

New Fees for Pawn Shops Likely

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Flagstaff City Council gives initial backing to a \$2 fee at pawn shops

Aug. 8 -- Pawning an iPod in Flagstaff is likely to get a little more expensive in the near future. The Flagstaff City Council unanimously backed a new \$2 transaction fee for every pawn transaction within the city this week.

If the proposal gets final approval from the council in a few weeks, the new fees would generate more than \$100,000 in revenue for the Flagstaff Police Department, which wants to use the money to pay the salary of a property crimes detective.

Second-hand merchandise sold at stores like Bookman's and Hastings would not be covered by the proposed fee. The

owners of the local pawn shops called the proposed fee excessive and discriminatory to their clients. Councilmember Joe Haughey supported the proposal, despite his usual reluctance to any increase in mandatory fees to business and residents. "I am not really excited about fees, taxing and all of that, but I understand the overall need for this," said the former police officer.

Greg Geile, the chief operations officer for the two Superpawn locations in Flagstaff as well as five other locations in Arizona, said the ordinance places a heavy burden on the Native American community. He said 48 percent of his customers are Native American and many of those customers do not have a bank account. Geile said the pawn shops already cooperate with various police agencies through an online reporting system that gives law enforcement information on the sale of items in area pawn shops. "We already report all transactions electronically through **LeadsOnline** and absorb the cost of collecting and reporting the data," Geile said. "Pawn customers are fingerprinted and all item information is properly recorded and submitted to law enforcement every night." Lorraine Jensen of the Pow Wow Trading Post in downtown Flagstaff said the fee would be a hardship on her clients who come from remote areas of the Navajo Nation.

"I have some elderly Native Americans that come from different reservations, some of them come from Dilkon and Kayenta, and they travel quite a bit of distance to get here to pawn and do their shopping here in Flagstaff," she said. Jensen had asked the council to table the issue, hoping find an alternative to the current proposal. One of Jensen's primary concerns was that her store would be forced to continually charge her customers the same \$2 fee each time they pawned an item.



Property Theft Detective Mike Rodriguez with the Flagstaff Police Department deals with stolen goods involving pawnshops. To offset paperwork fees dealing with tracking pawned items, the City of Flagstaff has given tentative approval to a \$2 transaction fee at pawn shops. (Josh Biggs/Arizona Daily Sun)

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She said it was common for her customers to pawn and then buy back the same item several times over the course of a year. Officials with the Flagstaff City Council will make a final decision on the \$2 transaction fee during its Aug. 19 meet.

13 BIKES PAWNED IN 60 DAYS Officials with the Flagstaff Police Department argued otherwise, producing records of various items found in pawn shops during infrequent investigations. Sgt. Roberta Coons said one random inspection of a shop last year found for sale a nail gun engraved with the name of the construction company and a Social Security number that did not match the person who had pawned the item. Coons said frequently stolen property in Flagstaff includes guns, tools, bicycles and electronic equipment, specifically iPods.

"A small portion of the community is responsible for a large portion of crime," she told the council. To illustrate her point, she said one subject pawned a total of 179 items between May 2006 and May 2007, including three sets of golf clubs. One set of those clubs was reported stolen, she said. Coons said a couple pawned a total of 13 bikes in a 60-day period – many of which were later determined to be stolen. She credited the unnamed pawn shop with the original tip.

Police Chief Brent Cooper said with property crime in Flagstaff more than double the national average and higher than the state average, the city had to do something to address crime. "We feel that it is a very necessary tool that we need in our inventory in order to address this problem more effectively," Cooper told the council.

Phoenix, Peoria and Kingman already impose a \$3 transaction fee at pawn shops. Tempe and Mesa are also considering instituting a similar fee. After Peoria instituted its pawn fee last year, Coons said the Peoria Police Department returned roughly \$36,000 in stolen property during the first nine months.

'THE PAWN SHOP IS MY BANK' In addition to the owners of the three local pawn shops and a registered lobbyist from the Arizona Pawnbrokers Association, more than two dozen people called the city council's "opinion line" to voice their concerns about the transaction fee. A transcribed list of those messages released by the city found key phrase in common with a pamphlet being distributed in local pawn shops. Among the commonly used phrases – "the pawn shop is my bank" and "the pawn fee is discriminatory." The flier also has several inaccuracies, including referring to a \$3 fee and list contact information for Joe Donaldson, Kara Kelty and Karen Cooper – all of whom left the council in June.

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