

OCCC CASE NO. L23-00038

IN THE MATTER OF:	§	BEFORE THE
	§	
MASTER FILE NO.: 1500052333	§	OFFICE OF CONSUMER
DAVID ELDRIDGE d/b/a	§	
EAST GRAND PAWN SHOP	§	CREDIT COMMISSIONER
5421 E. GRAND AVE.	§	
DALLAS, TEXAS 75233	§	STATE OF TEXAS

AGREED ORDER OF REVOCATION

The Office of Consumer Credit Commissioner (“OCCC”) issues this Agreed Order of Revocation against David Eldridge d/b/a East Grand Pawn Shop (“East Grand Pawn Shop”), based on the violations of law described below.¹

Statement of Facts and Law

East Grand Pawn Shop is a pawnshop licensed by the OCCC under Chapter 371 of the Texas Finance Code. East Grand Pawn Shop operates under master file number 1500052333 at one licensed location, under license number 152814, issued by the OCCC on April 10, 2015. According to the OCCC’s records, East Grand Pawn Shop’s compliance officer is David Eldridge (“Mr. Eldridge”), and its designated contact address is 5421 E. Grand Ave., Dallas, Texas 75233.

A. Failure to Timely Apply for a Pawnshop License Transfer

A person may not engage in business as a pawnbroker unless the person holds a pawnshop license.² A person must file a pawnshop license application with the OCCC before engaging in the business of making pawn loans.³ A pawnshop license may be transferred only with the approval of the OCCC.⁴ When a transfer of ownership of a pawnshop occurs, the transferee must file either a license transfer application or a new license application on transfer of ownership to the OCCC within 30 days of the transfer of ownership.⁵

¹ Tex. Fin. Code §§ 14.208, 371.251.

² Tex. Fin. Code § 371.051.

³ 7 Tex. Admin. Code § 85.201.

⁴ Tex. Fin. Code § 371.070.

⁵ Tex. Fin. Code § 371.069; 7 Tex. Admin. Code § 85.205(a), (d).

If a transferee begins performing activity under a pawnshop license before the OCCC approves either a license transfer application or a new license application for the transferee, then the transferor and the transferee are each responsible to any consumer and to the OCCC for activity performed under the license during this period.⁶

On February 29, 2016, Mr. Eldridge and Ronald Dionne (“Mr. Dionne”) executed a “Bill of Sale” and a “Pawn Shop License Purchase, Sale, and Transfer Agreement” to sell the pawnshop to Mr. Dionne. Mr. Dionne never filed an application for a transfer of the pawnshop license or a new pawnshop license application to the OCCC. Mr. Dionne continued to operate the pawnshop until his death in 2022. Mr. Eldridge was unaware of Mr. Dionne’s failure to file for a transfer and when he learned of that fact he submitted a consumer complaint to the OCCC in August 2022 stating that Mr. Dionne had not transferred the pawnshop license.

By failing to file a license transfer application within 30 days after a transfer of ownership, Mr. Dionne violated Chapter 371 of the Texas Finance Code and its implementing rules. Because this activity was performed under East Grand Pawn Shop’s pawnshop license, East Grand Pawn Shop is responsible for this violation.

B. Failure to Allow Redemption of Pledged Goods

Pledged goods are tangible personal property deposited with or otherwise delivered into the possession of a pawnbroker in connection with a pawn transaction.⁷ A pawnbroker must return pledged goods to the pledgor on payment of the total amount due to the pawnbroker in connection with the pawn transaction.⁸

Between November 2022 and March 2023, the OCCC received 13 consumer complaints alleging that East Grand Pawn Shop had failed to allow consumers to redeem their pledged goods. Consumers complained that the pawnshop was closed when the consumers attempted to visit to redeem their items or make payments on their pawn transactions.

⁶ 7 Tex. Admin. Code § 85.205(h)(2).

⁷ Tex. Fin. Code §371.003(4), (9).

⁸ Tex. Fin. Code § 371.165.

By failing to allow pledgors to make payments or redeem their pledged goods, East Grand Pawn Shop violated Chapter 371 of the Texas Finance Code and its implementing rules.

C. Failure to Secure Pledged Goods

A pawnshop must maintain an adequate security system for the protection and security of pledged goods.⁹ A pawnshop that accepts jewelry as pledged goods must have a vault or a safe that provides an additional level of security above the required alarm system.¹⁰

The surviving owners of the pawnshop ceased paying rent for East Grand location in October 2022, after Mr. Dionne's death. According to the pawnshop's landlord, Jeanette Investments III LTD ("Jeanette Investments"), when Jeanette Investments' maintenance manager visited the property to change the locks due to non-payment of rent, a safe with pledged items was found inside the shop, unlocked and open. An OCCC investigator inventoried 147 pledged goods from the open safe, including jewelry such as watches, rings, and bracelets.

The pledged goods have been transferred to a different pawnshop licensed by the OCCC: Uncle Dan's Pawn Jewelry & Gun Sales Inc. d/b/a Uncle Dan's Pawn located at 5404 East Grand Ave., Dallas, Texas 75233.

By failing to maintain an adequate security system for pledged goods, East Grand Pawn Shop violated Chapter 371 of the Texas Finance Code and its implementing rules.

D. Failure to Maintain Ordinary Business Hours

A pawnshop must maintain business hours at least four hours a day for five days a week, and may not do business before 7:00 a.m. or after 9:00 p.m.¹¹ The pawnshop's normal operating schedule must be posted so it is visible from the main public entrance, and the pawnshop must be open for business according to that schedule.¹²

⁹ Tex. Fin. Code § 371.155; 7 Tex. Admin. Code § 85.404(a).

¹⁰ Tex. Fin. Code § 371.155(2); 7 Tex. Admin. Code § 85.404(b).

¹¹ Tex. Fin. Code § 371.151; 7 Tex. Admin. Code § 85.401(a).

¹² 7 Tex. Admin. Code § 85.401(a).

If a pawnshop closes for a reason other than a federal holiday, then the pawnshop must post a closing notice of in a place visible from the main public entrance.¹³

According to complaints filed with the OCCC, East Grand Pawn Shop closed in August 2022.

In October 2022, OCCC investigators visited the pawnshop. A sign was posted near the entrance stating, “East Grand Pawn Shop will be closed until further notice effective immediately.”

In December 2022, OCCC investigators visited the pawnshop again. At this time, there was no sign on the door and the pawnshop remained closed.

By failing to operate at least four hours a day for five days a week, and by failing to maintain a posted closing notice visible from its main public entrance, East Grand Pawn Shop violated Chapter 371 of the Texas Finance Code and its implementing rules.

E. Failure to File Pawnshop Annual Report

Pawnshops must file annual reports with the OCCC.¹⁴ A pawnshop must comply with all instructions from the OCCC relating to submitting the report.¹⁵ The report is due by July 31 of each year for the prior calendar year’s loan activity.¹⁶

On October 7, 2022, the OCCC issued an Order to File Timely and Accurate Annual Reports against East Grand Pawn Shop for failing to file its 2021 annual report by July 31, 2022. The order became final and enforceable. The order required East Grand Pawn Shop to file its 2021 annual report no later than November 6, 2022, and to timely file complete and accurate annual future reports. East Grand Pawn Shop did not file its 2021 annual report.

By failing to file its 2021 annual report, East Grand Pawn Shop violated Chapter 371 of the Texas Finance Code, Chapter 371’s implementing rules, and the OCCC’s Order to File Timely and Accurate Annual Reports.

¹³ 7 Tex. Admin. Code § 85.401(b).

¹⁴ Tex. Fin. Code § 371.201; 7 Tex. Admin. Code § 85.502.

¹⁵ 7 Tex. Admin. Code § 85.502.

¹⁶ 7 Tex. Admin. Code § 85.502; <https://occc.texas.gov/industry/pawnshops-and-pawn-employees/annual-reports>

Authority

If the Consumer Credit Commissioner (“Commissioner”) has reasonable cause to believe that a person is violating Chapter 371 of the Texas Finance Code, the Commissioner may issue an order to cease and desist from the violation, to take affirmative action, or both to ensure compliance.¹⁷ If a pawnshop violates an injunction, then the Commissioner may impose an administrative penalty up to \$1,000 per day of the violation.¹⁸

The Commissioner may revoke a pawnshop license if: (1) the pawnbroker, knowingly or without exercise of due care, violates Chapter 371, a rule adopted under Chapter 371, or an order issued under Chapter 371; or (2) a fact or condition exists that, if it had existed or had been known to exist at the time of the original application for the license, clearly would have justified the Commissioner’s denial of the application.¹⁹

East Grand Pawn Shop violated Chapter 371 of the Texas Finance Code and its implementing rules by failing to timely apply for a pawnshop license transfer, by failing to allow the redemption of pledged goods, by failing to secure pledged goods, by failing to maintain ordinary business hours, and by failing to file its 2021 pawnshop annual report.

By failing to file its 2021 annual report, East Grand Pawn Shop violated the OCCC’s Order to File Timely and Accurate Annual Reports issued on October 10, 2022.

These violations were committed knowingly or without exercise of due care. These violations would have justified denial of East Grand Pawn Shop’s original license application if these violations had existed or been known to exist at the time of the license application.

For these reasons, the Commissioner issues this Agreed Order of Revocation.

¹⁷ Tex. Fin. Code §§ 14.208(a), 371.302(a).

¹⁸ Tex. Fin. Code § 14.208(c).

¹⁹ Tex. Fin. Code § 371.251(a); 7 Tex. Admin. Code § 85.604(c).

Order

By signing below, East Grand Pawn Shop acknowledges these violations, waives all rights to any hearing or appeal, and otherwise agrees to comply with this Order and Texas law.

IT IS ORDERED that:

1. The pawnshop license of David Eldridge d/b/a East Grand Pawn Shop, master file number 1500052333, license number 152814, is REVOKED.
2. East Grand Pawn Shop must cease and desist engaging in business as a pawnbroker under Chapter 371 of the Texas Finance Code. East Grand Pawn Shop must cease and desist entering new pawn transactions. East Grand Pawn Shop may not collect any payments in connection with any outstanding pawn transactions.
3. The Order of Revocation issued by the OCCC against East Grand Pawn Shop on May 23, 2023, is withdrawn and replaced by this Agreed Order of Revocation.

Violation of Order

If East Grand Pawn Shop violates this Order, then the OCCC may impose an administrative penalty of up to \$1,000 for each day of violation.²⁰

Signed this 5th day of July 2023.

/s/Leslie Pettijohn
Leslie L. Pettijohn
Consumer Credit Commissioner
State of Texas

AGREED:

/s/David Eldridge
David Eldridge
David Eldridge d/b/a East Grand Pawn Shop
(signed electronically with permission)

²⁰ Tex. Fin. Code § 14.208(c).

CERTIFICATE OF SERVICE

I certify that on July 5, 2023, a true and correct copy of this Agreed Order of Revocation has been sent to David Eldridge d/b/a East Grand Pawn Shop by the following:

Larry E. Temple, Attorney at Law
400 West 15th Street, Suite 440
Austin, TX 78701
larry@larrytemple.com

*Attorney for David Eldridge d/b/a
East Grand Pawn Shop*

- email
- eFileTexas.gov electronic service
- regular mail
- certified mail, return receipt requested

/s/ Audrey Spalding _____
Audrey Spalding
Assistant General Counsel
Office of Consumer Credit Commissioner
State Bar No. 24111055
2601 N. Lamar Blvd.
Austin, Texas 78705
512-936-7659 (phone)
audrey.spalding@occc.texas.gov