

**STATE OF ILLINOIS**  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**  
**DIVISION OF BANKING**

IN THE MATTER OF: )  
 ) Order No. 2023-DB-01  
**LEONARD’S PAWN SHOP, LTD** )  
**License No. PWN.0000094; NMLS ID 1787989** )  
48 E Springfield Ave )  
Champaign, IL 61820 )

**CONSENT ORDER**

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, DIVISION OF BANKING (“Department”) and **LEONARD’S PAWN SHOP, LTD.** (“LEONARD’S PAWN SHOP”) hereby enter into this Consent Order pursuant to the Pawnbroker Regulation Act, 205 ILCS 510 (the “Act”) and the rules promulgated under the Act (“Rules”) [38 Ill. Adm. Code 360] and stipulate and agree as follows:

**STIPULATIONS & AGREEMENT**

**STATUTORY PROVISIONS**

1. Section 0.05(a)(6) of the Act lists prohibited acts and practices. This Section further provides that, upon a finding that any person violates any provision of the Act, any rule promulgated in accordance with this Act, any State or federal law affecting pawnbrokers, or any order of the Secretary of the Department (“Secretary”), the Secretary may enter an order imposing a civil penalty of up to \$10,000 for each day that person is in violation.

2. The Military Lending Act, 10 U.S.C. § 987, and its implementing regulation, 32 C.F.R. part 232 (collectively, the “MLA”) set forth comprehensive requirements for creditors with respect to credit transactions with active duty servicemembers, their spouses, and dependents

(“Covered Borrower(s)”). For example, the MLA provides that the cost of consumer credit to Covered Borrowers may not exceed an annual percentage rate of 36%. 10 U.S.C. § 987(b). The annual percentage rate applicable to extensions of credit to Covered Borrowers is called the Military Annual Percentage Rate (“MAPR”), 32 C.F.R. §§ 232.3(p), 232.4.

### **FACTUAL FINDINGS**

1. LEONARD’S PAWN SHOP is a pawnbroker holding Illinois Pawnbroker License No. PWN.0000094 since September 1998.

2. LEONARD’S PAWN SHOP is a “creditor” under the MLA, 10 U.S.C. § 987(i)(5). At all times relevant to this Consent Order, LEONARD’S PAWN SHOP engaged in the business of extending consumer credit, meeting the transaction standard for a “creditor” under Regulation Z, 12 C.F.R. part 1026, with respect to extensions of consumer credit to borrowers covered by the MLA. 32 C.F.R. § 232.3(i)(1) & (3).

3. On or about on November 4, 2022, LEONARD’S PAWN SHOP extended a pawn loan in the amount of \$200.00 for an electronic device to a consumer who alleges he was a member of the armed forces serving on active duty, and therefore a Covered Borrower. The process of extending the loan and the terms of the loan itself contained numerous violations of the MLA, including:

- a. LEONARD’S PAWN SHOP failed to conduct any type of check pursuant to 32 C.F.R. § 232.5 in order to verify the consumer’s status as a Covered Borrower.
- b. LEONARD’S PAWN SHOP’S system permitted employees to process pawn loans without verifying whether the consumer is a Covered Borrower.

c. LEONARD'S PAWN SHOP'S pawn loan contained a monthly finance charge of 20% or 243.33 APR, well in excess instead of the 36% MAPR permitted by the MLA.

4. When contacted by the Department following the above pawn loan, a representative of LEONARD'S PAWN SHOP stated that Petitioner would reach out to the consumer and refund the amount of the finance charge that exceeded the MAPR, or \$34.00.

5. LEONARD'S PAWN SHOP did in fact refund the \$34.00 to the consumer.

### **TERMS AND CONDITIONS**

WHEREFORE, the Department and Petitioner agree as follows:

- I. LEONARD'S PAWN SHOP agrees to cease and desist from any violations of the Act and the MLA.
- II. LEONARD'S PAWN SHOP must provide, at least annually, and within 90 days for new hires, a training to its employees, agents, and representatives who will conduct pawnbroker business or are responsible for dealing with state and federal regulators. This training is in addition to any training previously provided to employees and must include compliance with (1) the Act and its implementing Rules; and (2) the Military Lending Act, 10 U.S.C. § 987, and its implementing regulation, including but not limited to the MLA's optional process for identifying a Covered Borrower as set forth in 32 C.F.R. § 232.5. The first training must occur within 90 days of the Effective Date of this Consent Order.
- III. LEONARD'S PAWN SHOP shall notify the Department in writing of all training courses it intends to offer pursuant to Paragraph II at least thirty (30) days prior to the date of the training. LEONARD'S PAWN SHOP shall provide a copy of all training

materials they intend to use at any trainings conducted pursuant to Paragraph II at least fourteen (14) days before the scheduled training. The Department, in its sole discretion, may attend or participate in the trainings.


- IV. LEONARD'S PAWN SHOP shall enhance its policies and procedures regarding compliance under (1) the Act and its implementing Rules; and (2) the MLA, and its implementing regulation, including assuring that staff conduct checks to verify all consumers' status as a Covered Borrower consistent with 32 C.F.R. § 232.5. The first verification of enhanced policies and procedures with the Department must occur within 30 days of the Effective Date of this Consent Order.
- V. LEONARD'S PAWN SHOP agrees to pay a fine to the Department pursuant to Section 0.05(a)(6) of the Act, in the amount of \$500 ("Fine"). The Fine shall be submitted to the Department within 14 days of the Effective Date through the Nationwide Multistate Licensing System.
- VI. LEONARD'S PAWN SHOP agrees to comply with all of the corrective action measures prescribed by the Department in this Consent Order. In the event LEONARD'S PAWN SHOP fails to comply with these corrective action measures, the Department reserves the right to assess and enforce any of its disciplinary authority under the Act and Rules.
- VII. LEONARD'S PAWN SHOP agrees to not file any petition for administrative or judicial hearing of this Consent Order. The Department has the right to prosecute any matter that is not addressed in the Consent Order. LEONARD'S PAWN SHOP acknowledges that it had an opportunity to be represented by legal counsel in negotiating this Consent Order, and that it willingly enters into this Consent Order

after full review, evaluation, and consideration and with full knowledge of its rights under the Act, the Rules, the rules on Hearings Before the Division of Banking and Division of Financial Institutions [38 Ill. Adm. Code 100], and the Illinois Administrative Procedure Act [5 ILCS 100]

- VIII. The Department enters into this Consent Order for the purpose of imposing measures that are fair and equitable under the circumstances and that are consistent with the best interests of the people of the State of Illinois.
- IX. This Consent Order shall become effective upon the signatories below signing and dating the Consent Order, and on the date that the last of those designated for the Department sign and date the Consent Order (the "Effective Date").

The foregoing Consent Order is approved in full.

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
DIVISION OF BANKING

  
\_\_\_\_\_  
Date: 5-8-2023  
CHASSE REHWINKEL  
DIRECTOR

  
\_\_\_\_\_  
Date: 5-3-2023  
Ronald Bryant, Owner  
Leonard's Pawn Shop, Ltd