transaction similar to those in the instant case were subject to the provisions of the Uniform Commercial Code article on secured transactions.

This court's determination that the parties to the pawn transactions intended to create a security interest is bolstered by the fact that the defendant pawn shop owners themselves chose to include the terminology of secured transactions in the form contracts which they provided. Although labels do not necessarily control, defendants have clearly chosen to characterize the pawn transaction as a secured loan agreement through their use of such particular words in the pawn forms as "loan", "debt", "pledge", and "interest". As recognized by defendants in their memorandum, these pawn forms are to be construed against the party which has drafted them, and the intent to create a security interest can be drawn from the language of these contract forms.

Further, defendants have previously admitted that each of them "regularly extends loans to borrowers which are due thirty (30) days from the date of the loan and which loans are secured by the personal property of the respective borrower which defendant keeps in his possession until it is redeemed by the respective borrower or until the loan is in default and the personal property is sold in satisfaction of the debt." (Admissions 7/15/77)

Defendants also argue that the essence of a security interest is that it secures payment or performance of an obligation, and that the standard pawn transaction does not create a security interest because there is nothing that the shopowner can force the customer to do. According to the standard pawn contract, however, defendants can clearly force the customer to forfeit the pawned item without even giving notice, and hence there is in fact an

MEMORANDUM OF DECISION AND ORDER

July 1, 1980

Page 8

obligation to repay the loan. This court is not persuaded by defendants' unsupported conclusion that in the event of default they would have no legal recourse against the customer, and the court agrees with plaintiff that defendants themselves have made the necessity for such recourse only theoretical; defendants are in a position to set the loan amount lower than the value of the item pawned, thereby obviating any need for the defendant shopowners to seek a remedy against the customer for a deficiency.

The statement by defendants that it is not their business practice to seek recourse against the customer directly is not material to the issue of what defendants' rights would be in the event they chose to seek such recourse, and it has no bearing on the issue of whether there is an obligation to repay.

Having found that a security interest is created by the standard pawn transaction, this court concludes that as a matter of law the statutory requirements of Article 9 - Secured Transactions apply. Defendants are required to:

1. Give the pledgor proper notice of the sale of the collateral;
2. Provide the pledgor with adequate opportunity to redeem the collateral;
3. Account to the pledgor for proceeds from the sale of the collateral; and
4. Reimburse the pledgor for any proceeds of sale in excess of the amount financed, the finance charge, and the reasonable costs of sale.

Defendants have failed to cite any authority in support of their contention that the "recognized market" exception of A.S. 45.05.0788(c) applies to the disposition of pawned collateral, and the court finds that this exception is simply not applicable.

Usury

The State has claimed that the defendants' practice of charging their customers an interest rate of 240% to 300% per annum is usurious. The parties to this action are in basic agreement that the main issues to be resolved are what effect the Alaska Small Loans Act exemption provision, A.S. 06.20.330, has on the legal interest rate pawnbrokers may charge, and whether the defendant pawnshop owners qualify for this exemption.

A.S. 06.20.010 sets forth the requirement that no person may engage in the business of making loans of \$5,000 or less at a greater rate of interest than otherwise permitted by law unless specifically authorized by the Small Loans Act or without first obtaining a license. A.S. 06.20.230 sets forth the maximum interest rate permitted under the Small Loans Act, and A.S. 06.20.330 creates an exemption which states, inter alia, that the Small Loans Act does not apply to pawnbrokers making separate and individual loans of \$100 or less.

Because the maximum interest rate under the Small Loans Act does not apply to pawnbroker loans of \$100 or less, the issue remains as to whether A.S. 45.45.010(b) governs the interest rate defendants may charge for such loans. A.S. 45.45.010(h) states that:

If the limitations on interest rates provided for in this section are inconsistent with the provisions of any other statute covering maximum interest, service charges or discount rates then the provisions of the other statute prevail.

Based on its reading of paragraph (h), the court concludes that the limitations on interest provided for in A.S. 45.45.010(b) are inconsistent with A.S. 06.20.330 of the Small Loans Act which exempts from application of that act any loans of \$100 or less made by pawnbrokers doing business as permitted by A.S. 08.76.010-030.

MEMORANDUM OF DECISION AND ORDER

July 1, 1980

Page 10

The interest rate on loans of \$100 or less by those described in A.S. 06.20.330 was apparently intended to be unregulated.

The court notes that the Small Loans Act, which generally governs loans of \$5,000 or less, sets forth in A.S. 06.20.230 a scheme of maximum interest permitted which is scaled downward as the unpaid principal balance is increased. Particularly in light of the exemption provision, A.S. 06.20.330, it would seem illogical to conclude that a licensee could legally charge between 36% and 60% per annum on an unpaid principal balance of \$100 or less, while an exempted pawnbroker could only charge 22% or 23% under A.S. 45.45.010(b) for a loan of the same amount.

However, defendants Ghete, Clark, Cooper and Gun Traders, Inc., have all admitted to having made separate and individual loans prior to April 29, 1977 which were in excess of \$100, and they have all admitted to having charged borrowers 20% of the amount of these loans over a thirty (30) day period. Such loans were clearly usurious and in violation of the Small Loans Act, thereby subjecting the above-named defendants to the penalty provisions of A.S. 06.20.320(a). Defendants also violated A.S. 06.20.010 by making loans in excess of \$100 without being licensed.

Finally, the State has claimed that defendants have violated the Alaska Small Loans Act by making loans on two or more articles of personal property during a single transaction where the aggregate loaned amount exceeded \$100, and by making loans to a single individual on two or more articles within a limited time period where the aggregate loaned amount also exceeded \$100.

A.S. 06.20.240 prohibits licensees from inducing or permitting any borrower to split or divide loans, or to become

obligated under more than one loan contract at the same time for the purpose of obtaining a higher rate of interest than would otherwise be permissible. However, defendants are not licensees under the Small Loans Act, and they are therefore subject to A.S. 06.20.300, which applies to nonlicensees. According to an affidavit submitted by the State after a check of the defendants' business records, defendants Larry J. Cooper, L. A. Cooper, R. E. Furgeson, and Marjory C. Pratt have all made multiple loans on the same day to a single pledgor, the total of which loans exceeded \$100. There have been no denials of this allegation, and the court finds that these named defendants are in violation of A.S. 06.20.300(b).

With regard to the State's other claims, however, the court finds insufficient factual basis presented in this motion for summary judgment to conclude that the remaining defendants, in the words of A.S. 06.20.300(b), "by any device, subterfuge or pretense whatsoever" charged greater interest than was authorized by the Small Loans Act.

Based upon the findings set forth above,

IT IS HEREBY ORDERED that

1. Plaintiff's cause of action claiming an unfair trade practice based upon 15 U.S.C. §§1601 et seq. is dismissed;
2. Defendants, and each of them, are required to comply with the provisions of A.S. 45.05.690-794 (Secured Transactions);
3. Defendants, and each of them, are hereby enjoined from making loans greater than \$100 without a license as required by A.S. 06.20.010 or in violation of A.S. 06.20.300;
4. Further proceedings shall be had upon plaintiff's motion pursuant to A.S. 06.20.320(a) regarding the violations of

MEMORANDUM OF DECISION

July 1, 1980

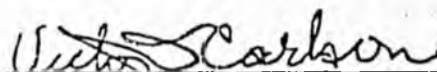
Page 12

the Small Loans Act by defefendants Ghete, Clark, Cooper and Gun Traders, Inc.;

5. Plaintiff is awarded reasonable costs and attorneys fees for bringing this action;

6. Plaintiff is to draft and submit a proposed form of judgment consistent with this memorandum and order.

DATED at Anchorage, Alaska, this 14<sup>th</sup> day of July, 1980.



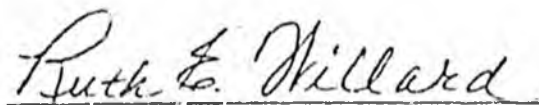
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VICTOR D. CARLSON  
Superior Court Judge

This is to certify that a copy of the above Memorandum of Decision and Order was mailed on the 14th day of July, 1980 to:

Douglas B. Baily, Esq.  
Baily & Mason  
510 L Street, Suite 312  
Anchorage, Alaska 99501

Connie J. Sipe, J. Sipe  
Assistant Attorney General  
420 L Street, Suite 100  
Anchorage, Alaska 99501

  
Secretary to Judge Carlson

Alaska State Legislature

*Kevin*

SENATOR  
DON BENNETT  
P.O. BOX 2801  
FAIRBANKS, ALASKA 99707



Senate

LEGISLATIVE ADDRESS

POUCH V - STATE CAPITOL  
JUNEAU, ALASKA 99811

*card*

April 28, 1981

Richard L. Clark  
212 West 5th Avenue  
Anchorage, Alaska 99501

Dear Richard:

I received your message regarding Senate Bill 421 dealing with pawnbrokers. When the situation you were confronted with was brought to my attention, I discussed it with Senator Rodey of the Judiciary Committee and we submitted this bill.

I fully support this bill and have raised the amount in Section 1 to read, "Do not exceed \$200."

We certainly are hopeful for the passage of this bill, which is now in the Judiciary Committee and will have a hearing on May 6th.

Thanks for writing with your concerns and rest assured I will do all I can for your business.

Best Regards,

A handwritten signature in cursive script that reads "Don Bennett".

Senator Don Bennett

DB/jk

APR 27 1981

card

Dear Don

I'm sorry to bother you. But the pawn shops in Alaska will be in a world of hurt if Sen Bill # 421 doesn't get pushed through. Because of the opion written by Judge Victor Carlson in Anch. Larry Dworkin who has a pawn shop up the street. And has been in contact with att Doug Bailey in anch. This Bill was introduced by Betty Farencamp.

Larry Dworkin wants you to call him at 452-2603.

Best Regards Boomer

APR 27 1981

COLO

MSG 81-00014078 PRTY 1 04/24/81 17:54:05 ORIG: LA02 IN= 0008 OUT= 0111  
FROM: ROBERTA TO: JUNO INFO  
TARGET: LJH2 SUBJ: FOIS PAGE 0003

TO: ALL LEGISLATORS

FROM: FRED R SMITH, PAT'S PAWN SHOP, 361 MULDOON ROAD, ANC 99504; 337-3022

PLEASE DO ALL YOU CAN TO GET SB 421 PASSED DURING THIS SESSION OF THE  
LEGISLATURE. IT'S VERY VITAL TO OUR LIFE IN THE PAWN SHOP BUSINESS.

RICHARD L. CLARK  
212 West 5th Avenue  
Anchorage, Alaska 99501

APR 28 1981

April 21, 1981

State Senators  
State of Alaska  
Juneau, AK 99811

*card*

Dear *Senator Don Bennett.*

I am a pawnbroker in Anchorage dba Anchorage Pawn Shop located at 212 West 5th Avenue. I am also a graduate watchmaker and as such I repair watches on the premises.

Our business has been a simple one for many years. We loan money to people in need on items of value. The loans are usually for 30 days; however, may be extended for any period by paying interest. We also send reminder cards to people informing them that their loan is coming due and giving a seven day grace period which allows ample time to contact the shop concerning the loan. If this does not bring results, we do put the item up for sale.

There are three separate lending institutions; pawn shops, finance companies or banks, all kept separate by the amount of money they are allowed to loan. Pawn shops can loan up to and including \$100.00 and no more.

Why do pawn shops exist?

1. To give the working person needed aid immediately; aid they cannot get at finance companies or banks;
2. to help newcomers who have no credit and cannot receive help from finance companies or banks and who do not want to go to welfare;
3. We are responsible for hundreds of stolen items being returned to their owners; and
4. We cooperate with the police in obtaining hundreds of names, addresses and descriptions of people wanted by the law which we are happy to do.

This is why I am asking you to support Senate Bill 421.

If it does not pass, we will most certainly face such problems that will surely force us out of business.

One final thought - pawn shops were started in the New England states 200 years ago. They were called cash shops. The charge for the use of the money was one dollar on five which amounts to 20%. This is the same we charge today. Two Hundred years and not one penny of inflation.

Thank you for reading my letter. I look forward to a reply.

*Richard L. Clark.*  
Richard L. Clark  
212 West 5th Avenue  
Anchorage, AK 99501

APR 25 1981

ANCHORAGE PAWN SHOP  
212 West 5th Avenue  
Anchorage, Alaska 99501

April 21, 1981

State Senators  
State of Alaska  
Juneau, AK 99811

Senators" *Dan Bennett*

*card*

I am writing this letter in desparity.

We in the pawn shop business in the State of Alaska have been placed in the same category as banks and other lending institutions such as Beneficial Finance, etc. We simply cannot exist under these laws (a copy enclosed). We have been in business for over forty years and were exempt from the laws governing other lending institutions. However, the Consumers Protection Agency is trying to force pawn shops to follow the same laws that govern these other lending instituticns.

It is my sincere hope that you will take the time to look over the order that Judge Carlson has handed down which will, in fact, close our doors.

The Judiciary Committee has drawn up document Senate Bill 421. This bill will exempt pawn shops from the laws that govern other lending institutions. Our only hope is to have SB 421 pass and made into law.

Thank you.

*Walter L. Corey*

Walter L. Corey, Mgr.  
212 West 5th Avenue  
Anchorage, AK 99501

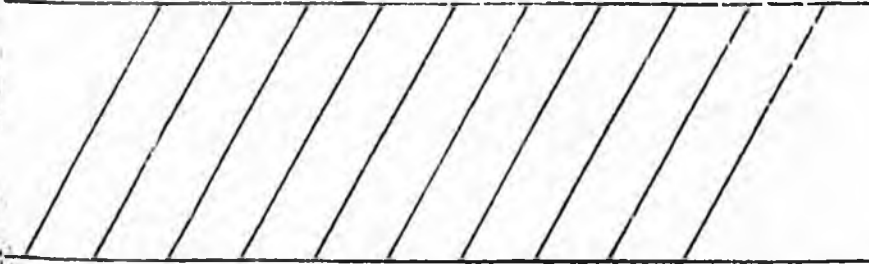
P.S. Time does not permit to write to each of you personally, therefore, I am forwarding copies of this letter to each.

SAMPLE Pawn Ticket

Pawn Book

Model No.		Article (Full Description)						Serial No.
Other ID Nos.								Ticket No. 01240
Amount								Date
Buy	Loan							Business
Full Name (To Be Printed)							Social Sec. No.	
Sex	Date of Birth	Ht	Wt	Hair	Eyes	Race	ID Type & No.	
Signature								
Street Address (Local)				Out of Town Address				

	Loan	
--	------	--



CUSTOMERS Ticket  
Anchorage Pawn Shop

01240

Anchorage, Alaska ..... , 19 .....

The following described property, to wit: .....

..... we agree to deliver to the pledgor or order upon the payment of the sum of (\$.....).

Your signature on the pawn ticket means that you understand the following credit terms which are disclosed pursuant to the Federal Truth in Lending Act.

1. The applicable FINANCE CHARGE is the difference between the redemption price and the original loan amount.
2. Amount of secured loan ..... S .....
3. Finance charge of 20% per 30 days or any part of 30 days ..... S .....
4. Service Charge - Filing Fee ..... S .....
5. Total amount due in 30 days ..... S .....
6. Annual Percentage Rate of this loan is 240%.

Payment of this loan is due 30 days from the date of this pawn ticket. If the property is redeemed at some time less than 30 days after the loan is made, the entire interest for the 30 day period is due.

After 30 days the pawnbroker will send a notice of sale to the borrower. If no response is received within 10 days the pawnbroker assumes title to the property pawned and it may be sold from the pawnbrokers retail business.

The borrower has the right of extending this loan for an additional 30 days by paying the finance charge at some time less than 30 days after the loan was made.

WHEN WRITING ALWAYS MENTION NUMBER OF TICKET  
POSITIVELY NO PLEDGES ALLOWED FOR EXAMINATION

212 FIFTH AVENUE

THE FOLLOWING DOCUMENT(S) MAY NOT FILM  
LEGIBLY BECAUSE OF POOR QUALITY OF THE  
ORIGINAL.

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA  
THIRD JUDICIAL DISTRICT AT ANCHORAGE

STATE OF ALASKA, )  
)  
) Plaintiff, )  
)  
) v. )  
)  
) E. A. GHETE, individually )  
) and MARGARET GHETE, )  
) individually d/b/a SILVER )  
) DOLLAR LOAN COMPANY; )  
) RICHARD L. CLARK, individually )  
) d/b/a ANCHORAGE PAWN SHOP; )  
) VIXEN ENTERPRISES, INC., a )  
) corporation d/b/a PIONEER )  
) LOAN COMPANY; LARRY J. COOPER )  
) individually and L. A. COOPER, )  
) individually d/b/a SWAP AND )  
) SHOP; and CLARENCE L. BEAUBOUT )  
) individually and S. L. LAMP, )  
) individually d/b/a MULDOON )  
) PAWN SHOP; W. N. JOHNSON, )  
) individually and R. E. )  
) FURGESON, individually d/b/a )  
) ALASKA TRADING POST; EDWIN )  
) PITKIN, individually d/b/a )  
) NUGGET LOANS; MARIAN E. )  
) PETEPKINS, individually d/b/a )  
) MOUNTAIN VIEW LOANS; THE GUN )  
) TRADERS, INC., a corporation, )  
) d/b/a PAT'S PAWN SHOP; )  
) MARJORY C. PRATT, individually )  
) d/b/a GRUBSTAKE PAWNSHOP, )  
)  
) Defendants. )

RECEIVED  
APR - 9 1981

Bailey & Mason

Filed in the Trial Courts  
STATE OF ALASKA THIRD DISTRICT

APR 7 1981  
Clerk of the Trial Courts  
Deputy

FEB 27 1981  
Bailey & Mason

Civil Action No. 77-2951

FINAL JUDGMENT

The court having entered its findings of fact and conclusions of law in this case, in a Memorandum and Order dated July 14, 1980,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

1. The terms of this judgment do not apply to the named defendants W. N. Johnson or Clarence L. Beaubout, because of their having left this business prior to the filing of state's complaint. The state's cause of action against them is hereby dismissed with prejudice.

2. Defendants, and each of them, their agents, employees and successors, are permanently enjoined from failing to comply with the provisions of AS 45.09.101-.507

RECEIVED  
ANCHORAGE BRANCH  
APR 10 1981

(Secured Transactions) Specifically, Defendants shall,  
after a pledgor has defaulted on a loan:

(a) within a reasonable notice, after default,  
sent by a postpaid note to the pledgor's last known  
address, to the pledgor of the time and place of a public  
sale or of the time after which a private sale or other  
intended disposition is to be made;

(b) return the unsold personal property to  
the pledgor upon tender of principal and interest on the  
loan secured by the personal property and the reasonable  
cost of actual preparation for the sale of the collateral by  
pawnbroker, if tender of such sums is made before the time  
and date of the sale as specified in the notice sent by the  
pawnbroker pursuant to subparagraph (a) above.

(c) obtain from each pledgor an address  
through which he or she is likely to be reached, and inform  
each pledgor in writing and orally, at the time of making  
the loan, that the pledgor has the obligation to keep the  
pawnbroker informed of pledgor's current address because it  
will be used to inform the pledgor of his or her right to  
notice of sale and delivery of any surplus after sale;

(d) apply the proceeds from the sale of  
collateral in the following order:

(i) the reasonable expenses of holding,  
preparing for sale, and selling the collateral [AS 45.09.504  
(a)(1)].

(ii) the satisfaction of the indebted-  
ness secured by the collateral [AS 45.09.504(a)(2)].

(iii) the satisfaction of indebtedness  
secured by a subordinate security interest in the collateral  
if written notification of demand therefor is received  
before distribution of the proceeds is complete [AS 45.09.504  
(a)(3)]; and

(b) after the accounting and delivery to the pledgor of any surplus [AS 45.05.50(b)].

(c) after the expiration of seven (7) years from the sale, the delivery of unclaimed surplus to the state [AS 09.50.070].

(d) after the sale, make a written accounting of, and written offer to deliver to the pledgor, any surplus after application of the proceeds as described in (d)(i)-(iii), which accounting and offer shall be made by sending written notice to the pledgor's last known address.

(e) establish and post, in a manner conspicuous to customers, a schedule of, or a formula for calculation of: reasonable costs of holding, preparing for sale, and selling an item of collateral; or in the alternative, maintain records documenting actual costs of holding, preparing for sale, and selling such item of collateral. Each defendant will keep copies of the schedule, formula, or records here required for ten (10) years after the time period to which such records apply.

3. Defendants and each of them are permanently enjoined from making any loan greater than \$100 including principal and pre-paid interest, to a single person, without a license as required by AS 06.20.010.

4. If defendants do not become licensed as required by AS 06.20.010, defendants and each of them are enjoined from violating AS 06.20.300 by the making of multiple loans to a single pledgor, the total of which loans exceed \$100, which loans are made on a single day or which are otherwise so close in time or made under such circumstances so as not to constitute "separate and individual" loans.

IT IS FURTHER ORDERED that defendants, and each of them, their agents, employees, and successors, are permanently enjoined from failing to comply with the provisions of the Truth-in-Lending Act, 15 U.S.C. §§ 1601 et seq. in relation to

1     the losing credit risk in pawn transactions. Furthermore,  
2     compliance with the Truth-in-Lending Act is enforceable  
3     by plaintiff State of Alaska, pursuant to AS 45.50.471.

4             IT IS HEREBY ORDERED that plaintiff, State of  
5     Alaska, Department of Commerce, waives its right to conduct  
6     proceedings pursuant to AS 06.20.320(a) regarding violations  
7     of the Small Loans Act by defendants Ghete, Clark, Cooper  
8     and Gun Traders, Inc., which violations may have occurred  
9     prior to the signing of this judgment.

10            IT IS HEREBY ORDERED that this injunction is  
11     entered pursuant to AS 45.50.501 and shall be enforced  
12     pursuant to AS 45.50.551(a) if any violations of this  
13     injunction shall occur in the future.

14            IT IS HEREBY ORDERED that judgment be entered  
15     against the defendants, and each of them, in favor of the  
16     plaintiff on all plaintiff's causes of action.

17            IT IS HEREBY ORDERED that the plaintiff is the  
18     prevailing party in this action and that the plaintiff is  
19     awarded attorney's fees and costs against the defendants in  
20     the amount of \$ \_\_\_\_\_, for which the defendants shall be  
21     liable as follows:

22            E. A. GHETE and MARGARET GHETE, jointly and severally  
23     d/b/a SILVER DOLLAR LOAN COMPANY (1/9th or 11.11%)

24                             \$ \_\_\_\_\_

25            RICHARD L. CLARK, individually d/b/a ANCHORAGE  
26     PAWN SHOP (1/9th or 11.11%)

27                             \$ \_\_\_\_\_

28            VIXEN ENTERPRISES, INC., a corporation d/b/a  
29     PIONEER LOAN COMPANY (1/9th or 11.11%)

30                             \$ \_\_\_\_\_

31            LARRY J. COOPER and L. A. COOPER, jointly and  
32     severally d/b/a SWAP AND SHOP (1/9th or 11.11%)

33                             \$ \_\_\_\_\_

2200 BROADWAY, 12TH FLOOR  
OFFICE OF THE ATTORNEY GENERAL  
ANCHORAGE BRANCH  
422 J STREET, SUITE 102  
ANCHORAGE, ALASKA 99501  
PHONE 271-1550

1 A. H. HUBBARD, individually d/b/a ALASKA TRADING

2 (1/9th or 11.11%)

3 \$ \_\_\_\_\_

4 ERWIN PITKIN, individually d/b/a NUGGET LOANS

5 (1/9th or 11.11%)

6 \$ \_\_\_\_\_

7 MARIAN E. PETERKINS, individually d/b/a MOUNTAIN

8 VIEW LOANS (1/9th or 11.11%)

9 \$ \_\_\_\_\_

10 THE GUN TRADERS, INC., a corporation d/b/a PAT'S

11 PAWN SHOP (1/9th or 11.11%)

12 \$ \_\_\_\_\_

13 MARJORY C. PRATT, individually d/b/a GRUBSTAKE

14 PAWNSHOP (1/9th or 11.11%)

15 \$ \_\_\_\_\_

16 DATED: 4-7-81

17 Victor D. Carlson

18 VICTOR D. CARLSON  
19 Superior Court Judge

20 This document was filed with the Clerk of the Court on the 7th day of February, 1981.  
21 Witness my hand and the seal of the Court at Anchorage, Alaska, this 7th day of February, 1981.

22 Palma E. Post

23 to before me

24 Mary T. Moore

25 Notary Public  
26 My Commission Expires July 12 1982

27 I certify that on 4-8-81  
28 a copy of this document was sent to:  
29  Clerk of the Court  
30  Judge  
31 at the office of record.  
32 D.O.E. 4-8-81  
33 [Signature] Clerk  
34 Rec'd Jnl: \_\_\_\_\_

35 OFFICE OF THE ATTORNEY GENERAL  
ANCHORAGE BRANCH  
420 LINDSEY SUITE 100  
ANCHORAGE, ALASKA 99501  
PHONE 274-3880

Mar 20 10 27 AM '81

E. A. GHETE, individually  
and MARGARET GHETE,  
individually d/b/a SILVER  
DOLLAR LOAN COMPANY; et al  
Defendants.

Civil Action No. 77-2951

MOTION FOR ATTORNEYS' FEES

Pursuant to Civil Rule 82(a)(2), the plaintiff, State of Alaska, hereby moves for an award of attorneys' fees commensurate with the amount and value of legal services rendered.

The state moves for a total award of \$3,600, to be apportioned between the nine defendant pawnbroker entities at \$400 per pawnshop. This request is supported by the affidavit of undersigned counsel regarding attorneys' fees. The \$3,600 request is discounted from actual fees.

The state will not submit a cost bill in this case.

DATE: April 7, 1981

WILSON L. CONDON  
ATTORNEY GENERAL

By: Connie J. Sipe  
Connie J. Sipe  
Assistant Attorney General  
Chief, Consumer Protection  
Section

Filed in the Trial Courts  
STATE OF ALASKA THIRD DISTRICT  
APR 7 - 1981  
Clerk of the Trial Courts  
By: [Signature] Deputy

ORDER

It is ordered that the motion for attorneys' fees is denied, the balancing of interests and the public records of the plaintiff's debt 4-7-81 that both sides had their own costs including attorneys' fees.

[Signature]  
Judge

4-8-81

I certify that on 4-8-81  
a copy of this document was sent to:  
 Attorney(s) of Record, or  
 Other.  
at the address of record.  
D.O.E. [Signature]

DEPARTMENT OF LAW  
OFFICE OF THE ATTORNEY GENERAL  
ANCHORAGE BRANCH  
425 WEST 50TH ST  
ANCHORAGE, ALASKA 99503  
PHONE 264-3222

THE PRECEDING DOCUMENT(S) MAY NOT FILM  
LEGIBLY BECAUSE OF POOR QUALITY OF THE  
ORIGINAL.



Official Business

# Alaska State Legislature

## Senate

### Judiciary Committee

Pouch V  
State Capitol  
Juneau, Alaska 99811

April 24, 1981

Mr. Wayne M. Pichon  
Owner, Grubstake Pawn and Loan  
and Eastside Variety and Loan Company  
283 Muldoon Road  
Anchorage, Alaska 99504

Dear Mr. Pichon:

Thank you for your telegram regarding SB 421.

I expect to conduct hearings on the bill May 6 and should pass it from committee by the following week.

I appreciate your concerns in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Pat".

Senator Patrick M. Rodey  
Chairman

PMR/ods

# TELEGRAM

ALASCOM, INC.

PHONE: 586-6144

JUNEAU, AK 99802

#

02260 NL ANCHORAGE ALASKA 50 04-23 0925P AST

PMS SEN PAT RODEY 2405

JUN

PLEASE SUPPORT SB421. WITHOUT YOUR HELP I WILL HAVE TO LAY OFF  
5 EMPLOYEES AND CLOSE TWO BUSINESSES WITHIN SIX MONTHS. I WILL  
THUS BE BANKRUPT.

WAYNE M PICHON

OWNER, GRUBSTAKE PAWN AND LOAN

AND EASTSIDE VARIETY AND LOAN COMPANY

283 MULDOON ROAD

ANCHORAGE ALASKA

81 APR 23 AM 10 34



Official Business

# Alaska State Legislature

## Senate

### Judiciary Committee

Pouch V  
State Capitol  
Juneau, Alaska 99811

April 27, 1981

Mr. Fred R. Smith  
Pat's Pawn Shop  
361 Muldoon Road  
Anchorage, Alaska 99504

Dear Mr. Smith:

Thank you for your comments on SB 421.

The Judiciary Committee will be hearing this legislation on Wednesday, May 6, at 1:30 p.m. in the Butrovich Room.

I expect the committee to pass the bill out shortly after that.

If you would like to provide testimony to the committee, oral or written, please contact my office prior to the above date.

I appreciate your concerns in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Pat".

Senator Patrick M. Rodey  
Chairman

PMR/ods



RECEIVED

APR 27 1981

MSG 81-00014078 PRTY 1 04/24/81 17:54:05 ORIG: LA02 IN= 0008 QUIT= 0111  
FROM: ROBERTA TO: JUND INFO  
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TO: ALL LEGISLATORS

FROM: FRED R SMITH, PAT'S PAWN SHOP, 361 MULDOON ROAD, ANC 99504; 337-3022

PLEASE DO ALL YOU CAN TO GET SB 421 PASSED DURING THIS SESSION OF THE  
LEGISLATURE. IT'S VERY VITAL TO OUR LIFE IN THE PAWN SHOP BUSINESS.



Official Business

# Alaska State Legislature

## Senate

### Judiciary Committee

Pouch V  
State Capitol  
Juneau, Alaska 99811

April 27, 1981

Mr. Walter L. Corey  
212 West 5th Avenue  
Anchorage, Alaska 99501

Dear Mr. Corey:

Thank you for your comments on SB 421. I will make your letter a part of the committee's permanent file, and will furnish a copy to each member for his consideration of this proposed legislation.

The Judiciary Committee will be hearing testimony on SB 421 on Wednesday, May 6, at 1:30 p.m. in the Butrovich Room, and I expect the committee to pass the bill out shortly after that.

If you care to provide testimony to the committee, either orally or written, please contact my office prior to the above date.

I appreciate your concerns in this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Pat".

Senator Patrick M. Rodey  
Chairman

PMR/ods

April 21, 1981



The Judiciary Committee  
State of Alaska  
Juneau, AK 99811

Dear Judiciary Committee:

I want to thank all of you on the Judiciary Committee from the bottom of my heart for the work done on Senate Bill No. 421.

It is now time for us in the pawn shop business to carry the ball.

We appreciate any and all support you can muster on our behalf.

If there is anything we can do to help support his Bill, please give me a collect call at 907-277-0413.

Anchorage Pawn Shop

Walter L. Corey  
212 W. 5th Avenue  
Anchorage, AK 99501

P.S. We are really between a rock and a hard spot. The only chance we have to save ourselves is the passage of Senate Bill 421.

*Thank You  
Walter L. Corey*

---

# SAMPLE PAWN Ticket

PAWN Book

Model No.		Article (Full Description)		Serial No.	
Other ID Nos.				Ticket No. <b>01240</b>	
Amount				Date	
Buy	Loan			Business	
Full Name (To Be Printed)				Social Sec. No.	
Sex	Date of Birth	Ht.	Wt.	Hair	Race
Signature				ID Type & No.	
Street Address (Local)			Out of Town Address		

Loan

## CUSTOMERS Ticket Anchorage Pawn Shop

01240

Anchorage, Alaska ..... , 19 .....

The following described property, to wit: .....

..... we agree to deliver to the pledgor or order upon the payment of the sum of (\$.....).

Your signature on the pawn ticket means that you understand the following credit terms which are disclosed pursuant to the Federal Truth in Lending Act.

1. The applicable FINANCE CHARGE is the difference between the redemption price and the original loan amount.
2. Amount of secured loan ..... S .....
3. Finance charge of 20% per 30 days or any part of 30 days ..... S .....
4. Service Charge - Filing Fee ..... S .....
5. Total amount due in 30 days ..... S .....
6. Annual Percentage Rate of this loan is 240%.

Payment of this loan is due 30 days from the date of this pawn ticket. If the property is redeemed at some time less than 30 days after the loan is made, the entire interest for the 30 day period is due.

After 30 days the pawnbroker will send a notice of sale to the borrower. If no response is received within 10 days the pawnbroker assumes title to the property pawned and it may be sold from the pawnbrokers retail business.

The borrower has the right of extending this loan for an additional 30 days by paying the finance charge at some time less than 30 days after the loan was made.

WHEN WRITING ALWAYS MENTION NUMBER OF TICKET  
POSITIVELY NO PLEDGES ALLOWED FOR EXAMINATION

**212 FIFTH AVENUE**

ANCHORAGE PAWN SHOP  
212 West 5th Avenue  
Anchorage, Alaska 99501

April 21, 1981

State Senators  
State of Alaska  
Juneau, AK 99811

Senators" *Pat Rosley*

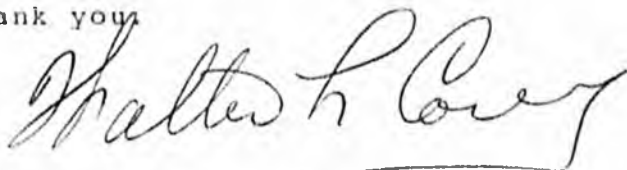
I am writing this letter in ~~desperation~~ *desperation*

We in the pawn shop business in the State of Alaska have been placed in the same category as banks and other lending institutions such as Beneficial Finance, etc. We simply cannot exist under these laws (a copy enclosed). We have been in business for over forty years and were exempt from the laws governing other lending institutions. However, the Consumers Protection Agency is trying to force pawn shops to follow the same laws that govern these other lending institutions.

It is my sincere hope that you will take the time to look over the order that Judge Carlson has handed down which will, in fact, close our doors.

The Judiciary Committee has drawn up document Senate Bill 421. This bill will exempt pawn shops from the laws that govern other lending institutions. Our only hope is to have SB 421 pass and made into law.

Thank you




Walter L. Corey, Mgr.  
212 West 5th Avenue  
Anchorage, AK 99501

P.S. Tim does not permit to write to each of you personally, therefore, I am forwarding copies of this letter to each.

SAMPLE Pawn Ticket

Pawn Book

Model No.		Article (Full Description)		Serial No.	
Other ID Nos.				Ticket No. 01240	
Amount				Date	
Buy	Loan			Business	
Full Name (To Be Printed)				Social Sec. No.	
Sex	Date of Birth	Ht.	Wt.	Bld	Eyes
					Hair
					Race
Signature				ID Type & No.	
Street Address (Local)			Out of Town Address		
[ ]		Loan		[ ]	
					

CUSTOMERS Ticket  
Anchorage Pawn Shop

01240

Anchorage, Alaska ..... , 19 .....

The following described property, to wit: .....

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4. Service Charge - Filing Fee ..... S .....
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After 30 days the pawnbroker will send a notice of sale to the borrower. If no response is received within 10 days the pawnbroker assumes title to the property pawned and it may be sold from the pawnbrokers retail business.

The borrower has the right of extending this loan for an additional 30 days by paying the finance charge at some time less than 30 days after the loan was made.

WHEN WRITING ALWAYS MENTION NUMBER OF TICKET  
POSITIVELY NO PLEDGES ALLOWED FOR EXAMINATION

212 FIFTH AVENUE

1 IN THE SUPERIOR COURT FOR THE STATE OF ALASKA  
2 THIRD JUDICIAL DISTRICT AT ANCHORAGE

3 STATE OF ALASKA, )  
4 )  
5 Plaintiff, )  
6 )  
7 v. )  
8 )  
9 E. A. GHETE, individually )  
10 and MARGARET GHETE, )  
11 individually d/b/a SILVER )  
12 DOLLAR LOAN COMPANY; )  
13 RICHARD L. CLARK, individually )  
14 d/b/a ANCHORAGE PAWN SHOP; )  
15 VIXEN ENTERPRISES, INC., a )  
16 corporation d/b/a PIONEER )  
17 LOAN COMPANY; LARRY J. COOPER )  
18 individually and L. A. COOPER, )  
19 individually d/b/a SWAP AND )  
20 SHOP; and CLARENCE L. BEAUBOUT )  
21 individually and S. L. LAMP, )  
22 individually d/b/a HULDOON )  
23 PAWN SHOP; W. N. JOHNSON, )  
24 individually and R. E. )  
25 PURGESSON, individually d/b/a )  
26 ALASKA TRADING POST; EDWIN )  
27 PITKIN, individually d/b/a )  
28 BUDGET LOANS; MARIAN E. )  
29 PETERKINS, individually d/b/a )  
30 HOUTIAN VIEW LOANS; THE GUN )  
31 TRADERS, INC., a corporation, )  
32 d/b/a PAT'S PAWN SHOP; )  
33 MARJORY C. PRATT, individually )  
34 d/b/a GRUBSTAKE PAWNSHOP, )  
35 )  
36 Defendants. )

RECEIVED  
APR - 9 1981

Baily & Mason

Filed in the Trial Courts  
STATE OF ALASKA THIRD DISTRICT

APR 7 1981  
Clerk of the Trial Courts  
Deputy

37 Civil Action No. 77-2951

38 FINAL JUDGMENT

39 The court having entered its findings of fact and  
40 conclusions of law in this case, in a Memorandum and Order  
41 dated July 14, 1980,

42 IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

43 1. The terms of this judgment do not apply to the  
44 named defendants W. N. Johnson or Clarence L. Beaubout, because  
45 of their having left this business prior to the filing of  
46 state's complaint. The state's cause of action against them  
47 is hereby dismissed with prejudice.

48 2. Defendants, and each of them, their agents,  
49 employees and successors, are permanently enjoined from  
50 failing to comply with the provisions of AS 45.09.101-.507

FEB 27 1981  
Baily & Mason

STATE OF ALASKA  
SUPERIOR COURT  
ANCHORAGE DISTRICT  
CLERK OF COURT  
ANCHORAGE, ALASKA



1 (iv) the accounting and delivery to  
2 the pledgor of any surplus [AS 45.09.504(b)].

3 (v) after the expiration of seven (7)  
4 years from the sale, the delivery of unclaimed surplus to  
5 the state [AS 09.50.070].

6 (e) after the sale, make a written accounting  
7 of, and written offer to deliver to the pledgor, any surplus  
8 after application of the proceeds as described in (d) (i)-  
9 (iii), which accounting and offer shall be made by sending  
10 written notice to the pledgor's last known address.

11 (f) establish and post, in a manner con-  
12 spicuous to customers, a schedule of, or a formula for  
13 calculation of: reasonable costs of holding, preparing for  
14 sale, and selling an item of collateral; or in the alter-  
15 native, maintain records documenting actual costs of holding,  
16 preparing for sale, and selling such item of collateral.  
17 Each defendant will keep copies of the schedule, formula, or  
18 records here required for ten (10) years after the time  
19 period to which such records apply.

20 3. Defendants and each of them are permanently  
21 enjoined from making any loan greater than \$100 including  
22 principal and pre-paid interest, to a single person, without  
23 a license as required by AS 06.20.010.

24 4. If defendants do not become licensed as  
25 required by AS 06.20.010, defendants and each of them are  
26 enjoined from violating AS 06.20.300 by the making of multiple  
27 loans to a single pledgor, the total of which loans exceed  
28 \$100, which loans are made on a single day or which are  
29 otherwise so close in time or made under such circumstances  
30 so as not to constitute "separate and individual" loans.

31 IT IS FURTHER ORDERED that defendants, and each of  
32 them, their agents, employees, and successors, are permanently  
33 enjoined from failing to comply with the provisions of the  
34 Truth-in-Lending Act, 15 U.S.C. §§ 1601 et seq. in relation to

2025 RELEASE UNDER E.O. 14176  
FEDERAL BUREAU OF INVESTIGATION  
WASHINGTON, D.C. 20535  
4821 L STREET, S.W.  
AVENUE BRANCH  
FEDERAL BUREAU OF INVESTIGATION  
WASHINGTON, D.C. 20535

1 disclosing credit costs in pawn transactions. Furthermore,  
2 noncompliance with the Truth-in-Lending Act is enforce-able  
3 by plaintiff State of Alaska, pursuant to AS 45.50.471.

4 IT IS HEREBY ORDERED that plaintiff, State of  
5 Alaska, Department of Commerce, waives its right to conduct  
6 proceedings pursuant to AS 06.20.320(a) regarding violations  
7 of the Small Loans Act by defendants Ghete, Clark, Cooper  
8 and Gun Traders, Inc., which violations may have occurred  
9 prior to the signing of this judgment.

10 IT IS HEREBY ORDERED that this injunction is  
11 entered pursuant to AS 45.50.501 and shall be enforced  
12 pursuant to AS 45.50.551(a) if any violations of this  
13 injunction shall occur in the future.

14 IT IS HEREBY ORDERED that judgment be entered  
15 against the defendants, and each of them, in favor of the  
16 plaintiff on all plaintiff's causes of action.

17 IT IS HEREBY ORDERED that the plaintiff is the  
18 prevailing party in this action and that the plaintiff is  
19 awarded attorney's fees and costs against the defendants in  
20 the amount of \$ \_\_\_\_\_, for which the defendants shall be  
21 liable as follows:

22 E. A. GHETE and MARGARET GHETE, jointly and severally  
23 d/b/a SILVER DOLLAR LOAN COMPANY (1/9th or 11.11%)

24 \$ \_\_\_\_\_

25 RICHARD L. CLARK, individually d/b/a ANCHORAGE  
26 PAWN SHOP (1/9th or 11.11%)

27 \$ \_\_\_\_\_

28 VIXEN ENTERPRISES, INC., a corporation d/b/a  
29 PIONEER LOAN COMPANY (1/9th or 11.11%)

30 \$ \_\_\_\_\_

31 LARRY J. COOPER and L. A. COOPER, jointly and  
32 severally d/b/a SWAP AND SHOP (1/9th or 11.11%)

33 \$ \_\_\_\_\_

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R. E. FURGESON, individually d/b/a ALASKA TRADING  
POST (1/9th or 11.11%)

\$ \_\_\_\_\_

EDWIN PITKIN, individually d/b/a NUGGET LOANS  
(1/9th or 11.11%)

\$ \_\_\_\_\_

MARIAN E. PETERKINS, individually d/b/a MOUNTAIN  
VIEW LOANS (1/9th or 11.11%)

\$ \_\_\_\_\_

THE GUN TRADERS, INC., a corporation d/b/a PAT'S  
PAWN SHOP (1/9th or 11.11%)

\$ \_\_\_\_\_

MARJORY C. PRATT, individually d/b/a GRUBSTAKE  
PAWNSHOP (1/9th or 11.11%)

\$ \_\_\_\_\_

DATED: 4-7-81

*Victor D. Carlson*  
VICTOR D. CARLSON  
Superior Court Judge

*Subscribed and sworn to before me this 7th day of February 1981 at Anchorage, Alaska.*

*Robert L. Peck*  
Notary Public

*Myra J. Adams*  
Notary Public  
My Commission Expires July 12 1982

I certify that on 4-8-81  
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 ( )  
at the address of record.  
D.O.C. 9-8-81 *[Signature]* Clerk  
Rec'd Jule \_\_\_\_\_

OFFICE OF THE ATTORNEY GENERAL  
ANCHORAGE BRANCH  
420 WEST SUITE 200  
ANCHORAGE ALASKA 99501  
PHONE 273-0280

1 IN THE SUPERIOR COURT FOR THE STATE OF ALASKA

2 THIRD JUDICIAL DISTRICT AT ANCHORAGE

3 STATE OF ALASKA, )

4 Plaintiff, )

5 vs. )

6 E. A. GHETE, individually )  
and MARGARET GHETE, )  
7 individually d/b/a SILVER )  
DOLLAR LOAN COMPANY; et al )

8 Defendants. )

9 Civil Action No. 77-2951

1000  
MAR 20 10 27 AM 1981

CLERK  
*[Signature]*

11 MOTION FOR ATTORNEYS' FEES

12 Pursuant to Civil Rule 82(a)(2), the plaintiff, State  
13 of Alaska, hereby moves for an award of attorneys' fees  
14 commensurate with the amount and value of legal services  
15 rendered.

16 The state moves for a total award of \$3,600, to  
17 be apportioned between the nine defendant pawnbroker entities  
18 at \$400 per pawnshop. This request is supported by the  
19 affidavit of undersigned counsel regarding attorneys' fees.  
20 The \$3,600 request is discounted from actual fees.

21 The state will not submit a cost bill in this case.

22 DATE: 4/7/81

23 WILSON L. CONDON  
ATTORNEY GENERAL

24 By: *[Signature]*  
Connie J. Sipe  
Assistant Attorney General  
Chief, Consumer Protection  
Section

25 Filed in the Trial Courts,  
STATE OF ALASKA THIRD DISTRICT  
APR 7 1981  
Clerk of the Trial Courts  
By: *[Signature]* Deputy

26 ORDER

27 It is ordered that the motion for attorneys'  
28 fees is denied, the following is entered and the pro-  
29 ceeds of the plaintiff's attorneys' fee 4-7-81  
30 that both sides had their own costs  
31 including attorneys' fees

*[Signature]*  
Judge

32 I certify that on 4-8-81  
33 a copy of this document was sent to  
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 other  
35 at the address of record  
D.O.E. *[Signature]*  
Rec'd July: *[Signature]*

DEPARTMENT OF LAW  
OFFICE OF THE ATTORNEY GENERAL  
ANCHORAGE BRANCH  
420 SOUTH POLE  
ANCHORAGE, ALASKA 99509  
PHONE 273-1522

1 IN THE SUPERIOR COURT FOR THE STATE OF ALASKA

2 THIRD JUDICIAL DISTRICT AT ANCHORAGE

3 STATE OF ALASKA, )  
 )  
 4 Plaintiff, )  
 )  
 5 v. )  
 )  
 6 E. A. GHETE, individually )  
 and MARGARET GHETE, )  
 7 individually d/b/a SILVER )  
 DOLLAR LOAN COMPANY; )  
 8 RICHARD L. CLARK, individually )  
 d/b/a ANCHORAGE PAWN SHOP; )  
 9 VIXEN ENTERPRISES, INC., a )  
 corporation d/b/a PIONEER )  
 10 LOAN COMPANY; LARRY J. COOPER )  
 individually and L. A. COOPER, )  
 11 individually d/b/a SWAP AND )  
 SHOP; and CLARENCE L. BEAUBOUT )  
 12 individually and S. L. LAMP, )  
 individually d/b/a MULDOON )  
 13 PAWN SHOP; W. N. JOHNSON, )  
 individually and R. E. )  
 14 PURGESON, individually d/b/a )  
 ALASKA TRADING POST; EDWIN )  
 15 PETKIN, individually d/b/a )  
 RUGGET LOANS; MARIAN E. )  
 16 PETERKINS, individually d/b/a )  
 HOUGHTON VIEW LOANS; THE GUN )  
 17 TRADERS, INC., a corporation, )  
 d/b/a PAT'S PAWN SHOP; )  
 18 MARJORY C. PRATT, individually )  
 d/b/a GRUBSTAKE PAWNSHOP, )  
 19 )  
 20 Defendants. )

**RECEIVED**  
 APR - 9 1981

Baily & Mason

Filed in the Trial Courts  
 STATE OF ALASKA THIRD DISTRICT  
 APR 7 1981  
 Clerk of the Trial Courts  
 By: [Signature] Deputy

FEB 27 1981  
 Aug Daily

21 Civil Action No. 77-2951

22 FINAL JUDGMENT

23 The court having entered its findings of fact and  
 24 conclusions of law in this case, in a Memorandum and Order  
 25 dated July 14, 1980,

26 IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

27 1. The terms of this judgment do not apply to the  
 28 named defendants W. N. Johnson or Clarence L. Beaubout, because  
 29 of their having left this business prior to the filing of  
 30 state's complaint. The state's cause of action against them  
 31 is hereby dismissed with prejudice.

32 2. Defendants, and each of them, their agents,  
 33 employees and successors, are permanently enjoined from  
 34 failing to comply with the provisions of AS 45.09.101-.507

OFFICE OF THE CLERK OF THE TRIAL COURTS  
 ANCHORAGE BRANCH  
 44 SOUTH THIRD AVENUE  
 ANCHORAGE, ALASKA 99501  
 PHONE 263-5250

1 (Secured Transactions.) Specifically, defendants shall,  
2 after a pledgor has defaulted on a loan:

3 (a) give reasonable notice, after default,  
4 such as by a postcard sent to the pledgor's last known  
5 address, to the pledgor of the time and place of a public  
6 sale or of the time after which a private sale or other  
7 intended disposition is to be made;

8 (b) return the unsold personal property to  
9 the pledgor upon tender of principal and interest on the  
10 loan secured by the personal property and the reasonable  
11 cost of actual preparation for the sale of the collateral by  
12 pawnbroker, if tender of such sums is made before the time  
13 and date of the sale as specified in the notice sent by the  
14 pawnbroker pursuant to subparagraph (a) above.

15 (c) obtain from each pledgor an address  
16 through which he or she is likely to be reached, and inform  
17 each pledgor in writing and orally, at the time of making  
18 the loan, that the pledgor has the obligation to keep the  
19 pawnbroker informed of pledgor's current address because it  
20 will be used to inform the pledgor of his or her right to  
21 notice of sale and delivery of any surplus after sale;

22 (d) apply the proceeds from the sale of  
23 collateral in the following order:

24 (i) the reasonable expenses of holding,  
25 preparing for sale, and selling the collateral [AS 45.09.504  
26 (a)(1)].

27 (ii) the satisfaction of the indebted-  
28 ness secured by the collateral [AS 45.09.504(a)(2)].

29 (iii) the satisfaction of indebtedness  
30 secured by a subordinate security interest in the collateral  
31 if written notification of demand therefor is received  
32 before distribution of the proceeds is complete [AS 45.09.504  
33 (a)(3)]; and

1 (iv) the accounting and delivery to  
2 the pledgor of any surplus [AS 45.09.504(b)].

3 (v) after the expiration of seven (7)  
4 years from the sale, the delivery of unclaimed surplus to  
5 the state [AS 09.50.070].

6 (e) after the sale, make a written accounting  
7 of, and written offer to deliver to the pledgor, any surplus  
8 after application of the proceeds as described in (d)(i)-  
9 (iii), which accounting and offer shall be made by sending  
10 written notice to the pledgor's last known address.

11 (f) establish and post, in a manner con-  
12 spicuous to customers, a schedule of, or a formula for  
13 calculation of: reasonable costs of holding, preparing for  
14 sale, and selling an item of collateral; or in the alter-  
15 native, maintain records documenting actual costs of holding,  
16 preparing for sale, and selling such item of collateral.  
17 Each defendant will keep copies of the schedule, formula, or  
18 records here required for ten (10) years after the time  
19 period to which such records apply.

20 3. Defendants and each of them are permanently  
21 enjoined from making any loan greater than \$100 including  
22 principal and pre-paid interest, to a single person, without  
23 a license as required by AS 06.20.010.

24 4. If defendants do not become licensed as  
25 required by AS 06.20.010, defendants and each of them are  
26 enjoined from violating AS 06.20.300 by the making of multiple  
27 loans to a single pledgor, the total of which loans exceed  
28 \$100, which loans are made on a single day or which are  
29 otherwise so close in time or made under such circumstances  
30 so as not to constitute "separate and individual" loans.

31 IT IS FURTHER ORDERED that defendants, and each of  
32 them, their agents, employees, and successors, are permanently  
33 enjoined from failing to comply with the provisions of the  
34 Truth-in-Lending Act, 15 U.S.C. §§ 1601 et seq. in relation to

1 disclosing credit costs in pawn transactions. Furthermore,  
2 noncompliance with the Truth-in-Lending Act is enforceable  
3 by plaintiff State of Alaska, pursuant to AS 45.50.471.

4 IT IS HEREBY ORDERED that plaintiff, State of  
5 Alaska, Department of Commerce, waives its right to conduct  
6 proceedings pursuant to AS 06.20.320(a) regarding violations  
7 of the Small Loans Act by defendants Ghete, Clark, Cooper  
8 and Gun Traders, Inc., which violations may have occurred  
9 prior to the signing of this judgment.

10 IT IS HEREBY ORDERED that this injunction is  
11 entered pursuant to AS 45.50.501 and shall be enforced  
12 pursuant to AS 45.50.551(a) if any violations of this  
13 injunction shall occur in the future.

14 IT IS HEREBY ORDERED that judgment be entered  
15 against the defendants, and each of them, in favor of the  
16 plaintiff on all plaintiff's causes of action.

17 IT IS HEREBY ORDERED that the plaintiff is the  
18 prevailing party in this action and that the plaintiff is  
19 awarded attorney's fees and costs against the defendants in  
20 the amount of \$ \_\_\_\_\_, for which the defendants shall be  
21 liable as follows:

22 E. A. GHETE and MARGARET GHETE, jointly and severally  
23 d/b/a SILVER DOLLAR LOAN COMPANY (1/9th or 11.11%)

24 \$ \_\_\_\_\_

25 RICHARD L. CLARK, individually d/b/a ANCHORAGE  
26 PAWN SHOP (1/9th or 11.11%)

27 \$ \_\_\_\_\_

28 VIXEN ENTERPRISES, INC., a corporation d/b/a  
29 PIONEER LOAN COMPANY (1/9th or 11.11%)

30 \$ \_\_\_\_\_

31 LARRY J. COOPER and L. A. COOPER, jointly and  
32 severally d/b/a SWAP AND SHOP (1/9th or 11.11%)

33 \$ \_\_\_\_\_

STATE OF ALASKA  
DEPARTMENT OF COMMERCE  
OFFICE OF THE ATTORNEY GENERAL  
ANCHORAGE BRANCH  
400 WEST 5TH ST  
ANCHORAGE, ALASKA 99501  
PHONE 273-3320

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R. E. FURGESON, individually d/b/a ALASKA TRADING  
POST (1/9th or 11.11%)

\$ \_\_\_\_\_

EDWIN PITKIN, individually d/b/a NUGGET LOANS  
(1/9th or 11.11%)

\$ \_\_\_\_\_

MARIAN E. PETERKINS, individually d/b/a MOUNTAIN  
VIEW LOANS (1/9th or 11.11%)

\$ \_\_\_\_\_

THE GUN TRADERS, INC., a corporation d/b/a PAT'S  
PAWN SHOP (1/9th or 11.11%)

\$ \_\_\_\_\_

MARICRY C. PRATT, individually d/b/a GRUBSTAKE  
PAWNSHOP (1/9th or 11.11%)

\$ \_\_\_\_\_

DATED: 4-7-81

Victor D. Carlson  
VICTOR D. CARLSON  
Superior Court Judge

Subscribed and sworn to before me on 27th day of  
February, 1981 at Juneau, Alaska.

Palmer S. Beck  
Notary Public

Myra S. Johnson  
Notary Public  
My Commission Expires July 12, 1982

I certify that on 4-8-81  
a copy of this document was sent to:  
 (Name of Recipient)  
 Other  
at the address of record.  
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BRIDGE STREET FEDERAL  
EXCHANGE BRANCH  
450 N. STREET SUITE 200  
ANCHORAGE, ALASKA 99501  
PHONE 271-2222

1 IN THE SUPERIOR COURT FOR THE STATE OF ALASKA

2 THIRD JUDICIAL DISTRICT AT ANCHORAGE

3 STATE OF ALASKA, )  
4 Plaintiff, )  
5 vs. )  
6 E. A. GHETE, individually )  
7 and MARGARET GHETE, )  
8 individually d/b/a SILVER )  
9 DOLLAR LOAN COMPANY; et al )  
10 Defendants. )

MAR 20 10 27 AM 1981

CLERK  
*[Signature]*

Civil Action No. 77-2951

11 MOTION FOR ATTORNEYS' FEES

12 Pursuant to Civil Rule 82(a)(2), the plaintiff, State  
13 of Alaska, hereby moves for an award of attorneys' fees  
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15 rendered.

16 The state moves for a total award of \$3,600, to  
17 be apportioned between the nine defendant pawnbroker entities  
18 at \$400 per pawnshop. This request is supported by the  
19 affidavit of undersigned counsel regarding attorneys' fees.  
20 The \$3,600 request is discounted from actual fees.

21 The state will not submit a cost bill in this case.

22 DATE: *March 19, 1981*

WILSON L. CONDON  
ATTORNEY GENERAL

23 BY: *Connie J. Sipe*  
Connie J. Sipe  
Assistant Attorney General  
Chief, Consumer Protection  
Section

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ORDER

*It is ordered that the motion for attorney's fees is denied, the following interests and the proceeds of the pawnshop are to be returned to the plaintiff including attorney's fees 4-7-81*

*Julius Carlson*  
Judge

I certify that on 4-8-81  
a copy of this document was sent to:  
[ ] Attorney at Law, or  
[ ] Other  
at the address of record.  
D.O.B. \_\_\_\_\_  
Clerk

Rec'd Jal: \_\_\_\_\_

DEPARTMENT OF LAW  
OFFICE OF THE ATTORNEY GENERAL  
ANCHORAGE BRANCH  
400 ARMY ST. 2/F  
ANCHORAGE, ALASKA 99501  
PHONE 271-2852

Filed in the Trial Courts  
STATE OF ALASKA THIRD JUDICIAL DISTRICT  
APR 7 1981  
Clerk of the Trial Courts  
By: *[Signature]* Deputy

Model No.		Article (Full Description)						Serial No.
Other ID Nos.		This is The Notice That Goes TO ALL LAW INFORMANT AGENCIES						Ticket No.
Amount								Date
Buy	Loan							Business Name
Full Name (To Be Printed)							Social Sec. No.	
Sex	Date of Birth	Ht.	Wt.	Bld	Eyes	Hair	Race	ID Type & No.
Signature								
Street Address (Local)				Out of Town Address				

Model No.		Article (Full Description)						Serial No.
Other ID Nos.		These Cards are sent to all the Law enforcement agencies						Ticket No.
Amount								Date
Buy	Loan							Business Name
Full Name (To Be Printed)							Social Sec. No.	
Sex	Date of Birth	Ht.	Wt.	Bld	Eyes	Hair	Race	ID Type & No.
Signature								
Street Address (Local)				Out of Town Address				



Official Business

# Alaska State Legislature

## Senate

### Judiciary Committee

Pouch V  
State Capitol  
Juneau, Alaska 99811

Douglas B. Baily, Esq.  
Baily and Mason, Lawyers  
510 L Street, Suite 312  
Anchorage, Alaska 99501

Dear Doug:

Thank you for your letter of April 9, and your comments on SB 421.

I have introduced this legislation through the Judiciary Committee, which should alleviate most of the problems encountered by our pawnshop friends. The bill has been referred to the Labor and Commerce Committee.

Senator Bennett has indicated a preference for amending current law to boost the dollar limit to \$200.00 in order to bring it into line with current dollar values. We will probably handle this in Committee.

I have enclosed a copy of the bill, as introduced, for your information.

Please thank Nanci for supporting my candidacy to the Chugach Electric Board of Directors.

Sincerely,

A handwritten signature in cursive script, appearing to read "Patrick M. Rodey".

Senator Patrick M. Rodey  
Chairman

PMR/ods  
Enclosure

BAILY AND MASON  
LAWYERS  
A PROFESSIONAL CORPORATION  
510 L STREET, SUITE 312  
ANCHORAGE, ALASKA 99501

SB421

DOUGLAS B. BAILY  
JULIAN L. MASON III  
CABOT CHRISTIANSON  
MICHAEL J. FRANK

TELEPHONE  
AREA CODE 907  
276-4331

April 9, 1981

RECEIVED

APR 13 1981

Senator Pat Rodey  
c/o Alaska State Legislature  
Pouch V (MS 3100)  
Juneau, AK 99811

RE: Pawnshop Owners

Dear Senator *Pat* Rodey:

I greatly appreciate the time which you made available to me in your office on April 8th to discuss problems confronting the Anchorage and Fairbanks pawnshop owners. Your expressed willingness to co-sponsor a P<sup>1</sup>1 providing certain relief is greatly appreciated and I have advised my clients in Anchorage of your willingness to assist. As I indicated, Senator Bettye Fahrenkamp had expressed a willingness to introduce a bill and to seek co-sponsors. Senator Ed Dankworth and Senator Brad Pradley have also expressed their willingness to co-sponsor. I hope that by this time all of those expressions have been conveyed to Senator Fahrenkamp's office.

I conveyed your greetings to Nancy and have asked her to add a note at the end of this letter. Thank you very much again and your courtesy and support.

Very truly yours,

BAILY & MASON

*Douglas B. Baily*  
Douglas B. Baily

DBB/ak

*Hi Pat,*

*I put an "x" in the last memo to your name at the Chugach Electric annual meeting last night. Best wishes for continuing success in all your endeavors.*  
*Spence*

# CSB 421 (SUD)

## \* Sec. 1

EXEMPTS LOANS BY PATRONBROKERS NOT  
EXCEEDING \$200 FROM UNIFORM COMMERCIAL  
CODE REQUIREMENTS  
(UCC - ADOPTED 1962)

## \* Sec. 2

EXEMPTS LOANS BY PATRONSHOPS NOT  
EXCEEDING \$200 FROM THE ALASKA  
SMALL LOANS ACT.  
(ORIGINAL EXEMPTION ADOPTED 1955)

## \* Sec. 3 EFFECTIVE DATE CLAUSE