



County Technical Assistance Service  
INSTITUTE *for* PUBLIC SERVICE

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# Eligibility for License

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Dear Reader:

The following document was created from the CTAS website ([ctas.tennessee.edu](http://ctas.tennessee.edu)). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

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<b>Eligibility for License .....</b>	<b>. 3</b>
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## Eligibility for License

Reference Number: CTAS-402

To be eligible for a pawnbroker's license, an applicant (and if the applicant is a business entity, each operator or beneficial owner, and as to a corporation, each officer, shareholder, and director) must:

- (a) Be of good moral character;
- (b) Have net assets<sup>1</sup> of at least seventy-five thousand dollars (\$75,000), readily available for use exclusively in conducting the business of each licensed pawnbroker;
- (c) Show that the business will be operated lawfully and fairly within the purpose of the act; and
- (d) Not have had a prior felony conviction within ten (10) years immediately preceding the date of the application which directly relates to the duties and responsibilities of the occupation of pawnbroker, or otherwise makes the applicant presently unfit for a pawnbroker's license, as determined by the county clerk.

T.C.A. § 45-6-206.

County clerks have little direct guidance on exactly what felony offenses would make a person ineligible to hold a pawnbroker license. However, general guidance could be gleaned from the cases interpreting felonies which make a person unfit to hold public office and offenses which are the basis for denial of a beer permit. In addition, other provisions of the law require an affidavit from each applicant stating that he or she has not been convicted of a felony within the past ten (10) years that directly affects his or her ability to lawfully and fairly operate a pawnbroker business, and a certificate from the sheriff/chief of police/Tennessee bureau of investigation that the applicant has not been convicted of any felony within the past ten (10) years. T.C.A. § 45-6-207. Applicants are no longer required to be Tennessee residents in order to obtain a pawnbroker license; that requirement was deleted from T.C.A. § 45-6-206 in 1995.

In addition to the above requirements, in counties where the local law enforcement agency has requested pawnbrokers to transfer pawn transactions electronically, the applicant must also have a computer system that is capable of electronically transferring information so that when licensed, the pawnbroker can comply with the requirements of T.C.A. § 45-6-221. T.C.A. § 45-6-206(a)(4).

If an applicant is a business entity, the eligibility requirements apply to each operator or beneficial owner. If the applicant is a corporation, the eligibility requirements apply to each officer, shareholder, and director. T.C.A. § 45-6-206(c).

<sup>1</sup>"Net assets" is defined as the book value of the current assets of a person or pawnbroker less its applicable liabilities. "Current assets" include the investment made in cash, bank deposits, merchandise inventory, and loans due from customers excluding the pawnshop charge; "current assets" do *not* include investments made in fixed assets of real estate, furniture, fixtures, or equipment, investments made in stocks, bonds, or other securities or investments made in prepaid expenses or other general intangibles. "Applicable liabilities" include trade or other accounts payable; accrued sales, income, or other taxes; accrued expenses and notes or other payable that are unsecured or secured in whole or part by current assets; "applicable liabilities" do not include liabilities secured by assets other than current assets. Net assets must be represented by capital investment unencumbered by any liens or other encumbrances to be subject to the claims of general creditors. If the pawnshop is a corporation, the capital investment consists of common or preferred shares and capital or earned surplus as those terms are defined by the Tennessee Business Corporation Act, as amended; if it is any other form of business entity, the capital investment consists of a substantial equivalent of that of a corporation and is determined by generally accepted accounting principles. T.C.A. § 45-6-203.

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