

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM THE ADMINISTRATIVE LAW COURT

Shirley C. Robinson, Administrative Law Judge

Case No. 16-ALJ-30-0038-CC

South Carolina Department of
Consumer Affairs,

Appellant,

v.

A Bargain Center, LLC,

Respondent.

RECORD ON APPEAL

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SC Court of Appeals

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**STATE OF SOUTH CAROLINA
ADMINISTRATIVE LAW COURT**

SC ADMIN. LAW COURT

South Carolina Department of Consumer
Affairs,

Petitioner,

vs.

A Bargain Center, LLC,

Respondent.

Docket No.: 16-ALJ-30-0038-CC

FINAL DECISION AND ORDER

APPEARANCES: For the Petitioner: Christine E. Thompson, Esquire and
James C. Copeland, Esquire
For the Respondent: S. Jahue Moore, Esquire

STATEMENT OF THE CASE

This matter is before the South Carolina Administrative Law Court ("the ALC" or "the Court") for a final decision and order following a contested case hearing requested by the South Carolina Department of Consumer Affairs ("Petitioner" or "the Department"). On September 10, 2015, the Department, accompanied by the Lexington County Sheriff's Office and the Bureau of Alcohol, Tobacco, Firearms, and Explosives ("ATF"), conducted an on-site investigation of A Bargain Center, LLC ("Respondent"). As a result, the Department determined that Respondent was in violation of the S.C. Pawnbroker Act ("the Act") and the related regulation. See S.C. Code Ann. § 40-39-10 et seq. (2011) and S.C. Code of Ann. Regs. 28-200 (2011).

On October 7, 2015, the Department issued a letter to Respondent formally outlining the alleged violations. The Department mailed a second letter to Respondent's counsel on November 30, 2015 setting forth similar information. On February 5, 2016, the Department filed a Request for a Contested Case Hearing with the ALC. Following notice to the parties, a hearing on the matter was held on May 17, 2016, at the South Carolina Administrative Law Court in Columbia, South Carolina.

FINDINGS OF FACT

Having observed the witnesses and exhibits presented at the hearing and closely passing upon their credibility, and taking into consideration the burden of persuasion by the parties, the

Court makes the following findings of fact by a preponderance of the evidence:

1. A Bargain Center, LLC ("the business" or "the store") is registered with the South Carolina Secretary of State's Office as a domestic limited liability company. Walter R. Cassidy, the owner and registered agent, established the business as a thrift store three (3) years ago. The store's inventory varies, but generally, the store carries clothing, tools, small appliances, electronics, guns and ammunition. A Bargain Center, LLC is located in Lexington County at 225 South Monmouth Avenue, Swansea, South Carolina 29160.

2. Kevin Blake, a property crimes detective for the Lexington County Sheriff's Office, testified that he first encountered A Bargain Center, LLC in August of 2015 while investigating an unrelated burglary. Specifically, Detective Blake went to the store to view property that he believed may have been stolen from the home of a local resident. He identified the victim's property at the store and asked for any paperwork the store may have that could assist in identifying the person who sold the property to the store. When reviewing the paperwork, Detective Blake came across documents which he believed reflected pawn activity. He contacted the Department with his findings and was later present during the Department's investigation of Respondent's business.

3. Ken Middlebrooks and Joni Green, lead investigators for the Department, testified that they conducted the Department's investigation of A Bargain Center, LLC on September 10, 2015. The investigation was initiated in response to information provided to the Department by the Lexington County Sheriff's Office. Deputies from the Lexington County Sheriff's Office and a field agent from ATF were also present during the investigation. As part of the investigation, business records were collected and pictures were taken of merchandise throughout the store. Investigators Middlebrooks and Green testified that they identified nineteen (19) transactions where Respondent loaned money to customers based on the security of pledged goods or where Respondent purchased items from customers on the condition that the items be redeemed by the customers for a certain price within a specified period of time. They also determined these nineteen (19) transactions constituted illegal pawn activity and informed Mr. Cassidy that the store must cease and desist such transactions immediately. Mr. Cassidy was given a copy of the S.C. Pawnbroker Act and was also informed that the store may be subject to a fine.

4. Walter R. Cassidy testified that Respondent does not lend money to customers based on the security of personal property. However, he stated the store has purchased property

from customers with the promise that the customer could buy the property back. Mr. Cassidy described this type of transaction as a "layaway deal" or "buy back" plan. He explained that under the "buy back" plan, the store purchased items from customers outright, usually at a price that was half the value of an item at which point the item belonged to the store. To repurchase the item, the customer was required to pay the amount the customer received plus a 30-50% mark-up. Customers were given fifteen (15) days to repurchase their items or they could pay a fifteen dollar (\$15) fee to extend the repurchase deadline. If customers failed to repurchase items within the specified time, the items were removed from the area designated for "buy back" plan items and placed on the floor to be sold. Mr. Cassidy testified that he did not know the store's "buy back" transactions could be considered loans or pawn activity, and he immediately ceased all such activity the day the Department informed him that these type transactions were illegal.

5. Brandie Burto, manager of the A Bargain Center, LLC, provided further testimony describing the "buy back" plan. According to Ms. Burto, when items were placed on "buy back," customers were given a ticket with the item's description, the amount paid to the customer, the amount the customer must pay to repurchase the item, and the number of days the customer had to repurchase the item. The store also maintained a copy of the ticket. If a customer wanted to extend the repurchase deadline, the customer paid a fifteen dollar (\$15) extension fee, and Ms. Burto made a hand-written notation on the store's copy of the ticket showing the amount paid and the new repurchase deadline. Ms. Burto also testified that she did not know the store was doing anything illegal by providing this service to their customers. Interest information was not shown on the tickets because Mr. Cassidy and Ms. Burto did not perceive any of the transactions as involving interest charges.

7. Michael Korzen, a frequent customer of the store, testified concerning his transactions with Respondent and his understanding of the store's "buy back" process. Mr. Korzen explained that in his experience, the store allowed customers to 1) purchase items from the store, 2) purchase items from the store under a layaway plan, 3) sell items to the store outright, and 4) sell items to the store under the "buy back" policy. He further stated that he sold and repurchased the same items from the store multiple times after paying the fifteen dollar (\$15) extension fee, and sometimes was forced to forfeit his items when he could not repurchase them before the deadline. Mr. Korzen testified that the store's "buy back" transactions were similar to transactions he made at pawn shops, however the pawn shops had lower fees and gave customers a longer

period of time to redeem their property.

LAW

Based upon the foregoing Findings of Fact, the Court concludes the following as a matter of law:

Jurisdiction over this case is vested with the ALC pursuant to sections 1-23-310 et seq. of the South Carolina Code (Supp. 2015), and section 1-23-600(B) of the South Carolina Code (Supp. 2015).

The weight and credibility assigned to evidence presented at the hearing of a matter is within the province of the trier of fact. See S.C. Cable Television Ass'n v. S. Bell Tel. & Tel. Co., 308 S.C. 216, 222, 417 S.E.2d 586, 589 (1992). Furthermore, a trial judge who observes a witness is in the best position to judge the witness' demeanor and veracity and to evaluate the credibility of his testimony. See, e.g., Woodall v. Woodall, 322 S.C. 7, 10, 471 S.E.2d 154, 157 (1996); Wallace v. Milliken & Co., 300 S.C. 553, 556, 389 S.E.2d 448, 450 (Ct. App. 1990). The standard of proof in administrative proceedings is a preponderance of the evidence unless otherwise specified. Anonymous v. State Bd. of Med. Exam'rs, 329 S.C. 371, 375, 496 S.E.2d 17, 19 (1988).

Section 40-39-10 of the South Carolina Code defines "pawnbroker" as "**any person** engaged in the business of lending money on the security of pledged goods, or engaged in the business of purchasing tangible personal property on condition that it may be redeemed or repurchased by the seller for a fixed price within a fixed period of time." S.C. Code Ann. § 40-39-10(2) (2011) (emphasis added). Additionally, section 40-39-20 states that "no person may carry on the business of a pawnbroker in any location in this State without first having obtained a Certificate of Authority for each location from the Department of Consumer Affairs." S.C. Code Ann. § 40-39-20 (2011). Pursuant to section 40-39-150, if an action of a pawnbroker is in violation of chapter 39 of the Act or of a law or regulation of the State, the Department may file a request for a contested case hearing with the ALC. S.C. Code Ann. § 40-39-150(a) (2011); see also, S.C. Code Ann. § 40-39-20 (2011) ("[a]ll pawnbrokers conducting business in this State are under the authority of and regulation by the Department of Consumer Affairs ..."). An administrative law judge is authorized to impose administrative fines "upon persons violating any of the provisions of [the S.C. Pawnbroker Act]." S.C. Code § 40-39-150(b) (2011).

Respondent initially argues that the ALC lacks jurisdiction to hear this matter. The crux of Respondent's argument is that because Respondent does not possess a Certificate of Authority

to engage in the pawnbroker business, the Department has no regulatory authority over Respondent's activities and has no authority to request a contested hearing before the ALC. I find this argument meritless. Respondent's owner, store manager, and a repeat customer all testified that Respondent conducted transactions with customers that fall squarely within the definition of "pawnbroker." S.C. Code Ann. § 40-39-10(2) (2011). Investigators Middlebrooks and Green confirmed nineteen (19) instances where Respondent either loaned money secured by pledged goods or purchased tangible personal property from customers on the condition that the property could be redeemed for a fixed price within a specified timeframe.

Additionally, Respondent concedes that it never applied for or received a Certificate of Authority from the Department to operate as a pawnbroker in this State. The Department requests that this Court order Respondent to cease and desist operating as a pawnbroker, and that Respondent be assessed monetary fines totaling \$75,750. In essence, the Department alleges Respondent committed one hundred one (101) violations of the S.C. Pawnbroker Act related to the nineteen (19) transactions identified by Investigators Middlebrooks and Green, and is requesting that Respondent be fined seven hundred and fifty dollars (\$750) for each violation. See S.C. Code Ann. § 40-39-150(b) (2011). The Department also requests that Respondent be ordered to pay restitution to the affected consumers.

CONCLUSION

Based on the evidence presented in this matter, I find that Respondent operated as a pawnbroker without first obtaining a Certificate of Authority from the Department of Consumer Affairs. I also find that Respondent's actions constitute a violation of the S.C. Pawnbroker Act. Respondent's assertion that the transactions identified by Investigators Middlebrooks and Green were not pawn transactions, but rather some form of "buy-back" plan or "layaway deal" is unpersuasive.

While this Court recognizes the Department's authority to regulate pawnbroker activity, the determination of an appropriate fine for Respondent's violations is within the province of the ALC. See S.C. Code Ann. § 40-39-150(b) (2011) ("[t]he administrative law judge ... may impose administrative fines ... upon persons violating any of the provisions of this chapter..."). The Department requests that Respondent be fined the maximum amount for each of the one hundred one (101) violations it found; however, I find that while Respondent's actions warrant the imposition of a fine, a lower amount is appropriate under the circumstances of this case. Mr.

Cassidy and Ms. Burto testified that they were not aware that their actions violated the Act, and stopped accepting property under the "buy back" or "layaway plans" immediately after being contacted by the Department. In addition, the Department's investigators testified that Mr. Cassidy and Ms. Burto were cooperative in complying with their requests for documents and access to the building, and as far as they could determine, Respondent has not entered into any "buy back" or "layaway" agreements since having contact with the Department.

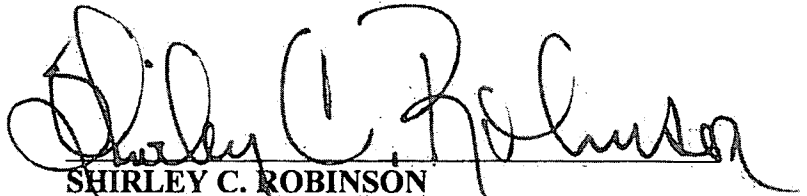
With respect to the Department's request that Respondent be ordered to pay restitution to its affected customers, I conclude that restitution is not appropriate given the facts in this case.

ORDER

Based upon the foregoing, **IT IS HEREBY ORDERED** that Respondent shall immediately **cease and desist** operating as a pawnbroker, until such time as Respondent receives a valid Certificate of Authority from the Department to operate as a pawnbroker.

IT IS FURTHER ORDERED that Respondent shall pay an administrative fine to the Department in the amount of two thousand five hundred dollars (\$2,500) within thirty (30) days of the date of this order.

AND IT IS SO ORDERED.


SHIRLEY C. ROBINSON
South Carolina Administrative Law Judge

July 21, 2016
Columbia, South Carolina

CERTIFICATE OF SERVICE
This is to certify that the undersigned on this date
served in order and approved execution upon all
parties to this cause by depositing a copy thereof
in the United States mail postage paid or in the emergency
Mail Service addressed to the party(ies) or their attorney(s).
This 21 day of July, 2016
By: Terrell A. Anderson
Judicial Law Clerk

SEP 01 2016

STATE OF SOUTH CAROLINA
ADMINISTRATIVE LAW COURT

SC ADMIN. LAW COURT

South Carolina Department of Consumer Affairs,
)
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 Petitioner,
)
 vs.)
)
 A Bargain Center, LLC,
)
)
 Respondent.)

Docket No.: 16-ALJ-30-0038-CC

ORDER ON
PETITIONER'S MOTION
FOR RECONSIDERATION

This matter is before the South Carolina Administrative Law Court ("the ALC" or "the Court") pursuant to a contested case hearing requested by the South Carolina Department of Consumer Affairs ("Petitioner" or "the Department") on February 5, 2016. In its request, the Department sought an order from the Court directing A Bargain Center, LLC ("Respondent") to cease and desist operating as a pawnbroker, pay an administrative fine in the amount of seventy-five thousand, seven hundred fifty dollars (\$75,750), and pay restitution for finance charges to Respondent's affected customers based upon the Department's finding that Respondent committed one hundred one (101) violations under the S.C. Pawnbroker Act and the related regulation. See S.C. Code Ann. § 40-39-10 et seq. (2011) and S.C. Code of Ann. Regs. 28-200 (2011).

A hearing on the matter took place before this Court on May 17, 2016. On July 21, 2016, the Court issued a Final Decision and Order finding that Respondent violated the S.C. Pawnbroker Act by failing to obtain a Certificate of Authority from the Department prior to carrying on the business of a pawnbroker. S.C. Code Ann. § 40-39-20 (2011). The Court ordered Respondent to immediately cease and desist operating as a pawnbroker until such time as Respondent receives a valid Certificate of Authority. Respondent was also directed to pay an administrative fine in the amount of two thousand five hundred dollars (\$2,500) to the Department. Restitution was not ordered by the Court. Thereafter, on August 1, 2016, the Department filed a motion requesting that the Court reconsider, alter, or amend its Final Decision and Order. A response in opposition to the Department's motion was filed by Respondent on August 8, 2016.

The Department alleges in its motion that this Court erred by failing to order Respondent to pay restitution to its affected customers. Specifically, the Department argues that section 108 of the federal Truth in Lending Act ("TILA") requires restitution when a business fails to disclose

finance charges and the S.C. Pawnbroker Act requires that pawnbrokers comply with TILA. S.C. Code Ann. § 40-39-130 (2011). This argument was raised during the contested hearing and nothing in the Department's motion causes the Court to amend its finding that restitution is not appropriate in this case.

The Department also requests that this Court reconsider its finding that Mr. Cassidy and Ms. Burdo did not perceive any of the pawn transactions as involving interest charges. The Department points out that included on ticket #50, within Petitioner's Exhibit 1, is a handwritten note which indicates that interest was collected from a customer. The notation on ticket #50 reads that the customer "must pay 45.00 full interest to exte[n]d longer." Similar language is found on Ms. Burdo's Voluntary Statement, Petitioner's Exhibit 2, but does not appear on any other document in the Record. Ms. Burdo was questioned at the hearing regarding her use of the word "interest" on that "buy back" ticket and in her Voluntary Statement. She clearly explained that she should not have used the term "interest" because the store did not charge interest to customers in order to extend the time the customer had to reclaim an item. Mr. Cassidy, the store's owner, was also asked about interest during the contested case hearing. He stated that at no time did he charge customers interest fees. Interest charges were thoroughly discussed during hearing and the legal arguments on interest were considered by this Court. The arguments in the Department's motion do not cause the Court to change its finding concerning Mr. Cassidy's and Ms. Burdo's testimony regarding interest fees.

In addition, the Department argues that this Court incorrectly found that "customers were given fifteen (15) days to repurchase their items or they could pay a \$15 fee to extend the repurchase deadline." The Department asserts that the amount Respondent charged to its customers to extend the repurchase deadline varied and was not a standard \$15 fee. In fact, ticket #12 of Petitioner's Exhibit 1 reflects that a customer extended a repurchase deadline three times and was charged different amounts each time the deadline was extended. Therefore, the Court amends its finding, in so much as it indicated that Respondent charged its customers a set amount of \$15 to extend the repurchase deadline.

Finally, the Department argues that this Court erred in assessing an administrative fine in the amount of two thousand five hundred dollars (\$2,500). In its motion, the Department requests a monetary penalty that would admonish Respondent for its actions and deter others from behaving similarly. Specifically, an amount not less than ten thousand five hundred dollars (\$10,500) is

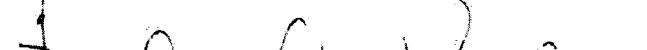
sought. Moreover, the Department argues that this Court's reasoning behind the administrative fine is flawed because the Court relied upon Mr. Cassidy's and Ms. Burdo's testimony that "they were not aware that their actions violated the Act, and stopped accepting property under the 'buy back' or 'layaway plans' immediately after being contacted by the Department." The Department states that Respondent was informed on September 10, 2015 that it was engaging in illegal pawn activity and directed to cease and desist such activity immediately. According to the Department, evidence in the Record shows that Respondent engaged in a "layaway" deal on October 15, 2015.

In assessing the monetary penalty against Respondent, the Court considered the quantity and severity of the violations alleged by the Department. Mr. Cassidy also gave unrefuted testimony that his store's entire inventory is worth no more than \$8,000 - \$12,000, and the Department's investigators testified that Mr. Cassidy and Ms. Burdo were very cooperative during the investigation. Although the Department asserts that Respondent continued to engage in illegal pawn activity beyond the date the Department informed Respondent that it must cease and desist such activity, the Department has identified no evidence in the record to support this assertion. In sum, the Department has presented nothing to persuade this Court to change its ruling as to the appropriate penalty for Respondent's violations.

The weight and credibility assigned to evidence presented at the hearing of a matter is within the province of the trier of fact. See S.C. Cable Television Ass'n v. S. Bell Tel. & Tel. Co., 308 S.C. 216, 222, 417 S.E.2d 586, 589 (1992) (citation omitted). A trial judge who observes a witness is in the best position to judge the witness' demeanor and veracity and to evaluate the credibility of his testimony. See, e.g., Woodall v. Woodall, 322 S.C. 7, 10, 471 S.E.2d 154, 157 (1996) (citations omitted); Wallace v. Milliken & Co., 300 S.C. 553, 556, 389 S.E.2d 448, 450 (Ct. App. 1990) (citing Thompson v. Brunson, 283 S.C. 221, 321 S.E.2d 622 (Ct. App. 1984)). The standard of proof in a contested case is a preponderance of the evidence unless otherwise specified. S.C. Code Ann. § 1-23-600(A)(5) (Supp. 2015); Anonymous v. State Bd. of Med. Exam'rs, 329 S.C. 371, 375, 496 S.E.2d 17, 19 (1988) (citation omitted). "A 'preponderance of the evidence' is evidence which convinces as to its truth." Gorecki v. Gorecki, 387 S.C. 626, 633, 693 S.E.2d 419 (Ct. App. 2010) (citing DuBose v. DuBose, 259 S.C. 418 424, 192 S.E.2d 329, 331 (1972)). Furthermore, because this Court hears a contested case de novo as the fact-finder, it is not bound by the Department's determination. See Engaging & Guarding Laurens County's Environment (EAGLE) v. S.C. Dept. of Health & Envtl. Control, 407 S.C. 334, 344, 755 S.E.2d

Having thoroughly considered the Department's motion and Respondent's response in opposition, the Court finds that its Final Decision and Order issued July 21, 2016 shall be amended in so much as it suggests that Respondent charged its customers a set fee of fifteen dollars (\$15) each time a customer requested that the repurchase deadline be extended. The findings of this Court shall be amended to reflect that the extension fees varied. All other arguments raised in the Department's motion were addressed in the Final Decision and Order, and the Department has brought to light nothing that causes this Court to, in any other way, change its final decision in this matter.

AND IT IS SO ORDERED.


SHIRLEY C. ROBINSON
South Carolina Administrative Law Judge

September 1st, 2016
Columbia, South Carolina

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6. 1 September 2016
 7. John H. [Signature]
 8. John H. [Signature]

**STATE OF SOUTH CAROLINA
ADMINISTRATIVE LAW COURT**

S.C. Department of Consumer Affairs)

Petitioner,)

v.)

A Bargain Center, LLC)

Respondent.)
_____)

Docket No. 16-ALJ-30-_____-CC

**REQUEST FOR CONTESTED
CASE HEARING**

The South Carolina Department of Consumer Affairs ("Petitioner") requests a contested case hearing pursuant to S.C. Code Ann. § 40-39-150(A) and § 1-23-600(A), and alleges the following:

1. Petitioner is an administrative agency of the State of South Carolina as defined in § 1-23-505(2) of the Administrative Procedures Act. Petitioner is responsible for administering and enforcing the S.C. Pawnbrokers Act. *See* S.C. Code Ann. § 40-39-10 *et seq.* (1976).

2. A Bargain Center, LLC ("Respondent") conducted business at 225 S. Monmouth Ave., Swansea, S.C. 29160. Respondent has never applied for nor been issued a Certificate of Authority to operate as a pawnshop.

3. On September 10, 2015 Petitioner conducted an onsite investigation of Respondent with the Lexington County Sheriff's Office and the Bureau of Alcohol, Tobacco, Firearms, and Explosives. The Lexington County Sheriff's Office had provided Petitioner with evidence indicating that Respondent violated the S.C. Pawnbrokers Act and S.C. Pawnbrokers Regulation. *See* S.C. Code Ann. § 40-39-10 *et seq.* (1976) and S.C. Code Ann. Regs. 28-200.

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SC ADMIN. LAW COURT

4. During the investigation Petitioner identified nineteen (19) transactions in which Respondent loaned money on the security of pledged goods or purchased tangible personal property on condition that it may be redeemed or repurchased by the seller for a fixed price within a fixed period of time. As such, Petitioner determined that Respondent was operating as a pawnbroker as defined in S.C. Code Ann. § 40-39-10(2) and that the nineteen (19) transactions were pawn transactions as defined in S.C. Code Ann. § 40-39-10(7).

5. Pursuant to S.C. Code Ann. § 40-39-130, Petitioner has the administrative enforcement powers set forth in Section 108 of the Truth in Lending Act, requiring restitution for the failure to disclose finance charges. *See* 15 U.S.C. § 1607. Because Respondent issued undisclosed finance charges while operating as an unlicensed pawnbroker, Petitioner determined that Respondent must provide refunds to any known consumers affected by the transactions.

6. Petitioner, upon information and belief, determined that Respondent violated S.C. Code Ann. § 40-39-20 and S.C. Code Ann. Regs. 28-200(B)(1) by carrying on the business of a pawnbroker without first having obtained a Certificate of Authority from Petitioner;

7. Petitioner, upon information and belief, determined that Respondent violated S.C. Code Ann. § 40-39-40 and § 40-39-100 at least nineteen (19) times by collecting excessive interest on pawn loans;

8. Petitioner, upon information and belief, determined that Respondent violated S.C. Code Ann. § 40-39-130 and S.C. Code Ann. Regs. 28-200(C)(1)(a) at least nineteen (19) times by failing to comply with the federal Truth in Lending Act;

9. Petitioner, upon information and belief, determined that Respondent violated S.C. Code Ann. § 40-39-70 and S.C. Code Ann. Regs. 28-200(C)(1)(a) and 28-200(C)(2)(b)(ii) at least

nineteen (19) times by not recording the rate of interest, finance charge, or description of goods pawned;

10. Petitioner, upon information and belief, determined that Respondent violated S.C. Code Ann. § 40-39-80 at least nineteen (19) times by failing to provide the consumer with a memorandum containing the interest to be paid on the pawn loan;

11. Petitioner, upon information and belief, determined that Respondent violated S.C. Code Ann. § 40-39-110 at least nineteen (19) times by shortening the time period for vesting of title to pledged property from sixty (60) days to fifteen (15) days;

12. Petitioner, upon information and belief, determined that Respondent violated S.C. Code Ann. § 40-39-110 at least three (3) times by failing to send a written notice of the impending forfeiture to the consumer at least ten (10) days prior to the forfeiture date;

13. Petitioner, upon information and belief, determined that Respondent violated S.C. Code Ann. § 40-39-50 by not acquiring a surety bond, conditioned upon the faithful performance of the duties and obligations pertaining to the business so authorized;

14. Petitioner, upon information and belief, determined that Respondent violated S.C. Code Ann. § 40-39-100 by failing to post the rate schedule showing the maximum rate of loan finance charges;

15. Petitioner, upon information and belief, determined that Respondent violated additional record keeping provisions in S.C. Code Ann. Regs. 28-200(C)(1)(b), 28-200(C)(1)(c), and 28-200(C)(2)(b)(iii);

16. Petitioner notified Respondent on October 7, 2015, of its findings, and attempted to resolve the matter without the necessity of this action. The correspondence written by Petitioner and

mailed to Respondent on October 7, 2015 and November 30, 2015 are attached hereto as **EXHIBIT A.**

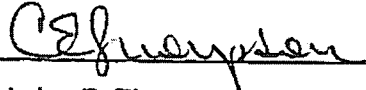
17. Respondent has refused to comply with the findings or the request of Petitioner, thus requiring this action to be brought.

THEREFORE, Petitioner requests that this Court issue an Order granting Petitioner the following relief:

1. Assessing Respondent A Bargain Center, LLC an administrative fine of seven hundred fifty dollars (\$750) for each violation of the S.C. Pawnbroker Act, pursuant to S.C. Code Ann. § 40-39-150(B), for a total of seventy-five thousand seven hundred fifty dollars (\$75,750);
2. Requiring Respondent A Bargain Center, LLC to issue restitution for finance charges to each affected consumer, pursuant to S.C. Code Ann. § 40-39-160(4);
3. Requiring Respondent A Bargain Center, LLC to deliver its business records from September 2013 to September 2015 to Petitioner for inspection, pursuant to S.C. Code Ann. § 40-39-90;
4. Requiring Respondent to cease and desist from engaging in any and all pawn brokering activity immediately;
5. Providing that the Court's Order take effect immediately; and
6. Granting such other and further relief as this Court deems just and proper.

(Signature to follow on next page.)

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "C. Thompson", is written over a horizontal line.

Christine E. Thompson
Staff Attorney
S.C. Department of Consumer Affairs
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(803) 734-4187
cthompson@scconsumer.gov

Attorney for Petitioner

February 5, 2016
Columbia, South Carolina

EXHIBIT A



The State of South Carolina Department of Consumer Affairs

2221 DEVINE STREET, STE 200
PO BOX 5757
COLUMBIA, SC 29250-5757

Carri Grube Lybarker
Administrator/
Consumer Advocate

Celebrating Over 40 Years of Public Service
October 7, 2015

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Mr. Royce Cassidy
A Bargain Center, LLC
225 South Monmouth Ave.
P.O. Box 535
Swansea, S.C. 29160

RE: Notice of Violations of the South Carolina Pawnbroker Act

Dear Mr. Cassidy:

The South Carolina Department of Consumer Affairs ("the Department") is aware of certain acts conducted by A Bargain Center, LLC that constitute violations of South Carolina law. Although this letter does not constitute a formal determination or findings letter, it does explain the alleged violations against you and the remedies available to you. Please read this letter, and respond to the allegations before the Department makes a formal finding in this matter.

Special Investigation and Violation of Section 40-39-20

In September 2015, the Lexington County Sheriff's Department notified the Department of possible violations of the S.C. Pawnbroker Act by A Bargain Center. The Lexington County Sheriff's Department provided documents that appeared to serve as pawn tickets from A Bargain Center to record loan activity. The documents provided to the Department record several items purchased from a customer with the agreement that the customer will "buy back" the items for an inflated price within 15 days.

During an on-site visit by Chief Investigator Ken Middlebrooks and Deputy Chief Investigator Joni Green conducted on September 10, 2015, you and store manager Brandie Burdo provided documents for 9 active loans and 11 past due loans. Ms. Burdo also provided a written voluntary statement explaining the "buy back" procedure, in which A Bargain Center purchases an item from an individual, and allows the individual to buy the item back within a specific amount of time for an inflated price. In the S.C. Pawnbroker Act, a pawnbroker is defined as "any person engaged in the business of lending money on the security of pledged goods, or engaged in the business of purchasing tangible personal property on condition that it may be redeemed or repurchased by the seller for a fixed price within a fixed period of time."¹ A Bargain Center's "buy back" procedure is indistinguishable from the typical activity of a pawnbroker.

¹ S.C. Code Ann. § 40-39-10(2)

ADMINISTRATOR
Tel.: 803-734-4233
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WEBSITE: WWW.CONSUMER.SC.GOV
E-MAIL: SCDOCA@SCCONSUMER.GOV

Toll Free In SC: 800-922-1594
TDD/TTY: 800-735-2905

At the conclusion of the on-site visit Chief Investigator Ken Middlebrooks issued a verbal warning for A Bargain Center, instructing the business to cease and desist in any and all pawnbroker activities until the business obtains a Certificate of Authority from the Department. A copy of the statute, regulation, application package, instructions, sample pawn ticket, and rate chart were provided at that time.

The S.C. Pawnbroker Act states the following:

*All pawnbrokers conducting business in this State are under the authority of and regulated by the Department of Consumer Affairs, the administrator of which has the authority to promulgate regulations as he considers necessary to carry out the conditions and intent of this chapter. No person may carry on the business of a pawnbroker in any location in this State without first having obtained a Certificate of Authority for each location from the Department of Consumer Affairs.*²

Based upon the records provided by the Lexington County Sheriff's Department and the records obtained by A Bargain Center during the on-site visit, the Department alleges that A Bargain Center has committed twenty-one (21) violations of the S.C. Pawnbroker Act. Each pawn transaction represents a separate offense of the statute.

In an effort to resolve the twenty-one (21) violations discussed above through a non-hearing resolution, the Department puts forth the following remedy:

1. A Bargain Center must cease and desist from engaging in any and all pawn brokering activity until a Certificate of Authority is obtained from the Department; and
2. A Bargain Center must pay an administrative fine of ten thousand five hundred dollars (\$10,500.00) made payable to the Department in the form of a certified check or money order.

Notice of A Bargain Center's acceptance or denial of this proposed resolution must be received by the Department on or before Friday, October 23, 2015. Please submit your response to:

S.C. Department of Consumer Affairs
Attn: Christine Thompson
P.O. Box 5757
Columbia, S.C. 29250-5757

If the proposed settlement is accepted, the Department will draft a Settlement Agreement for execution. If you have any questions about this letter, do not hesitate to contact me at (803) 734-4187.

² *Emphasis added.* S.C. Code Ann. § 40-39-20.

Sincerely,

Christine E. Thompson
Staff Attorney

cc: Lexington County Sheriff's Department
Attn: Sgt. Brian Anderson
Det. Kevin Blake
521 Gibson Road
Lexington, S.C. 29072

Federal Bureau of Alcohol, Tobacco, Firearms & Explosives
Attn: Industry Operations
1835 Assembly Street, Suite 329
Columbia, S.C. 29201



Carri Grube Lybarker
Administrator/
Consumer Advocate

The State of South Carolina Department of Consumer Affairs

2221 DEVINE STREET, STE 200
PO BOX 5757
COLUMBIA, SC 29250-5757

Celebrating Over 40 Years of Public Service

November 30, 2015

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Mr. S. Jahue Moore, Esq.
Senior Partner
Moore Taylor Law Firm
P.O. Box 5709
West Columbia, S.C. 29171

RE: A Bargain Center, LLC and Royce Cassidy

Dear Mr. Moore:

Thank you for your letter on behalf of Mr. Royce Cassidy.

The Department of Consumer Affairs ("the Department") reasserts that Mr. Cassidy engaged in pawn brokering activity as an unlicensed pawnbroker, and the transactions in question were not merely "isolated events." The Department's investigators found that during the course of a year Mr. Cassidy conducts between one hundred and one hundred fifty pawn transactions, more than many of the Department's licensed pawnbrokers.

In addition, Mr. Cassidy charged interest fees in excess of the legal limit. According to the Pawnbroker Rate Chart, a pawnbroker may charge a maximum Annual Percentage Rate (APR) of 300% for loans in the amount of \$50.00 or less. Based on the records, Mr. Cassidy often made loans for \$50.00 or less, and charged excessive fees. In many transactions, consumers were charged 1,200% APR, which is four times the legal limit, according to the S.C. Pawnbroker Act.

The Department is interested in resolving this matter, but insists that Mr. Cassidy must pay the administrative fine in the amount of ten thousand five hundred dollars (\$10,500.00). In light of Mr. Cassidy's violations of the S.C. Pawnbroker Act, including the numerous pawn transactions conducted as an unlicensed pawnbroker and illegal interest fees, the Department deems the fine is fair and reasonable.

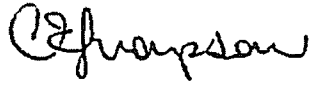
I have enclosed an affidavit for Mr. Cassidy to sign, which states that he will cease and desist from engaging in pawn brokering activity until he obtains a Certificate of Authority from the Department. Please review the document with your client, and send the signed affidavit and payment of the administrative fine to the Department by Thursday, December 31, 2015. If you have any questions, do not hesitate to contact me at (803) 734-4187.

ADMINISTRATOR 803-734-4233 Fax 803-734-4060	PUBLIC INFORMATION 803-734-4296 Fax 803-734-4060	CONSUMER ADVOCACY 803-734-4286 Fax 803-734-4287	ENFORCEMENT/ INVESTIGATORS 803-734-4236 Fax 803-734-4287	CONSUMER COMPLAINTS 803-734-4208 Fax 803-734-4286	ID THEFT UNIT 803-734-4200 Fax 803-734-4229	PROCUREMENT & ACCOUNTING 803-734-8386 Fax 803-734-4299

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Toll Free In SC 800-922-1594
TDD/TTY 800-735-2985

Sincerely,

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

Christine E. Thompson
Staff Attorney

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)
)
_____)

AFFIDAVIT

The undersigned, being duly sworn, states:

1. I acknowledge that a pawnbroker is defined as "any person engaged in the business of lending money on the security of pledged goods, or engaged in the business of purchasing tangible personal property on condition that it may be redeemed or repurchased by the seller for a fixed price within a fixed period of time." S.C. Code Ann. § 40-39-10(2).
2. I acknowledge that "all pawnbrokers conducting business in this State are under the authority of and regulated by the Department of Consumer Affairs, the administrator of which has the authority to promulgate regulations as he considers necessary to carry out the conditions and intent of this chapter. No person may carry on the business of a pawnbroker in any location in this State without first having obtained a Certificate of Authority for each location from the Department of Consumer Affairs." S.C. Code Ann. § 40-39-20.
3. I hereby certify that my business, _____, and I, _____, will cease and desist engaging in unlicensed pawn brokering activity in South Carolina.
4. I hereby certify that my business and I will not operate as a pawn broker until first obtaining the required license from the South Carolina Department of Consumer Affairs.
5. I acknowledge that this Affidavit does not preclude the South Carolina Department of Consumer Affairs from enforcing any legal remedy available to the Department in this action, to include the levying of administrative fines.

Mr. Walter Royce Cassidy

SWORN TO AND SUBSCRIBED BEFORE ME
THIS _____ DAY OF _____ 2015.

Notary Public for South Carolina

My commission expires: _____

5. Chief Investigator Ken Middlebrooks
6. Deputy Chief Investigator Joni Green

STATEMENT OF FACTS

The Department is an administrative agency of the State of South Carolina as defined in S.C. Code Ann. § 1-23-505(2) of the Administrative Procedures Act. The Department is responsible for administering and enforcing the S.C. Pawnbrokers Act. *See* S.C. Code Ann. § 40-39-10 *et seq.* (1976). Respondent conducted business at 225 S. Monmouth Avenue, Swansea, S.C. 29160. Respondent is not currently and has not ever been licensed by the Department to operate as a pawnshop.

In August 2015, the Lexington County Sheriff's Office provided the Department with evidence indicating Respondent violated the Act and the S.C. Pawnbrokers Regulation. *See* S.C. Code Ann. § 40-39-10 *et seq.* (1976) and S.C. Code Ann. Regs. 28-200. On September 10, 2015, the Department, the Lexington County Sheriff's Office, and the Bureau of Alcohol, Tobacco, and Firearms conducted an onsite investigation of Respondent. During the investigation the Department identified nineteen (19) transactions in which Respondent loaned money on the security of pledged goods or purchased tangible personal property on condition that it may be redeemed or repurchased by the seller for a fixed price within a fixed period of time.

Based on the investigation, the Department identified numerous violations of the Act, including operating as a pawnshop without a Certificate of Authority. On October 7, 2015, the Department notified Respondent of its findings and attempted to resolve the matter. Respondent

refused to comply with the findings or the request of the Department. As a result, the Department filed a request for contested case hearing with this Court on February 5, 2016.

ARGUMENT

Section 40-39-20 states, "No person may carry on the business of a pawnbroker in any location in this State without first having obtained a Certificate of Authority for each location from the Department." In § 40-39-10(2), a "pawnbroker" is defined as the following:

any person engaged in the business of lending money on the security of pledged goods, or engaged in the business of purchasing tangible personal property on condition that it may be redeemed or repurchased by the seller for a fixed price within a fixed period of time.

Furthermore, in § 40-39-10(4), a "pawn transaction" means "the pledging with a pawnbroker under this chapter of a single item of goods or tangible personal property as security for a loan of money..." Based on the evidence collected, Respondent was operating as a pawnbroker and the nineteen (19) transactions were pawn transactions. Because Respondent was carrying on the business of a pawnbroker without first having obtained a Certificate of Authority, Respondent violated Section 40-39-20 and Regs. 28-200(B)(1). Respondent clearly violated the licensing requirements of the Act.

The Act is not only a licensing statute but also a consumer protection statute. The Department's mission is to protect South Carolina consumers from inequities in the marketplace through advocacy, mediation, enforcement, and education. The Act includes numerous provisions that are intended to protect the consumer and the consumer's personal property.

The Act requires a person seeking to carry on the business of a pawnbroker to obtain a bond in favor of the Department and conditioned on the faithful performance of the duties and

obligations pertaining to the pawnshop. S.C. Code Ann. § 40-39-50. In this case, Respondent failed to obtain a surety bond in violation of Section 40-39-50.

The Act establishes limitations on the types and amounts of fees, costs, and assessments of any kind. S.C. Code Ann. § 40-39-40. A pawnbroker can only charge interest as provided in Section 40-39-100. This section requires the calculation of interest based on a thirty-day period. The maximum finance charge is 300% for loans of \$50.00 or less. As the loan amount increases to \$2,000.00, the maximum finance charge decreases to 100.50%. In this case, Respondent collected excessive interest on the pawn transactions, violating Section 40-39-40 and Section 40-39-100 at least nineteen (19) times.

The Act also requires the pawnshop to post the maximum interest rates set forth in Section 40-39-100 in a conspicuous place in the pawnshop. Section 40-39-100 also includes specific language that must be disclosed in the posting:

Consumers: All pawnbrokers operating in South Carolina are required by law to post a schedule showing the maximum rate of LOAN FINANCE CHARGES stated as dollars for each ten dollars for each thirty-day period that the pawnbroker intends to charge for various types of pawn transactions. The purpose of this requirement is to assist you in comparing the maximum rates that pawnbrokers charge, thereby furthering your understanding of the terms of pawn transactions and helping you to avoid the uninformed use of credit.

NOTE: Pawnbrokers are prohibited only from granting credit at rates higher than those specified above. A pawnbroker may be willing to grant you credit at rates that are lower than those specified, depending on the amount, terms, collateral, and your credit worthiness.

S.C. Code Ann. § 40-39-100. In this case, Respondent failed to post the rate schedule with the statutorily-required language in violation of Section 40-39-100.

The Act also establishes certain disclosures that must be provided on the memorandum, often referred to as a pawn ticket, provided to the consumer. The memorandum must include among other things:

- a description of the goods, articles, or things being pawned or pledged;
- amount of money loaned thereon;
- time of pledging;
- charges or rate of interest to be paid on the loan; and
- information that satisfies the requirements of the Truth In Lending Act and Regulation Z promulgated thereunder (e.g. due date; amount financed; finance charge; total of payments; annual percentage rate; and payment schedule).

S.C. Code Ann. § 40-39-80 and Regs. 28-200(C)(1)(a). In this case, Respondent failed to provide the consumer with a memorandum containing the interest to be paid on the pawn loan, violating Section 40-39-80 at least nineteen (19) times. Respondent also failed to include information satisfying the requirements of the Truth In Lending Act, violating Section 40-39-130 and Regs. 28-200(C)(1)(a) at least nineteen (19) times.

According to the Act, certain requirements must be met before the consumer's property vests in the pawnshop. The consumer must be given a period of sixty (60) days from the due date to pay the loan and any interest due before the title of the consumer's property vests in the pawnshop. S.C. Code Ann. § 40-39-110. The pawn ticket must contain a notice explaining how title will vest in the pawnshop. *Id.* In addition, for loans greater than \$50.00, the pawnshop is required to send a forfeiture notice to the consumer at least ten days before the forfeiture date. *Id.* Absent a proper forfeiture notice, the title to the consumer's property cannot vest in the pawnshop. In this case, Respondent shortened the time period for vesting of title to pledged property from sixty (60) days to fifteen (15) days, violating § 40-39-110 at least nineteen (19) times. Respondent failed to send a written notice of the impending forfeiture to the consumer at

least ten days prior to the forfeiture date, violating Section 40-39-110 and Regs. 28-200(C)(2)(b)(ii) at least three (3) times.

The Act establishes recordkeeping requirements for pawnshops as well. Every pawnbroker shall keep a record of each loan containing an account and description of the goods, articles, or things pawned, pledged, or purchased, the amount of money loaned thereon, the time of pledging them, the charges, or the rate of interest to be paid on the loan, and the name and residence of the person pawning or pledging the goods, articles, or things. S.C. Code Ann. § 40-39-70. In this case, Respondent failed to keep records of the rate of interest, finance charge, and description of the goods pawned, violating Section 40-39-70 and Regs. 28-200(C)(1)(a) and 28-200(C)(2)(b)(ii) at least nineteen (19) times. Respondent violated additional record keeping provisions in Regs. 28-200(C)(1)(b), 28-200(C)(1)(c), 28-200(C)(2)(b)(iii), 28-200(C)(4), and 28-200(C)(2)(5).

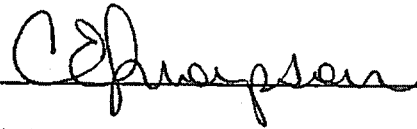
RELIEF REQUESTED

Respondent violated the Act at least one hundred one (101) times; thus, the Department requests this Court assess Respondent an administrative fine of seven hundred fifty dollars (\$750) for each violation of the Act, pursuant to § 40-39-150(B), for a total amount of seventy-five thousand seven hundred fifty dollars (\$75,750).

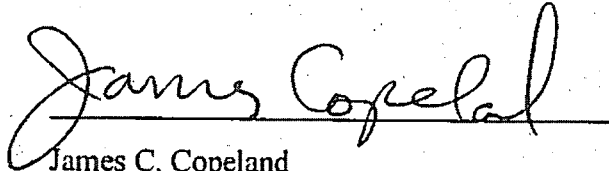
The Department has the administrative enforcement powers set forth in TILA Section 108, requiring restitution for the failure to disclose finance charges. *See* § 40-39-130 and 15 U.S.C. § 1607. Because Respondent assessed undisclosed finance charges while operating as an unlicensed pawnbroker, the Department requests this Court issue restitution for finance charges to each of the affected consumers, pursuant to § 40-39-160(4).

The Department also requests that this Court require Respondent to cease and desist from engaging in any and all pawnbrokering activity immediately and refrain from pawnbrokering activity unless and until Respondent obtains a Certificate of Authority. Finally, the Department requests this Court grant such other and further relief as this Court deems just and proper.

Respectfully Submitted,



Christine E. Thompson
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(803) 734-4187
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Columbia, S.C. 29250
(803) 734-0375
jcopeland@scconsumer.gov

Attorneys for South Carolina Department of
Consumer Affairs

May 17, 2016
Columbia, South Carolina

**STATE OF SOUTH CAROLINA
ADMINISTRATIVE LAW COURT**

South Carolina Department of Consumer Affairs,	)	Docket No. 16-ALJ-30-0038-CC
	)	
Petitioner,	)	
	)	
v.	)	DEPARTMENT'S MOTION FOR RECONSIDERATION
	)	
A Bargain Center, LLC,	)	
	)	
Respondent.	)	
	)	

PLEASE TAKE NOTICE that the Petitioner South Carolina Department of Consumer Affairs ("Department"), by and through its undersigned counsel, hereby moves this Court pursuant to Rule 29(D) of the Rules of Procedure for the Administrative Law Court for an Order Reconsidering and Altering or Amending its Order. This Motion is timely made under Rule 29(D) because the Court's Order was filed on July 21, 2016, and received by the Department on that day. The grounds for this Motion are as follows:

1. The Court erred in failing to order Respondent to pay restitution to affected customers.

Because Respondent assessed and collected undisclosed finance charges while operating as an unlicensed pawnbroker, federal law requires Respondent provide restitution to any known customers affected by the pawn transactions. In failing to order restitution, this Court did not consider the following:

- a. The federal Truth in Lending Act ("TILA") Section 108 requires restitution for failure to disclose finance charges. This section provides:

Each agency *shall require such an adjustment* [of finance charges] when it determines that such disclosure error resulted from (A) a clear and consistent pattern or practice of violations, (B) gross negligence, or (C) a willful violation which was intended to mislead the person to whom the credit was extended.

See 15 U.S.C. § 1607(E)(2) (emphasis added).

- b. Based on the evidence presented to the Court, there is no doubt that Respondent benefitted from “a clear and consistent pattern or practice of violations.” TILA Section 108. The record includes nineteen (19) pawn tickets issued by the Respondent. Mr. Walter Cassidy, the owner of A Bargain Center, LLC, and Ms. Brandi Burdo, an employee of the business, testified that these tickets were given to customers in the regular course of the business. Further, Ms. Burdo testified that the customers could come in and pay half of the total loan amount to extend the time to reclaim their property. The tickets did not disclose any interest information required by TILA. Thus, Respondent clearly charged illegal finance charges and failed to provide the proper disclosures required under the law.
 - c. The South Carolina Pawnbroker Act (“Act”) states, “All pawnbrokers shall comply with the Federal Truth in Lending Act.” S.C. Code Ann. § 40-39-130. The Act also grants the Department, and by extension this Court, the administrative enforcement powers of Section 108 of TILA. *Id.*
2. The Court erred in failing to order restitution because South Carolina case law dictates that the contracts of an unlicensed entity are void. *W & N Constr. Co. v. Williams*, 322 S.C. 448, 472 S.E.2d 622 (S.C. 1996). See *Berkebile v. Outen*, 426 S.E.2d 760, 311 S.C. 50 (S.C. 1993) (“an illegal contract has always been unenforceable ... South Carolina courts will not enforce a contract which is violative of public policy, statutory law or provisions of the Constitution.”); *Jackson v. Bi-Lo Stores*, 437 S.E.2d 168, 313 S.C. 272 (S.C. Ct. App. 1993) (contract secured by illegal conduct cannot be enforced). Each contract created between Respondent and the customer during a pawn transaction is considered void and

unenforceable. As such, Respondent should not be permitted to retain the interest collected or the items forfeited as a result of these void and unenforceable contracts.

3. The Court erred in finding that Mr. Cassidy and Ms. Burdo did not perceive any of the transactions as involving interest charges. In fact, Respondent knew that the "extension fee" it was charging was indeed interest because pawn ticket #50, entered into the record as Petitioner's exhibit 1, clearly shows that the customer "must pay \$45.00 full interest to extced [sic] longer," in a handwritten notation on the bottom of the pawn ticket.
4. The Court erred in finding, "Customers were given fifteen (15) days to repurchase their items or they could pay a fifteen dollar (\$15) fee to extend the repurchase deadline." The amount Respondent charged a customer who wanted to extend the repurchase deadline varied each time and was not a set amount of \$15. Ms. Burdo testified that the customers could pay half of the total loan amount to extend the time to reclaim their property. Moreover, the record includes pawn ticket #12 where a 40-inch flat screen television with remote was used as collateral for a seventy-five dollar (\$75.00) pawn loan. To buy back the television on or before July 31, the customer was obligated to pay \$112.50, which included the loan amount of \$75.00 and interest in the amount of \$37.50. Respondent noted on the ticket that the customer paid \$36.00 to extend the due date to August 15; \$15.00 to extend the due date to August 25; and \$20.00 to extend the due date to September 10. Based on the notations on the pawn ticket, the customer paid a total of \$71.00 to extend the due date to buy back the television for \$112.50. It is unclear from the pawn ticket whether the customer ever redeemed the television (by paying a total of \$183.50) or forfeited the television (keeping only \$4.00 of the loan amount).

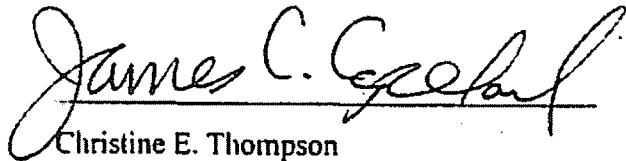
5. The Court erred in assessing an administrative fine in the amount of two thousand five hundred dollars (\$2,500), given that the evidence in the record showed that Respondent violated the Act one hundred one (101) times. This amounts to a fine of less than \$25 per violation where the Act authorizes the Court to award up to seven hundred fifty dollars for each offense. S.C. Code Ann. § 40-39-150(B). Even if the Court does not find that the circumstances of this case warrant the maximum fine allowed by law, the Court should assess an amount that will admonish Respondent for his predatory actions and deter Respondent as well as others from taking advantage of unwitting customers in the future.
6. The Court erred in assessing an administrative fine in the amount of two thousand five hundred dollars (\$2,500), relying on Mr. Cassidy's and Ms. Burdo's testimony that "they were not aware that their actions violated the Act, and stopped accepting property under the 'buy back' or 'layaway plans' immediately after being contacted by the Department." The evidence in the record shows that Mr. Cassidy was informed on September 10, 2015, that he was conducting pawnbrokering activity without a license and he needed to cease and desist such activity. The evidence in the record also includes a document issued by Respondent as a "layaway" dated October 15, 2015. Thus, the evidence does not support the finding that Respondent immediately ceased pawnbrokering activity after being contacted by the Department.

CONCLUSION

Under Section 108 of TILA, the authority granted to the Department by the Act, the errors of the Court, and South Carolina case law, the Department respectfully requests that the Court reconsider and grant restitution to customers who were harmed by Respondent's unlicensed and illegal pawnbrokering activity. Specifically, the Department requests this Court order Respondent

to refund all interest collected from customers as well as all items forfeited by customers, or their monetary value if Respondent no longer possesses the item. Furthermore, based on Respondent's high number of violations, Respondent's continued illegal practice after being warned by the Department, and Respondent knowingly accepting interest payments in violation of state and federal law, the Department respectfully requests that the Court reconsider its ruling and assess a fine of at least \$10,500.00.

Respectfully submitted,



Christine E. Thompson
James C. Copeland
S.C. Department of Consumer Affairs
P.O. Box 5757
Columbia, S.C. 29250
(803) 734-4200
cthompson@scconsumer.gov
jcopeland@scconsumer.gov

ATTORNEYS FOR PETITIONER

August 1, 2016
Columbia, South Carolina

STATE OF SOUTH CAROLINA
ADMINISTRATIVE LAW COURT DIVISION
Docket No. 16-ALJ-30-0038-CC

South Carolina Department of)
Consumer Affairs,)
)
Petitioners,)
)
v.)
)
A Bargain Center, LLC,)
)
Respondents.)
-----)

ORIGINAL

ADMINISTRATIVE HEARING

Tuesday, May 17, 2016
10:01 a.m. - 4:50 p.m.

The hearing before the Honorable Shirley Robinson was taken at the Edgar A. Brown Building, 1205 Pendleton Street, Suite 224, Columbia, South Carolina, on the 17th day of May, 2016 before Barbara S. Ham, Court Reporter and Notary Public in and for the State of South Carolina.



CREEL COURT REPORTING, INC.
1230 Richland Street / Columbia, SC 29201
(803) 252-3445 / (800) 822-0896

APPEARANCES

Christine E. Thompson, Esquire
James C. Copeland, Esquire
 State of South Carolina
 Department of Consumer Affairs
 2221 Devine Street, Suite 200
 Post Office Box 5757
 Columbia, South Carolina 29250-5757
 Attorney for South Carolina Department of Consumer Affairs

S. Jahue Moore, Esquire
 Moore Taylor Law Firm, P.A.
 Post Office Box 5709
 West Columbia, SC 29171
 Attorney for A Bargain Center, LLC

Also Present:

Walter Cassidy
 Brandi Burdo
 Michael Korzen
 Kevin Blake
 Kenneth Middlebrooks
 Joanie Green
 Brandi Burdo

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CREEL COURT REPORTING, INC.
 1230 Richland Street / Columbia, SC 29201
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WITNESS NAME: KEVIN BLAKE

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(The original exhibits were retained by Judge Robinson.)

STIPULATIONS

It is stipulated and agreed that this hearing is being taken pursuant to the rules of the Administrative Law Court and the South Carolina Rules of Civil Procedure.



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1 **THE COURT:** Good morning and please be seated. This
2 is Docket Number 60-ALJ-30-0038. And we've got
3 the South Carolina Department of Consumer
4 Affairs as Petitioner. The A Bargain Center,
5 LLC is the Respondent. We've got Christine
6 Thompson and James Copeland ---

7 **MR. COPELAND:** Yes, Your Honor.

8 **THE COURT:** --- for the Department. And we've got
9 Mr. Jake Moore representing the Respondent.

10 **MR. MOORE:** Yes, Your Honor.

11 **THE COURT:** And the Department requested the
12 contested case hearing after filing a petition
13 for the hearing. Citing several instances of
14 the Respondent operating as a pawnbroker --
15 operating a pawn shop without being authorized
16 by the Department as required by the statute.

17 **MS. THOMPSON:** That's correct.

18 **THE COURT:** If we're ready we can begin with a brief
19 opening statement. We will begin with the
20 Petitioner.

21 **(Opening Statement)**

22 **MS. THOMPSON:** Good morning, Your Honor. May it
23 please the Court. I'm Christine Thompson
24 representing the South Carolina Department of
25 Consumer Affairs. This is my co-counsel, Jim



1 Copeland. At issue in this case is really very
2 simple. The question is to determine whether
3 or not A Bargain Center, LLC operated as a
4 pawnbroker. The South Carolina Pawnbroker Act
5 defines a pawnbroker as any person engaged in
6 the business of lending money on the security
7 of pledged goods, or engaged in the business of
8 purchasing tangible personal property on
9 condition that it may be redeemed or
10 repurchased by the seller for a fixed price
11 within a fixed period of time. A Bargain
12 Center was investigated by the Department,
13 Lexington County Sheriff's Office and ATF in
14 September of 2015. The Department will prove
15 by a preponderance of the evidence that A
16 Bargain Center operated as a pawnbroker and
17 never obtained a license to do so. And this is
18 not solely a licensing matter. In addition, A
19 Bargain Center charged its customers excessive
20 interest rates far outbasing the legal limits
21 and amounting to 1,200 percent annual
22 percentage rate or APR. The legal permissible
23 rate, the maximum -- maximum rate for a pawn
24 loan is 300 percent. Along with the
25 Department's investigation A Bargain Center



1 refused to obtain a license with the
2 Department, refused to sign an affidavit
3 declaring that it not participate in pawn
4 transactions in the future and refused to pay
5 an administrative fine to the Department or
6 issue refunds to consumers who had been taken
7 advantage of. In this hearing I will call Mr.
8 Cassidy, the owner of A Bargain Center, as well
9 as the manager of A Bargain Center, Ms. Burdo.
10 You'll also hear from a customer of A Bargain
11 Center, Michael Korzen who had multiple
12 transactions with the store. And then I'll
13 also call both Investigators who were involved
14 with the onsite investigation. And that
15 includes Detective Kevin Blake from the
16 Lexington County Sheriff's office and two
17 investigators from our own Department, Chief
18 Investigator Ken Middlebrooks and Deputy Chief
19 Investigator Joanie Green. Based on their
20 investigations they found that A Bargain Center
21 was operating as a pawnbroker. Your Honor,
22 based on the Pawnbroker Act this court has the
23 authority to issue fines in the amount of
24 \$750.00 per violation. The Department has
25 found at least 101 violations of the Pawnbroker



1 Act. Accordingly we request you to issue an
2 administrative fine in the amount of
3 \$75,750.00. In addition the Pawnbroker Act
4 grants the Department the authority to issue
5 restitution to customers. We will request that
6 you issue restitution for finance charges for
7 each affected consumer in this case and grant
8 such other and further relief as the court
9 deems just and proper. Thank you, Your Honor.
10 I've also prepared a brief for your review.
11 May I approach?

12 **THE COURT:** Yes. Thank you, Ms. Thompson. Mr.
13 Moore?

14 (Opening Statement)

15 **MR. MOORE:** May it please, Your Honor, yes there are
16 several issues that were brought today, Your
17 Honor. First of all we believe that the court
18 is allowed jurisdiction to hear this matter.
19 At no time has A Bargain Center, LLC ever been
20 served with any type of jurisdictional
21 document. What basically happened here is that
22 the Department requested that we pay a fine.
23 We indicated that we would pay a fine. Then
24 they basically said they wanted a \$10,000.00
25 fine which we told them we thought was



1 unreasonable and that they needed to take
2 whatever action they were going to take.
3 That's where we basically were. At that point
4 in time the Department filed apparently
5 something called a request for contested
6 hearing in something that we weren't a party
7 to. All we were a party to were basically
8 correspondence from the Department of Consumer
9 Affairs. Regardless of how the Department
10 cares to couch the thing there has to be some
11 form of jurisdictional document. We haven't
12 appealed anything. We haven't done anything.
13 They simply filed a request for contested
14 hearing. There is no summons, there is no
15 petition, there is no form of jurisdictional
16 document that would put us before the court.
17 Normally what happens in situations of this
18 type is that the Department will file some sort
19 of assessment and will give the -- the impacted
20 party this is what the deal is and you have a
21 right to appeal. At that point in time should
22 the impacted party decide to file an appeal the
23 party may then come to court and file a request
24 for contesting hearing and we're properly
25 before the court. In this case they're the



1 ones that basically made a request for a
2 hearing and we've never been provided any type
3 of jurisdictional document. We've never been
4 provided any summons, we've never been provided
5 a rule to show cause, we've had none of those
6 documents that are served upon my client. I
7 don't think there is any type of an affidavit
8 of service or anything in the file. So if the
9 court looks at our responsive pleading we
10 basically take the position that the
11 establishment of jurisdiction is similar to the
12 filing of any case before any court in this
13 state. The use of a jurisdictional document is
14 a general act which is a requirement of the law
15 in regard to establishing jurisdiction. I
16 would want to know how they believe that the
17 State of South Carolina filing a request for a
18 contested hearing provides them jurisdiction
19 over A Bargain Center, LLC. I don't know what
20 rule they think they're operating under but I
21 don't know of any such that would basically
22 allow this court to take any action against
23 anyone without the jurisdictional paperwork
24 actually exiting. But maybe they have some and
25 maybe they will show it to us and explain what



1 rule they claim to be operating under to
2 establish jurisdiction. The other position we
3 would have in the case is the conduct of the
4 Department of Consumer Affairs in this case is
5 absurd. What you have here is a little bargain
6 center operating on Main Street in Swansea,
7 South Carolina. Now if you've ever been to
8 Main Street in Swansea, South Carolina it's
9 known as Monmouth Avenue and more closely
10 resembles a ghost town. If you took all the
11 assets together of A Bargain Center, LLC and
12 put them in a room not only would they not
13 total \$70,000.00 they wouldn't total
14 \$10,000.00. It is a thrift store where
15 consignment objects are basically being sold --
16 bought and sold to poor people. The store has
17 almost nothing in it and one of the classic
18 rules of law that we understand is that a
19 penalty is not supposed to be a death sentence.
20 A penalty is basically supposed to be where a
21 punishment fits the act. What happened is that
22 the owner of this store, Mr. Cassidy, who is
23 not an educated man has been running this
24 thrift store for a while and some time ago
25 someone came to him and said, look would you



1 buy this from me and sell it back to me? And
2 he did. And other people started coming in and
3 he would do it from time to time. The primary
4 function of the store is a thrift shop. The
5 primary business is not basically holding
6 things for people. He was basically doing this
7 as courtesies for folks and if you look at the
8 crude nature of the documentation it's even
9 documented as a lay-a-way item. Basically he'd
10 buy it, lay it away and sell it back. Now
11 technically if you look at the way this thing
12 was working was it a pawn? It probably
13 qualifies as not complying with the statute.
14 I think there's probably not much question
15 about that. It probably didn't comply with the
16 statute. But Mr. Cassidy didn't know it didn't
17 comply with the statute. He's certainly not a
18 lawyer. And he didn't know there was anything
19 wrong with what he was doing. And when the
20 Department came in and told him there was
21 something wrong with what he was doing he said,
22 well okay I'll quit. If I'm doing something
23 I'm not supposed to do I'll stop. This is not
24 my major business anyway. And they said, it's
25 going to be okay. You just quit doing it.



1 We'll give you a little fine and you'll be
2 fine. So he looks around and says, okay. And
3 so they said, we want \$10,000.00. Now
4 apparently -- now apparently what you have as
5 a situation is they are going to increase the
6 punishment because they've asked for a hearing
7 which is absurd. When you have -- when we look
8 before the court Mr. Cassidy is not the
9 Respondent. The Respondent is A Bargain
10 Center, LLC, which may have a total net worth
11 of somewhere in the neighborhood of \$5,000.00
12 to \$10,000.00 for the whole business. If you
13 were to award \$70,000.00 on a fine (a) you
14 never get a fine -- you would never get enough
15 -- whatever the judgment would be. It will
16 never get to a point where it's subject to
17 execution because there's a \$50,000.00
18 statutory exemption. So they can't even
19 execute on the fine. But second of all if it
20 were subject to execution what you would in
21 effect do with a \$10,000.00 fine is to
22 basically bankrupt this little organization.
23 And you have a thrift store on Monmouth Avenue
24 in Swansea which is providing a service to poor
25 people, providing them a place where they can



1 go and buy clothing at a very, very reduced
2 rate -- rate because it's used. And, you know,
3 you have -- I don't know where we're getting
4 this but the State of South Carolina has
5 apparently decided it's going to make a federal
6 case out of this. We've got investigators and
7 two lawyers here to try the case and it's
8 absolute nonsense. I mean all we've got to do
9 is determine a rational number that would be a
10 fine, tell Mr. Cassidy to quit doing it, which
11 he will agree to, give him a little bit of time
12 to pay the fine because he ain't got any money.
13 I'm here basically with all -- almost zero fee
14 having been paid because he ain't got any
15 money. This is not -- this is rural South
16 Carolina with people who are not lawyers trying
17 to do the best they can to make a living and to
18 work with the public. And here we have the
19 state paying I don't know how many thousands of
20 dollars to investigate and pursue a matter in
21 a way that's relatively nonsensical from what
22 I can tell because we are here before the
23 court. It's silly. It's purity silly. If the
24 law is supposed to be about justice to ask the
25 court to fine an LLC an amount of money beyond



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1 the total corporate value with no individual
2 involved who is responsible is nonsense. And
3 but when you try to talk to them there's --
4 it's like you're talking to a wall. It is
5 almost like when they become government
6 employees they lose any semblance of common
7 sense. This is the absolute most ridiculous
8 thing I have seen in years. What all should
9 have happened with this case before it ever got
10 here is there should have been a consent order
11 by the owner to quit doing it without a
12 license. He should have gone to get a license
13 and -- and basically comply with the law if he
14 wanted to do this, and there should have been
15 a very very small fine with some time to pay
16 it, and the matter should basically have been
17 over with. So that's basically what we're
18 doing here. But the -- those are basically our
19 issues so I guess we're now going to going to
20 go into a major trial and be involved in the
21 presentation of evidence and the cross-
22 examining of the witness when we all agree what
23 the facts are. It's relatively simple and the
24 state has acted in an incredibly abusive way.
25 \$74,000.00 or \$10,000.00 is nuts. Thank you



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1 very much.

2 **THE COURT:** Thank you, Mr. Moore. Before you call
3 your first witness Ms. Thompson there's a
4 couple of -- I would like to have your response
5 to Mr. Moore's jurisdictional questions.

6 **MS. THOMPSON:** Okay. Certainly, Your Honor. First
7 of all, this clearly is a proceeding before the
8 court and we have followed the administrative
9 law per its rules. Everyone was served
10 appropriately and we filed a requested
11 contested case as required. Also pursuant to
12 Code Section 40-39-150(A) this is the
13 Pawnbroker Act as well, upon finding that an
14 action of a pawnbroker is in violation of the
15 provisions of this chapter or the law or
16 regulation of this state or the federal
17 government or an agency of the state or federal
18 government the administrator of the Department
19 of Consumer Affairs may file a request with the
20 Administrative Law Court for a contested case
21 hearing in which the administrator may seek an
22 order requiring the pawnbroker to cease and
23 desist from the action.

24 **THE COURT:** Ms. Thompson, let me stop you. I'm
25 sorry to interrupt you. But the Respondent is



1 not a pawnbroker at this -- at this point.

2 They're not a pawnbroker. The ---

3 MS. THOMPSON: Well that's the issue of the case.

4 THE COURT: I wouldn't think that there's any
5 disagreement that they're not licensed. There
6 is no certificate to operate as a pawnbroker.

7 MS. THOMPSON: Well they're not licensed but it
8 occurs to me that -- it appears to me that Mr.
9 Moore just made admission that they are acting
10 as a pawnbroker. Not in compliance ---

11 THE COURT: Right, that's what I am saying. There
12 is no dispute about that ---

13 MS. THOMPSON: Right.

14 THE COURT: --- but -- so what I'm asking you to
15 address is my jurisdiction to address this
16 matter in such a manner that I -- I'm ordering
17 him to pay administrative fines that I would --
18 as a pawnbroker when he's not a pawnbroker.

19 MS. THOMPSON: All right. Let me look -- let me
20 review the definition ---

21 THE COURT: And I guess what my question is -- is
22 there anything statutorily that gives me
23 authority to do anything other than issue a
24 cease and desist?

25 MS. THOMPSON: All right. Well first let me -- let



1 me repeat the -- the section that defines a
2 pawnbroker in the code.

3 THE COURT: Okay.

4 MS. THOMPSON: It says, any person engaged in the
5 business of lending money on the security of
6 pledged goods, or engaged in the business of
7 purchasing tangible personal property on
8 condition that it may be redeemed or
9 repurchased by the seller for a fixed price
10 within a fixed period of time. Mr. Cassidy and
11 his store fall perfectly within that
12 definition. It says nothing about being
13 licensed or not licensed. A pawnbroker is
14 certainly a person who acts as a pawnbroker
15 regardless of being licensed with our agency.
16 So we would say that we still have authority to
17 regulate the store.

18 THE COURT: Mr. Moore, have you reviewed the
19 Pawnbrokers Act?

20 MR. MOORE: Your Honor, I -- when I was preparing my
21 pleadings I did. I was in a contested
22 mediation all day yesterday but my
23 understanding is the Pawnbrokers Act, basically
24 it has to be established before they ever could
25 obtain the jurisdiction to do anything it must



1 first be established that we are in fact a
2 pawnbroker. And there's -- there's a whole
3 licensing provision that pawnbrokers are
4 supposed to be licensed. You know at this
5 point in time our position is that he's not a
6 pawnbroker. Our position is that -- that he
7 basically had engaged in activities for which
8 it might be determined that he was but I agree
9 with the court, the only thing that they have
10 a right to do in a non-licensed situation is to
11 secure a cease and desist order. We're willing
12 consent to that. We will cease, we will
13 desist, we will stop. As a matter of fact we
14 have. They asked us to relate -- when they
15 told these folks that what they were doing they
16 say was unlicensed and was wrong my guys quit.
17 So I think that -- that again, I believe that
18 the appropriate way to do it with an unlicensed
19 person is probably going to be (a) you better
20 bring an action to establish that that's what
21 they are and then once you do that they have
22 jurisdiction over them and then they've got to
23 basically bring you properly before the court
24 which they simply haven't done. Now counsel
25 stands up and says that everybody's been



1 properly served. With what? What is it that
2 they claim that we've been properly served with
3 and how do they get jurisdiction over a non-
4 licensed thrift shop that they're calling a
5 pawnbroker. We don't have a pawnbroker's
6 license. We haven't come to the state to be
7 licensed. We haven't been determined to be a
8 pawnbroker. We haven't been determined to have
9 a license. We haven't been served with any
10 type of jurisdictional document. There's
11 absolutely nothing we have been served with and
12 we're here on their request for a contested
13 hearing. How did we get here? I -- I don't
14 see the affidavits of service, I don't see a
15 summons, I don't see a rule to show cause. I
16 don't understand how they claim that we have
17 jurisdiction. And we're certainly willing to
18 consent that Mr. Cassidy and A Bargain Center,
19 LLC is not going to do this anymore. But I
20 think that would be all the court would have
21 jurisdiction to do it -- if anything. But if
22 -- we'll -- we'll consent to jurisdiction to do
23 that. Because we -- we're clearly not going to
24 do this anymore. It's up -- once I sat down
25 with Mr. Cassidy and told him that, you know,



1 what's what he was like, gee I don't want to do
2 anything wrong. So that's where we basically
3 are. But I don't see how -- I don't see how
4 we're before the court on what they've done.
5 I don't see that they claim that they -- I
6 don't even see what it is they claim to have
7 served. Counsel tells us that everybody's been
8 properly served. With what? I don't see an
9 affidavit of service, I don't see a summons, I
10 don't see a rule to show cause. Exactly what
11 is it she claims to have served that puts us
12 before the jurisdiction of the court? That's
13 what we don't understand.

14 **MS. THOMPSON:** May I respond Your Honor?

15 **THE COURT:** Yes.

16 **MS. THOMPSON:** So also pursuant to section 43-9-150
17 the powers of the court are not limited to a
18 cease and desist order or action. In
19 subsection (B) it also says the Administrative
20 Law Judge also may impose administrative fines
21 of up to \$750.00 for each offense. The next
22 section also states the restitution language
23 that I cited previously. So in the
24 Department's opinion the court does have the
25 authority to require the pawnbroker to cease



1 and desist from the action, impose
2 administrative fines and issue restitution.
3 And Mr. Moore would claim that nothing --
4 nothing wrong has happened here, that Mr.
5 Cassidy just didn't know what he was doing when
6 in fact we have evidence of pawn transactions
7 that occurred months after our investigation
8 even began. And we also note from the
9 correspondence I've had with Mr. Moore -- we
10 went back and forth many times. They would not
11 budge or compromise at all through that
12 correspondence. And through that
13 correspondence we know that transactions
14 continued, that they were unwilling to stop
15 their pawnbrokering activity. That's why we
16 brought this action.

17 **MR. MOORE:** They never told us to stop.

18 **THE COURT:** Thank you. Mr. Moore, I'm going to
19 proceed with the -- let the Department proceed
20 with presenting their case but it will be
21 subject to your I'm assuming ongoing objection
22 ---

23 **MR. MOORE:** Yes, ma'am.

24 **THE COURT:** --- based on the jurisdictional
25 question.



1 MR. MOORE: Yeah. And I thank you. And you know
2 that's why I put it in the -- in the answer the
3 way I did. I didn't just make a motion to
4 dismiss. I just put it into the answer because
5 I thought I would be proceeding reserving my
6 jurisdictional objections. Well might I ask if
7 -- if -- if again, counsel has told the court
8 that everything has been served would it be
9 possible for us to at least see the affidavits
10 of service and what it is that they claim to
11 have served which they claim provides
12 jurisdiction? I have not seen the document
13 that they claim to be the service -- what it is
14 they claim to have served on the -- a
15 registered agent of A-1 (sic) Bargain Center.
16 There's been no service of anything that I know
17 of. Counsel has indicated that everything's
18 been properly served. She said that. But I
19 haven't seen the service affidavits. I haven't
20 seen the service certificates. I don't know
21 what it is they claim to have served which
22 provides them with jurisdiction. We were told
23 to be here and we are. But we know that
24 representations have been made by the State of
25 South Carolina that appropriate service has



1 been made. Could I see the affidavits of
2 service? I don't -- are they in the file? I
3 -- no one's -- nobody has bothered to send them
4 to me. But I know that they -- that she --
5 certainly she would not have told the court
6 that all service has been proper if there had
7 not been adequate service of process. So she
8 must have it. I don't think it's been filed.
9 And if I could just see it because I might have
10 -- I'm sure I'll have questions about who they
11 served and how they served them but the
12 representation's been made that service has --
13 had been properly effected. And I don't even
14 know of what.

15 **THE COURT:** Okay. Ms. Thompson?

16 **MS. THOMPSON:** Yes, Your Honor. Pursuant to Rule 5
17 of the Administrative Law Court's rules as well
18 as the Pawnbroker Statute. To my knowledge the
19 request of the contested hearing amounts to the
20 summons and complaint. Service was provided to
21 Mr. Moore and thereby A Bargain Center at the
22 time of our correspondence going back and
23 forth. Mr. Cassidy was already represented by
24 Mr. Moore. We sent our service and our
25 documents to Mr. Moore. He's received them,



1 he's replied to them, and service was
2 appropriate.

3 MR. MOORE: Well if they're claiming that what --
4 what they're now basically saying is that
5 service -- sending me a copy of the demand was
6 allegedly their service, that's not service
7 under the rules. The rules of -- I've never
8 willingly accept service of anything. The
9 rules clearly provide that they have to serve
10 the registered agent in an appropriate fashion.
11 Counsel now is telling us -- now they're
12 changing what they're saying. Apparently she's
13 now saying that by sending me some sort of
14 documentation that that's the equivalent of
15 service on A-1 (sic) Bargain Center, LLC. I --
16 that's why I was asking the court if I could
17 see the service letters, could I see the
18 affidavits of service, could I see who was
19 served? So now the answer apparently is, what
20 she told you wasn't true that all service was
21 properly effected. What they're apparently now
22 claim is that by sending me a copy of a letter
23 that that somehow or another equates to service
24 on A-1 (sic) Bargain Center, LLC when I never
25 told anybody I had the authority to accept any



1 type of service of anything, which I didn't
2 have. And still today don't have.

3 **MS. THOMPSON:** I'll respond to Mr. Moore's argument
4 by citing Rule 5 Service in the ALC rules. It
5 states, any document filed with the court shall
6 be served upon all parties to the proceeding.
7 Service shall be made upon counsel if the party
8 is represented, or if there is no counsel, upon
9 the party.

10 **MR. MOORE:** The -- the problem is I've never been
11 served with anything. All I've been done was
12 I was apparently sent a letter. I've never
13 been served with anything to my knowledge. I
14 would love to see the affidavit of service.
15 That's all I'm asking them to do.

16 **THE COURT:** They're only required to send a
17 certificate of service, Mr. Moore. And they
18 filed their certificate of service along with
19 their request for the contested case hearing
20 and -- and the certificate of service indicates
21 that you were also provided with a copy of the
22 request for contested case hearing as well as
23 the attached documents on the same date that it
24 was sent to this court.

25 **MR. MOORE:** Could -- could I see that, Your Honor



1 because I -- I have not seen that document.
2 Would it be possible for me to see that
3 document?

4 **THE COURT:** You've not seen the -- do you have a
5 copy of that in your files Ms. Thompson?

6 **MR. COPELAND:** Mr. Moore it's the document that you
7 responded to with your answer.

8 **MR. MOORE:** What I'm -- what I'm concerned about is
9 the -- there was no case. Therein is where the
10 problem lies, Your Honor. And I'm not trying
11 to be unduly -- but I am incredibly concerned
12 about the way this whole thing has been
13 handled. It is true that once a case is
14 properly before the court then service upon
15 counsel is not only required, it's proper. But
16 when the case -- when there is no case then
17 there is no case called. Then you don't start
18 a case by serving the lawyer. You have to
19 start the case by -- you -- you can serve the
20 lawyer if he tells you he has the authority to
21 accept service which I've never told them I
22 didn't have.

23 **THE COURT:** Mr. Moore, did you communicate with the
24 Department prior to the filing of the request?

25 **MR. MOORE:** I did.



1 THE COURT: Okay. And on behalf of the Respondent?

2 MR. MOORE: I did. But -- but there was no case.

3 Your Honor, I've never seen the certificate of
4 service by mail nor do I see any type of a
5 letter where they're telling me that they are
6 serving me as counsel for A-1 (sic) Bargain
7 Center. I did file a response to this alleging
8 lack of jurisdiction letting them know that the
9 matter had not been properly started. So once
10 I sent my answer I'm telling them, look you
11 guys don't have jurisdiction. They apparently
12 have filed a certificate of service claiming
13 that they're -- the way they claim to have
14 started this case is to have filed a request
15 for contested hearing against somebody who is
16 not an admitted nor licensed pawnbroker, just
17 an individual little thrift store by serving it
18 to somebody who has communicated with them in
19 the past as their counsel. I respectfully
20 submit that's not the way you basically serve
21 the initial jurisdictional documents.

22 THE COURT: Mr. Moore, I'm going to allow them to
23 proceed with their case subject to your
24 jurisdictional objections.

25 MR. MOORE: Thank you, Your Honor. And I -- and



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1 please, I'm not arguing with the court but
2 there -- there are two different jurisdictional
3 arguments that I want to make sure (a) I don't
4 think that since we're not a licensed
5 pawnbroker or what they've done properly is
6 even started the case. And also I'm taking the
7 position that they haven't properly served A
8 Bargain Center, LLC and A Bargain Center, LLC
9 has raised the jurisdictional defects from the
10 very get-go in it's answer. But -- and I thank
11 you. I'm going to try not to take too much
12 time but I just think that they're wrong in the
13 way they've started the case in two fashions.
14 And I thank you.

15 **THE COURT:** Thank you, Mr. Moore. Okay Ms.
16 Thompson, you may call your first witness.

17 **MS. THOMPSON:** The Department will call Mr. Cassidy
18 as its first witness.

19 **THE COURT:** Mr. Cassidy.

20 **MR. CASSIDY:** Where do I go?

21 **THE COURT:** Here. You will sit right here. And
22 before taking your seat I need you to face the
23 court reporter and raise your right hand and
24 she will swear you.

25 **MADAM COURT REPORTER:** Do you solemnly swear the



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1 following testimony to be the truth, the whole
2 truth and nothing but the truth so help you
3 God?

4 MR. CASSIDY: That's right.

5 MADAM COURT REPORTER: Okay. And please state your
6 full name for the record.

7 MR. CASSIDY: Walter R. Cassidy.

8 MADAM COURT REPORTER: All right. Thank you.

9 MR. CASSIDY - EXAMINATION BY MS. THOMPSON:

10 Q: Good morning, sir. Thank you for being here.
11 You are the owner of A Bargain Center? Is that
12 correct?

13 A: That's correct.

14 Q: How long have you been the owner?

15 A: It's been around close to three years.

16 Q: Okay. What are the normal business hours of
17 the store?

18 A: From 10:00, about -- 10:00 to 6:00 o'clock.

19 Q: All right. And are you usually there during
20 normal business hours?

21 A: No. Not all the time.

22 Q: Okay. How often would you say you're in the
23 store?

24 A: Probably six hours a day.

25 Q: Okay.



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1 A: Off and on.

2 Q: Does A Bargain Center lend money to people?

3 A: No.

4 Q: In the past has A Bargain Center lent money to
5 people?

6 A: No.

7 Q: Okay. Are you sure?

8 A: I'm sure.

9 Q: All right.

10 A: Did A Bargain Center at any time require
11 customers to provide collateral or security in
12 order to lend money to them?

13 Q: I never have lent money to anybody.

14 A: So what type of security or collateral did A
15 Bargain Center take in?

16 MR. MOORE: May it please, Your Honor, the witness
17 has already told counsel that he has not loaned
18 any money so there would be no security or
19 collateral for a loan. And she is basically
20 refusing to accept the man's testimony that
21 he's never loaned any money. Now she's asking
22 what's -- what's -- what's -- what collateral
23 did you have for a loan he's never made.

24 MS. THOMPSON: I will -- I will rephrase my
25 question.



1 THE COURT: Thank you.

2 Q: What type of merchandise do you have in your
3 store?

4 A: We have appliances, we have all types of stuff
5 like that, merchandise, you know.

6 Q: All right. Would you mind listing some other
7 things that you have in the store?

8 A: Well we have microwaves, stoves, some clothes
9 in there, you know.

10 Q: Do you also have guns in the store?

11 A: We also have guns in there.

12 Q: All right. Do you also have TVs, electronics
13 ---

14 A: I got TVs.

15 Q: --- things of that nature?

16 A: Yes, ma'am.

17 Q: All right. Things like maybe ammunition?

18 A: We have some ammunition. I've got a special
19 room for that.

20 Q: All right. In the past has A Bargain Center
21 told their customers that they could sell an
22 item and then buy it back later?

23 A: Have -- I have bought merchandise from people
24 and -- and told them they I'll give them a
25 chance to buy it back if they'd like.



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- 1 Q: All right.
- 2 A: Like in a -- like a -- a lay-a-way deal, okay?
- 3 Q: Uh-huh. Does the store continue to do that
- 4 today?
- 5 A: No. No quicker than the gentleman that came --
- 6 that come in there and he told me. I -- I --
- 7 I didn't do any of it no more.
- 8 Q: Okay.
- 9 A: None of it, period.
- 10 Q: And so if -- I think you called it a buy-back
- 11 procedure. Is that correct?
- 12 A: Right.
- 13 Q: Right. So did A Bargain Center tell customers
- 14 that they could come back into the store and
- 15 buy the items for a specific amount?
- 16 A: Buy it back.
- 17 Q: Right. No question.
- 18 A: Yes, ma'am.
- 19 Q: And how did you determine a specific amount
- 20 that they could buy the item back for?
- 21 A: Well any time you -- if I buy something I put
- 22 a price on it like a -- a 30, 40 to 50 percent,
- 23 you know?
- 24 Q: All right. Did A Bargain Center also told the
- 25 -- tell the customer that they only had a



1 specific amount of time to come back to
2 repurchase their item?

3 A: Well when -- when you lay something away --
4 away like that it -- we generally give them a
5 certain time.

6 Q: All right. And how long was that time that you
7 gave them?

8 A: 15 -- 15 days, 20 days. It varies. It depends
9 on the customer. We did -- we're there to help
10 the customers. We're not there to -- to hurt
11 the customers.

12 Q: Did -- so a customer if they couldn't pay
13 within the 15 days what would then happen?

14 A: Well, if they couldn't pay in 15 days I -- a
15 lot of times I would sell it and if they come
16 back and ask me and I've had some of them --
17 some of them that come in and -- me trying to
18 help them, let them run over or I'd give them
19 more time, okay?

20 Q: Uh-huh.

21 A: Okay.

22 Q: But is that more time, is that free?

23 A: Well I -- I often markups on it. I -- I got
24 markup on it.

25 Q: Right. So -- so you would -- they would have



1 to pay say a finance charge?
2 A: They have to pay the markup on it.
3 Q: Right.
4 A: I give them a chance to pay the markup.
5 Q: To extend the time?
6 A: Right.
7 Q: To come back to get their item?
8 A: It's not everybody but some people I try to
9 help them.
10 Q: Okay. Well what happens if they couldn't
11 afford to pay back the loan amount?
12 MR. MOORE: Objection please, Your Honor. The
13 witness has told her there's no loans. He's
14 told her that he has no loans.
15 A: I -- just buy.
16 THE COURT: Hold on Mr. Cassidy. The objection is
17 sustained.
18 MR. MOORE: Thank you, Your Honor.
19 Q: So what happens if a customer didn't buy their
20 property back?
21 A: Well it would end -- end up -- it -- it goes --
22 it -- it goes back to A Bargain Center. It
23 goes to A Bargain Center. We sell it to
24 someone.
25 Q: Okay. So once they forfeited the item you



1 would resell it? So when a customer did sell
2 an item with you so that they could back to re-
3 buy it later did you provide them with any sort
4 of writing regarding the terms of the
5 transaction?

6 A: Yeah, we had a -- we give them in writing.

7 Q: All right. And what type of writing was that?

8 A: We keep a pretty good record of things. Not
9 perfect, but we keep pretty good records.

10 Q: Okay. And -- and what did you do with a
11 customer's property after you had taken it?
12 Did you store it somewhere?

13 A: No. We sell -- we sell it.

14 Q: Well ----

15 A: If I bought it I -- it belonged to me.

16 Q: Right. Well if they're doing a buy back
17 procedure ---

18 A: Right.

19 Q: --- did you keep their item in a special place?

20 A: You talking about -- when I brought from --
21 when I bought it and -- from them?

22 Q: Right. Well if -- if some -- a customer was
23 doing a buy back?

24 A: Some, yes. And some ---

25 Q: You wouldn't sell their item?



1 A: Yeah. Yeah, a lot of times, yeah.
2 Q: So you would save that item ---
3 A: Right.
4 Q: --- until they came back?
5 A: For a specific period of time, yeah.
6 Q: Did you store it in a special area?
7 A: Not every time, no.
8 Q: Not every time. Would you please explain A
9 Bargain Center's buy back procedure to the
10 court?
11 A: Explain the buy back?
12 Q: Uh-huh.
13 A: All right. You come in and -- and you want to
14 sell me something, okay? I tell you -- tell
15 you I could not pawn it but I would buy it from
16 you. I've always been when I buy something it
17 belongs to me. Okay. I understand -- I
18 understand this much about a pawn shop, you
19 don't never own nothing there. It belongs to
20 the person. Am I right or wrong? I'm just
21 telling you. Okay? And what I'm -- what I'm
22 really trying to do there is help the people
23 with like it's a little town and there are a
24 lot of poor people there and they need all kind
25 of help. And that's what I was in there trying



1 to do.

2 Q: I have some documents to show you. Would you
3 mind taking a look at these? You can take some
4 time to review it if you need to.

5 A: Well it -- I -- I -- exactly what I said. It
6 has a -- they have a time to buy it back.

7 Q: All right. So will you identify these
8 documents for the court Mr. Cassidy?

9 A: You talking about this ---

10 Q: All right. Will you just tell me what they
11 are?

12 A: Huh?

13 Q: Will you tell me what they are?

14 A: You want -- you talking about the product?

15 Q: No. I'm sorry. Just the document. These
16 tickets.

17 A: Oh, it's a document saying that this is for
18 7106 Salley Road, North, South Carolina. Zip
19 code 29160 and ---

20 Q: Well ---

21 A: This is a micro -- microwave I think on here.
22 A -- A DVD player up here. It's 40 -- to A
23 Bargain Center for \$45.00.

24 Q: Okay.

25 A: He sell it -- I sell it back for \$67.50.



1 Q: Uh-huh.

2 A: Okay.

3 Q: All right. Were these documents created in the
4 regular course of business at A Bargain Center?

5 A: Explain that again?

6 Q: Were these documents created, you know, in a
7 day-to-day business at A Bargain Center last
8 year?

9 A: We didn't do that much of them. You know what
10 I mean? Not everyday, no.

11 Q: But you -- you recognize that these tickets are
12 from your store?

13 A: Right.

14 Q: Right. Okay. Your Honor, I would like to move
15 Petitioner's Exhibit One into evidence please.

16 MR. MOORE: I have no objection.

17 THE COURT: Admitted.

18 (Petitioner's Exhibit Number One was marked for
19 identification purposes.)

20 A: This isn't the same thing.

21 Q: Yes it is. I just gave you another copy Mr.
22 Cassidy. So you sort of went over the -- the
23 top portion of the paper. Would you mind
24 reading the embolded paragraph at the bottom of
25 the ticket with two stars by it?



1 A: You talking about where, by signing this form
2 ---

3 Q: That's right.

4 A: --- you are aware that you are -- your item
5 will be sold the day after it is done -- it is
6 due -- is due and is no longer offered to you
7 at this price.

8 Q: Uh-huh.

9 A: Okay. You must pay the full asking price if
10 available. Also in the case of a break-in of
11 the store or fire. A Bargain Center is not
12 responsible for items sold as it will not be
13 held liable.

14 Q: All right. Thank you. Did these -- did these
15 documents record an interest rate of the
16 transaction between you and the customer?

17 A: Do you need a copy -- you need a copy of it?
18 I probably have a copy.

19 Q: Oh no. Did the ticket itself record an
20 interest rate of the transaction ---

21 A: No.

22 Q: --- between the store ---

23 A: Not that I know of.

24 Q: --- and the customer? All right. And so based
25 on these tickets isn't it true that A Bargain



1 Center gave money to customers that provided
2 their property and agreed to let the customer
3 repurchase their property at a later time?

4 A: Not their property. I bought the property. I
5 owned the property.

6 Q: Okay. But ---

7 A: I own it. When you buy something you're
8 supposed to own it.

9 Q: But they could buy that property at a set time
10 for a fixed price?

11 A: Well I do it everyday. Everyday I buy and sell
12 everyday. Buy and sell everyday.

13 Q: But you would agree with that statement?

14 A: Huh?

15 Q: You would agree with that statement? That
16 based on the tickets A Bargain Center gave
17 money to customers and bought their property?

18 A: Well you pay for the property.

19 Q: And then the customer would return, repurchase
20 the property for a fixed price ---

21 A: For whatever markup ---

22 Q: --- at a fixed time.

23 A: was on it.

24 Q: Right.

25 A: How -- it's like you put something on a shelf.



1 Q: Right.

2 A: You mark it up.

3 Q: And it was for a fixed price at a fixed time?

4 A: I guess.

5 Q: Yes, sir. Do you agree with that statement?

6 A: A set price at a fixed time? I guess so.

7 Q: Yes or no?

8 A: I guess, yes.

9 Q: Okay. Thank you. Did you ever obtain a
10 certificate of authority from the Department of
11 Consumer Affairs?

12 A: A what?

13 Q: Did you ever obtain a certificate of authority
14 from the Department of Consumer Affairs?
15 That's our -- that's our license to -- for ---

16 A: No because I -- I was scared to death of a --
17 a pawn shop. I didn't want no pawn shop. I
18 didn't want one -- won't have one. Okay?

19 Q: All right. No further questions, Your Honor.

20 THE COURT: Mr. Moore?

21 Q: May it please, Your Honor.

22 THE COURT: Yes.

23 MR. CASSIDY - CROSS-EXAMINATION BY MR. MOORE:

24 Q: Walter, how old are you?

25 A: March 14th I was 80 years old.



1 Q: And this little location that we're talking
2 about, the -- the Bargain Center, it's on
3 Monmouth Avenue in Swansea. Is that right?

4 A: That's right.

5 Q: And Monmouth Avenue is what used to be the main
6 street in Swansea, right?

7 A: That's right.

8 Q: The whole place is about to fall down isn't it?

9 A: It's in pretty bad shape. Yes, sir.

10 Q: Actually some of the stores even have trees
11 growing through the roof.

12 A: That's exactly right.

13 Q: And the town down there has been trying to
14 bring some business back to Monmouth Avenue,
15 right?

16 A: That's right.

17 Q: And you opened this Bargain Center how long
18 ago?

19 A: It's been close to three years. Around about
20 three years I guess.

21 Q: And it hasn't done that great, has it?

22 A: It's been -- and -- and it do- -- we do good to
23 keep it going right now.

24 Q: And you have what, one or two employees?

25 A: Well we've got two people that helps me.



1 Q: All right. And if we would look at everything
2 in the store -- everything in the store
3 together if you put it all together somewhere
4 the entire inventory would be what, \$10,000.00
5 or so?

6 A: Somewhere in that neighborhood. Maybe 12. I
7 -- I don't take a inventory. It's probably
8 running anywhere from 8 to 10 to 12.

9 Q: And the Bargain Center is a limited liability
10 company, right? LLC?

11 A: Right.

12 Q: Walter, are you the registered agent for the
13 LLC? The person that's supposed to get served
14 with stuff?

15 A: Walter -- Walter Cassidy.

16 Q: You ever been served with anything in this
17 case?

18 A: No, sir.

19 Q: Now as I understand it you are not a lawyer,
20 right?

21 A: No, sir.

22 Q: You've never been trained in the law?

23 A: No, sir.

24 Q: You have several little businesses down there
25 in Swansea that you try to make a living from,



1 right?

2 A: That's right.

3 Q: You have the Bargain Center, and you have the
4 little automotive repair shop and a couple of
5 other small businesses, right?

6 A: Right.

7 Q: Walter, would it be fair to say that you're not
8 a rich man, wouldn't it?

9 A: That's right.

10 Q: Now in Swansea if they put a -- a -- a -- a
11 fine of \$10,000.00 on the Bargain Center that
12 would bankrupt it, wouldn't it?

13 A: Exactly right.

14 Q: There ain't no way in the world that y'all
15 could ---

16 A: That would hurt -- that would hurt a lot of
17 people too. I'll tell you what, I'm well
18 thought of in that area. I'll tell you that.

19 Q: Yeah. And as a matter of fact you've been
20 involved with the private school, you've helped
21 establish a private school and you also helped
22 get the private -- private school property
23 transferred to the -- to Lexington County,
24 didn't you?

25 A: Right.



1 Q: You've done a lot of good in that area haven't
2 you?

3 A: I have a lot of good friends. Yes, sir.

4 Q: Now you have always tried as hard as you can
5 not to be a pawnbroker, right?

6 A: No, sir. I -- I don't want -- I don't want to
7 be no part of a pawnbroker.

8 Q: And you've made that very clear to everybody,
9 right?

10 A: That's right.

11 Q: Now your store, the primary focus in your store
12 is you buy things ---

13 A: And sell.

14 Q: --- and you sell things?

15 A: That's right sir.

16 Q: And sometimes you'll take things on consignment
17 and sell them there won't you?

18 A: Sometimes. Yes, sir.

19 Q: And people are basically coming into your store
20 and buying used merchandise and they know it's
21 used, right?

22 A: Right.

23 Q: Now in the store -- the primary function of the
24 store is to buy and sell merchandise, right?

25 A: Yes, sir.



1 Q: You are not in the -- the money lending
2 business and never have been.

3 A: No, sir.

4 Q: Now as I understand it your retail store does
5 have a lay-a-way program, right?

6 A: Yes, sir.

7 Q: If people want to come into the store, put some
8 money down on an item you'll hold that item
9 until they come back and buy it.

10 A: That's right.

11 Q: So if you say buy something from me and one of
12 these folks wants to come in and buy it, if
13 they want to put some money down you'll hold it
14 for a particular period of time.

15 A: That's right.

16 Q: That's what you call your lay-a-way program?

17 A: That's right.

18 Q: Now Walter, some of us are getting older but we
19 still remember the lay-a-ways. There were a
20 lot of stores that used to do lay-a-way in the
21 olden times, right?

22 A: Right.

23 Q: Sometimes not quite so old. And what you have
24 at your store is a lay-a-way program, right?

25 A: That's right.



1 Q: Now when people come to you and want to sell
2 things ---
3 A: Yes.
4 Q: --- you do make it clear that you're not
5 loaning money, you're actually buying the item?
6 A: That's exactly right.
7 Q: And if you'll look at the document that's
8 prepared -- first of all, did a lawyer prepare
9 this document for you?
10 A: No, sir.
11 Q: You did that yourself?
12 A: Well, it was one of the girls.
13 Q: One ---
14 A: One of the girls, Brandy, Miss Brandy.
15 Q: Miss Brandy's sitting back in the back of the
16 courtroom isn't she?
17 A: Right.
18 Q: And ---
19 A: Miss Brandy is the one that come up with it.
20 Q: And they have subpoenaed here to the courtroom,
21 right?
22 A: Right.
23 Q: And I believe they even subpoenaed one of your
24 customers here today?
25 A: A good customer.



1 Q: And he's kind of scared to death back there
2 isn't he?

3 A: He's a good customer I'll tell you that.

4 Q: He's a good man too isn't he?

5 A: Right.

6 Q: Now according to this thing it makes it very
7 clear if you look at the document it says that
8 on the first one, Shirley Archer -- I am
9 selling, and it lists the items, right?

10 A: Right.

11 Q: And what -- you make it very clear when this
12 transaction takes place is that you are
13 actually buying the item, right?

14 A: Right.

15 Q: And you thought as long as you were actually
16 buying the item and then laying it away you
17 thought it was okay.

18 A: Right.

19 Q: Did you have any idea that somebody may say
20 there's something wrong with it?

21 A: If I did I sure wouldn't be doing it.

22 Q: All right. So you basically thought you were
23 buying the items and then agreeing to sell it
24 back on a lay-a-way program?

25 A: Yes, sir.



1 Q: And if the people wanted to -- to sell to you
2 and then lay it away that was fine, right? But
3 if they were going to buy it back they're going
4 to be like anybody else. They were going to
5 pay you your markup.

6 A: That's exactly right.

7 Q: So you weren't making loans and you weren't
8 charging interest?

9 A: Right.

10 Q: You were buying merchandise and offering the
11 people the opportunity to lay-a-way that
12 merchandise and buy it back like anybody else
13 that was laying something away.

14 A: Yes, sir.

15 Q: And this sort of transaction was not something
16 that you did everyday, right?

17 A: No. No, sir.

18 Q: But you did have a lay-a-way program and you
19 were in the business of buying and selling?

20 A: Right.

21 Q: Now as I understand it Walter, there was a
22 point in time when the state investigators
23 came, right?

24 A: Right.

25 Q: And they scared you didn't they?



1 A: Well, I didn't -- I didn't really know what was
2 going on if you want to know the truth about
3 it. But I hadn't had -- I didn't feel like I
4 had done nothing wrong. So let me tell you
5 what -- what we're doing. Miss Brandy back
6 there does the same thing. I told her and
7 she'll back me up. Anytime an officer comes in
8 there to help them any way they can. Help them
9 any way they can. Show them anything they
10 need. We had a -- a -- a -- cameras and all
11 that and tapes and all on there and she even
12 gave the tape -- the tape to some of the
13 people. I'm not so sure one of the gentlemen
14 ain't sitting right here she give the tape to.
15 We try to help them every way we could
16 whatsoever. And seem -- seems to me like we
17 kind of got trapped. You know? And the
18 gentleman right back yonder is a -- when he
19 come in there he was as nice as he could be.
20 The gentleman sitting right back yonder. I --
21 I forgot his name right now but I'll remember
22 it. And he said that -- we give him everything
23 he wanted. We give him everything he --
24 everything we -- Brandy was there. She give
25 him everything that he wanted, anything



1 whatsoever where we could help him. We do all
2 the deputy sheriff's and stuff the same way.
3 When they come in there because I do not like
4 a -- a thief or somebody that's stealing
5 something. I don't like that, okay? And I
6 helped them every way I could help them and
7 this gentleman sitting back there if he says I
8 didn't -- didn't he's not telling the truth.

9 Q: So you basically work with them and show them
10 what you're doing and show them how to work.

11 A: And this is what he told me is ---

12 Q: What did he tell you? That's what I was trying
13 to get to. What did he tell you?

14 A: He said, by you being helping us so good and --
15 and one thing or another and turning everything
16 over to him one thing or another he said, I'm
17 going to have to fine you a little fine but if
18 you can't afford what little bit of fine then
19 you can make payments on it. He said, it's
20 going to be a little fine. He said, you can
21 pay -- pay on it when you can. And if says
22 that he didn't tell me that he's lying.

23 MS. THOMPSON: Objection Your Honor. Hearsay.

24 MR. MOORE: Well, he's an agent of the state.

25 A: He's not an agent.



1 MR. MOORE: Let's -- let's ---

2 THE COURT: Mr. Cassidy.

3 A: See what I mean? That - that's what he told
4 me.

5 MR. MOORE: Hush, hush.

6 THE COURT: Okay.

7 MR. MOORE: The Judge told you to hush. When she
8 says hush you hush.

9 THE COURT: Is he the individual that will be called
10 as a witness in this case?

11 MR. THOMPSON: Yes, Your Honor.

12 THE COURT: Okay. I'm going to allow him to testify
13 to what he was told.

14 Q: He told you it was going be a little fine and
15 he also told you that you shouldn't be doing it
16 the way you were doing it.

17 A: He said he -- he appreciated us turning
18 everything over to him and showing him
19 everything and we done all -- the deputy's like
20 that too. The deputy sitting back there, we
21 turned everything over to him two times.

22 Q: And when they told you to stop did you stop?

23 A: You better believe I stopped.

24 Q: Have you done any transaction like this, buy
25 sometime and lay away since they told ---



- 1 A: No.
- 2 Q: --- you to stop?
- 3 A: No.
- 4 Q: Has anybody ever explained to you other than me
- 5 what was supposedly wrong with what you're
- 6 doing? Today in this courtroom do you really
- 7 understand what's supposedly wrong with what
- 8 you're doing?
- 9 A: No.
- 10 Q: But they told you not to do it anymore and you
- 11 said okay and you've honored your word?
- 12 A: That's exactly right.
- 13 Q: Have you made anybody any loans on merchandise?
- 14 A: No.
- 15 Q: Have you charged anybody any interest?
- 16 A: No.
- 17 Q: Other than to buy and sell merchandise have you
- 18 done anything at that store?
- 19 A: Not as I know of.
- 20 Q: Do you have a pawnbroker's license?
- 21 A: No.
- 22 Q: Do you want a pawnbroker's license?
- 23 A: No.
- 24 Q: Have you ever had a pawnbroker's license?
- 25 A: No.



1 Q: Have you ever wanted to be in the pawning
2 business?

3 A: No. I don't understand it. The way it works,
4 I don't understand it. That's the reason I
5 don't want a part of it.

6 Q: All right. Walter, thank you for answering my
7 questions.

8 THE COURT: Ms. Thompson, do you have anything else
9 on re-direct?

10 MS. THOMPSON: I do, Your Honor.

11 THE COURT: Okay.

12 MR. CASSIDY - RE-EXAMINATION BY MS. THOMPSON:

13 Q: Mr. Cassidy, will you please tell me the
14 difference between a lay-a-way and a buy back?

15 A: A lay -- a lay-a-way is people they've got --
16 you lay it away and you give them a certain
17 time and they bring -- and then they give you
18 some money down on it, on the lay-a-way. Okay?
19 They will give you -- a lot of times they --
20 there are a lot of poor people in that area.
21 What we do, you don't have the money to buy it
22 with they'll put down -- say it's a \$100.00
23 price they will probably -- sometime they do
24 it, sometime they don't. Sometime I won't --
25 I don't even make them put down any money on it



1 because if I know them real well I'm trying to
2 help the people in the area they don't even put
3 no money down sometime. But generally they'll
4 put a small amount of money down on it and pay
5 it off. Okay.

6 Q: All right. So that's the lay-a-way. Will you
7 explain the difference with the buy back?

8 A: With the buy back you see - I -- I buy the
9 merchandise to start with one with the other.
10 I already own the merchandise. I buy the
11 merchandise from the people, okay? And then
12 give them a certain time they can buy it back
13 and then they come in there a lot of times and
14 -- and -- don't have the money to buy it back
15 and we try to work and help the people in any
16 way we can.

17 Q: All right. This will be my last question and
18 I just want to ask you what amount of interest
19 do you think is reasonable and appropriate for
20 a customer to pay?

21 MR. MOORE: Objection please, Your Honor. He's
22 testified he hasn't charged anybody any
23 interest. There's no indication that he's
24 loaned anybody any money to the customer ---

25 THE COURT: Mr. Cassidy.



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1 MR. MOORE: --- or charged any interest.

2 THE COURT: Ms. Thompson, do you want to rephrase
3 that question? Because the way it's being
4 asked I'm sustaining the objection.

5 MS. THOMPSON: All right. Let me rephrase. What is
6 an appropriate amount for a customer to pay
7 back for the property that they're obtaining?

8 A: Again, the markup on the property is only about
9 30 percent, 40 percent or whatever. Say 50.
10 Some things we mark -- some things we can't
11 mark up but 15 percent, some things we mark up
12 50 percent.

13 Q: All right. And when you determine how much
14 someone pays to extend that time to buy the
15 item back?

16 A: Well we generally give them a -- a -- a certain
17 -- certain time to do that, you know.

18 Q: Right. And how do you calculate that number?

19 A: The time?

20 Q: The -- the amount. The extra charge ---

21 A: Well, it would be whatever ---

22 Q: --- that's tacked on.

23 A: Let's say if I bought it for a -- a -- a \$25.00
24 and I added put 35 or 40 on it, okay?

25 Q: Okay.



1 A: Okay.

2 Q: No further questions, Your Honor.

3 THE COURT: Thank you, Ms. Thompson.

4 MR. MOORE: Nothing further, Your Honor.

5 THE COURT: Mr. Cassidy, you can leave the witness
6 stand now.

7 MR. CASSIDY: Okay.

8 THE COURT: Thank you.

9 MR. CASSIDY: Do I keep these? Are these yours,
10 mine or whose?

11 THE COURT: Are those exhibits?

12 MR. MOORE: I think they're the copy she gave him,
13 Your Honor.

14 THE COURT: Oh, the copies.

15 MR. MOORE: Give them to me Walter. I got them.
16 Thank you.

17 THE COURT: Ms. Thompson, you can call your next
18 witness.

19 MR. THOMPSON: The Department will call Ms. Burdo as
20 the second witness.

21 THE COURT: Okay. I don't think -- before you take
22 your seat if you'll face the court reporter and
23 raise your right hand.

24 MADAM COURT REPORTER: Do you solemnly swear the
25 following testimony to be the truth, the whole



1 truth and nothing but the truth so help you
2 God?

3 MS. BURDO: Yes, ma'am.

4 MADAM COURT REPORTER: Okay. And will you please
5 state your full name for the record.

6 MS. BURDO: Brandy Ellen Burdo.

7 MADAM COURT REPORTER: Thank you.

8 MS. BURDO - DIRECT EXAMINATION BY MS. THOMPSON:

9 Q: Good morning, Ms. Burdo.

10 A: Good morning.

11 Q: Where do you work?

12 A: A Bargain Center.

13 Q: And what is your job title there?

14 A: Manager.

15 Q: Okay. And how long have you worked at A
16 Bargain Center?

17 A: About two and a half years or so.

18 Q: Okay. And so what is your role in the store?
19 What do you do on a day to day basis?

20 A: I do all the paperwork. I do the selling, the
21 cleaning. I pretty much do it all.

22 Q: Were you at A Bargain Center on the day that
23 the Department of Consumer Affairs conducted
24 their onsite investigation?

25 A: Yes, ma'am.



1 Q: And that was on September 10th, 2015?

2 A: I believe so, yes.

3 Q: Did you complete a voluntary statement with the
4 Department in connection with their
5 investigation?

6 A: Yes, ma'am.

7 Q: I have a copy of that statement and I'll go
8 ahead and show that to you.

9 (Petitioner's Exhibit Number Two was marked for
10 identification purposes.)

11 Q: Can you identify this document Ms. Burdo?

12 A: Yes, ma'am. It's my written statement.

13 Q: And what day does it say that you signed it?

14 A: September 10th, 2015.

15 Q: Okay. And you remember making this document?

16 A: Yes, ma'am.

17 Q: Your Honor, I would like to move Petitioner's
18 Exhibit Two into evidence.

19 MR. MOORE: I believe the appropriate way to do a
20 statement is for her to basically testify about
21 it.

22 THE COURT: Any objections -- well, I'm admitting
23 it.

24 MR. MOORE: Thank you, Your Honor.

25 MR. THOMPSON: Thank you, Your Honor.



1 Q: Your statement explains A Bargain Center's buy
2 back procedure?

3 A: Yes, ma'am.

4 Q: Will you please explain the buy back procedure
5 to the court?

6 A: Okay. When the customer would come in and they
7 would want to sell us an item like in my
8 statement says, I would buy it for \$10.00.
9 Usually when I buy an item I buy it at half
10 price of what I would actually mark it up for.
11 So if I bought that item for \$10.00 I would
12 probably sell it in the store for \$20.

13 Q: Uh-huh.

14 A: So and then we'd give them a chance to buy it
15 back.

16 Q: All right. So a customer received money for
17 one of their possessions. Is that right?

18 A: Uh-huh. We would buy it. Yes, ma'am.

19 Q: All right. And how -- how many days did the
20 customer have to repay the store?

21 A: About 15 days.

22 Q: 15 days? All right. And so could the customer
23 extend that time period by any way?

24 A: Yes, ma'am.

25 Q: And how would they do that?



1 A: They would come in and pay on it. Pay some
2 money down for us to extend the lay-a-way.

3 Q: All right. In the past how many buy back
4 transactions did the store conduct say in a
5 year?

6 A: It's a -- I know I wrote 100 to 150 but it's
7 really hard to really tell.

8 Q: All right. Does that number still seem about
9 accurate though?

10 A: I was -- I would still stick to about maybe 50
11 to 100. I mean we really didn't have -- we
12 would have repeat customers.

13 Q: Right. So -- so you're saying maybe with
14 repeat customers it might be 50 to 100 but --
15 but with the buy back tickets themselves with
16 those transactions it would still be 100 to 150
17 a year? I know you have a lot of repeat
18 customers.

19 MR. MOORE: Object to the leading please, Your
20 Honor.

21 THE COURT: I'm sorry. What was that objection Mr.
22 Moore?

23 MR. MOORE: To leading.

24 THE COURT: To leading.

25 MR. THOMPSON: Your Honor, I believe based on Rule



1 611© leading questions are permitted for an
2 adverse witness.

3 **MR. MOORE:** But the witness hasn't been established
4 as an adverse or hostile witness, Your Honor.
5 It was not called that way.

6 **THE COURT:** Okay. She is your witness so I'm
7 sustaining his objection.

8 **MR. THOMPSON:** All right. So -- let me rephrase.
9 How many -- so how many separate buy back
10 transactions would you have in a year?

11 A: In a year, month, what?

12 Q: In a year.

13 A: In a year? I would still say between 50 and
14 100. I mean honestly. Some months we would
15 have none so.

16 Q: After completing the ticket would you give a
17 copy of it to the customer?

18 A: Yes, ma'am.

19 Q: Just like a photocopy?

20 A: Yes, ma'am. Well they would get the original.
21 I'd keep the copy because the copy has their ID
22 on it.

23 Q: Okay. Did the store send any sort of written
24 notice to the forfeiture of the item to the
25 customer who had sold their item at the store?



1 A: No, ma'am. For the most part the customer
2 would actually come back in and tell us that
3 they couldn't get it or we would inform them in
4 person when they came back into the store that
5 it was due and that if they didn't come get it
6 we would have to put it on the shelf and sell
7 it.

8 Q: All right. And what is your current home
9 address?

10 A: 245 Meadowfield Road in Gaston.

11 Q: Okay. Did you recently move?

12 A: I did, in October.

13 Q: Okay. We tried to send you some documents and
14 what was your last address?

15 A: 809 Cassidy Road in Swansea.

16 Q: All right.

17 A: No it was Gaston, sorry.

18 Q: Was that -- what that property owned by Mr.
19 Cassidy?

20 A: Yes.

21 Q: Okay. So you -- you two have a close
22 relationship?

23 A: I've known him from working at the Substation.
24 And we were in a bad situation and I had to
25 move and his wife had a property open and



1 allowed us to move there until we could find us
2 a better place.

3 Q: All right. So you're both coworkers and
4 neighbors?

5 A: Well yeah, he lived up the street. I mean, but
6 we're not really neighbors-neighbors.

7 Q: Okay. All right. Thank you. No further
8 questions.

9 THE COURT: Mr. Moore.

10 MR. MOORE: May it please, Your Honor. Thank you.

11 THE COURT: Yes.

12 MS. BURDO - CROSS-EXAMINATION BY MR. MOORE:

13 Q: You've worked for Mr. Cassidy there in the
14 store about two and a half years?

15 A: Yes, sir.

16 Q: It's a little tiny thrift shop. Is that right?

17 A: Yes, sir.

18 Q: It's on Monmouth Avenue which is a very very
19 very depressed area, correct?

20 A: Yes, sir.

21 Q: You're very familiar with the inventory. Would
22 you agree with me that the entire inventory of
23 the store would be worth less than \$10,000.00
24 probably?

25 A: Yes, sir. Closer to \$1,000.00. Yes, sir.



- 1 Q: Now as I understand it you are not a pawn
2 store, right?
- 3 A: No, sir.
- 4 Q: But the -- it's a retail outlet, right?
- 5 A: Yes, sir.
- 6 Q: And you have a retail permit, right?
- 7 A: Yes, sir.
- 8 Q: But you do buy from the public?
- 9 A: Yes, sir.
- 10 Q: And you sell to the public?
- 11 A: Yes, sir.
- 12 Q: And you also have a lay-a-way program that is
13 available to the public, correct?
- 14 A: Yes, sir.
- 15 Q: If you just have a piece of merchandise that
16 came from let's say a flea market ---
- 17 A: Uh-huh (affirmative response).
- 18 Q: --- and I wanted to come in and buy it on lay-
19 a-way. As I understand it you would set up a
20 lay-a-way for me and pull the -- the item off
21 the shelf -- off the shelf and hold it, right?
- 22 A: Yes, sir.
- 23 Q: Sometimes you'd take some money down.
- 24 A: Yes, sir.
- 25 Q: Sometimes you wouldn't.



- 1 A: Right, depending on the customer.
- 2 Q: And a lot of customers you know and you know
- 3 who you can trust and who you don't, right?
- 4 A: Yes, sir.
- 5 Q: Because Swansea's a small community and you
- 6 know who's legit and who's not.
- 7 A: Yes, sir.
- 8 Q: And everybody knows everybody's business in
- 9 Swansea don't they?
- 10 A: Yes, sir.
- 11 Q: Now as I understand -- let's go back to this
- 12 item that you bought at the flea market and
- 13 you're selling it. I come in and buy it. You
- 14 put it on lay-a-way for me, I don't put any
- 15 money down, the time runs out. If I come back
- 16 and pay you some money towards it you'll keep
- 17 holding it for me, right?
- 18 A: Yes, sir.
- 19 Q: But if I don't honor my word and come back and
- 20 pay some money towards it you will put it back
- 21 on the floor and sell it.
- 22 A: Yes, sir.
- 23 Q: It works the exact same way when you buy
- 24 property from somebody who wants to buy it
- 25 back, right?



1 A: Yes, sir.

2 Q: The way this thing is designed and the way it
3 operates is when you buy a piece of merchandise
4 from a customer who wants to lay it away the
5 form very clearly states that he is selling you
6 that merchandise, right?

7 A: Yes.

8 Q: There's no interest charged, right?

9 A: Right.

10 Q: There's no loan, right?

11 A: Uh-huh (affirmative response).

12 Q: Is that a yes?

13 A: Yes, sir. I'm sorry.

14 Q: That's all right.

15 A: I'm sorry.

16 Q: The -- the merchandise is simply bought by the
17 store.

18 A: Yes, sir.

19 Q: And the person is paid for the merchandise when
20 he sells it to you.

21 A: Yes, sir.

22 Q: And just like any other lay-a-way if he wants
23 to do a buy back you will lay the merchandise
24 aside for him and give that person a time to
25 buy it back.



1 A: Yes, sir.

2 Q: If he wants to come in and buy it back or -- or
3 if he wants to come in and extend it if he'll
4 pay some money down towards it sometimes you'll
5 hold it and sometimes you won't.

6 A: Yes, sir.

7 Q: And eventually if the person wants to buy it
8 back at the same markup as anybody else he can
9 buy it back and go on about their business,
10 right?

11 A: Yes, sir.

12 Q: Now did you have any idea there was anything
13 wrong with buying something from somebody and
14 agreeing to sell it back to them?

15 A: No, sir.

16 Q: Did you have any idea that a lay-a-way --
17 there's something wrong with the lay-a-way?

18 A: No, sir.

19 Q: Did you have any idea that there was something
20 wrong with buying merchandise from a person and
21 then laying it away for that person?

22 A: No, sir.

23 Q: Did you consider any of these transactions
24 anything other than a purchase and sale
25 transaction?



1 A: No, sir.

2 Q: Now the form that we're talking about where
3 it's made very clear that this actually is a
4 sale did you prepare that form?

5 A: I believe so. Yes, sir.

6 Q: Now you were asked about the statement that you
7 wrote. Was this something that you were told
8 to write by law enforcement?

9 A: They asked me if I would write a statement on
10 how the buy back worked.

11 Q: All right. And when they told -- they were
12 talking to you were you sort of nervous?

13 A: Yes, sir. I'm nervous now.

14 Q: Well we're not as bad as the dentist office.
15 Okay? And you basically said in your
16 statement, we -- we call it a buy back. We buy
17 an item for \$10.00 on the first and they'll
18 have to buy it back for \$15.00 by the 15th or
19 it goes away, right.

20 A: Uh-huh (affirmative response).

21 Q: And you say that person also has the option to
22 come in and pay interest to extend for 15 more
23 days.

24 A: Uh-huh (affirmative response).

25 Q: When you're talking about interest what you



1 basically meant by that is the person had the
2 option to come in and pay money towards the
3 purchase?

4 A: Correct.

5 Q: The use of the word interest really was
6 inappropriate because you don't charge
7 interest.

8 A: Uh-huh (affirmative response).

9 Q: Is that right?

10 A: Yes, sir. I'm sorry.

11 Q: All right. Explain to the Judge what you meant
12 by that.

13 A: Well about the ---

14 Q: The word interest.

15 A: To pay interest. That to me was like I said I
16 would buy an item for like \$10.00 and give the
17 option to buy it back for \$15.00. Like I
18 stated before if I bought it for \$10.00 I would
19 usually sell it for \$20.00. So basically in
20 reality we were giving it -- them a chance to
21 buy it back at a reduced rate than the public
22 would actually buy it ---

23 Q: Okay.

24 A: --- if we put it on a shelf.

25 Q: So if it's going to take longer than the lay-a-



1 way period then they may have to pay more money
2 for it.

3 A: Correct. Correct. Just like the lay-a-way.
4 When someone puts something on lay-a-way they
5 have to come in and make a payment or they
6 forfeit on it.

7 Q: All right. So was there any difference in the
8 way the lay-a-way purchase worked for just
9 someone doing a lay-a-way and somebody laying
10 away on the buy back program? Was there any
11 difference at all?

12 A: In my eyes there wasn't.

13 Q: Okay.

14 A: I was doing it the same way.

15 Q: And y'all had a proper retail license?

16 A: Yes, sir.

17 Q: Were not loaning money on items?

18 A: No, sir.

19 Q: But you were buying items and giving people
20 lay-a-way and buy back?

21 A: Yes, sir.

22 Q: And you saw nothing wrong with that?

23 A: No, sir.

24 Q: As a matter of fact Mr. Cassidy was very
25 adamant that he did not want to operate a pawn



1 business, right?

2 A: Correct.

3 Q: And he also was very clear that if law
4 enforcement ever came in to cooperate with law
5 enforcement fully on anything they needed?

6 A: Yes, sir.

7 Q: And you did that, didn't you?

8 A: Yes, sir.

9 Q: You showed them all the records?

10 A: Yes, sir.

11 Q: You had the full and complete records?

12 A: Yes, sir.

13 Q: You showed them every one of the -- the -- the
14 lay-a-way contracts that you had?

15 A: Uh-huh. Yes, sir.

16 Q: Explained to them how they worked?

17 A: Yes, sir.

18 Q: Were you there when the man said that -- that
19 they wanted you to stop doing that?

20 A: Yes, sir.

21 Q: And after they told you to stop doing it did
22 you stop doing it?

23 A: We stopped doing it but they also explained
24 that the buy backs that we still had we had to
25 give them to -- to let them come back and get



1 it without paying any extra than what we
2 actually bought the item for.

3 Q: And did you do that?

4 A: Yes, sir.

5 Q: So you did exactly what they told you to do?

6 A: Yes, sir.

7 Q: The way they told you to do it, right?

8 A: Yes, sir. I'm sorry.

9 Q: Did anybody from the state ever explain to you
10 what was supposed to be wrong with you buying
11 merchandise and reselling it?

12 A: They basically told us that what we -- they
13 explained that what we were there was
14 considered pawn but before that day no one's
15 ever spoken to us about anything and we've had
16 numerous law enforcements come in and I would
17 release the papers to them and I mean I know
18 it's not their job to tell us it was wrong but
19 they never said anything either so we were
20 doing it just, we thought we were doing
21 everything right.

22 Q: Okay. I don't have any further -- as a matter
23 of fact your location is located how far from
24 the police department?

25 A: What a block, two blocks maybe.



1 Q: About a block and a half from the police
2 department in Swansea, isn't it?

3 A: Yes, sir.

4 Q: Okay. I have no further questions. Thank you,
5 ma'am.

6 THE COURT: Ms. Thompson, anything on re-direct?

7 MS. THOMPSON: I do have just a couple of questions.

8 THE COURT: Okay.

9 MS. BURDO - RE-EXAMINATION BY MS. THOMPSON:

10 Q: Mr. Burdo, have you ever shopped at Walmart
11 before?

12 A: Yes, ma'am.

13 Q: And have you ever done a lay-a-way at Walmart?

14 A: No, ma'am actually.

15 Q: Have you ever done a lay-a-way at any business?

16 A: No, ma'am.

17 Q: Okay. But to your knowledge if you were to say
18 around Christmas time go to Walmart to make a
19 lay-a-way would you take in your own property
20 to make that lay-a-way?

21 A: No, ma'am. I'd buy it from Walmart.

22 Q: You would buy it from Walmart?

23 A: Yes, ma'am.

24 Q: And also you stated that you put an item on the
25 shelf and what did you do with the property



1 while it was on a buy back?

2 A: It depended. I mean if it was small enough we
3 would put it on the counter. If it was big
4 enough it would be on the floor.

5 Q: So it was sequestered from the general public?

6 A: No. It -- it would be on the floor with
7 everything else.

8 Q: But was it marked as a buy back?

9 A: Maybe one or two items were.

10 Q: Okay.

11 A: Sometimes they didn't have paperwork on them.

12 Q: Was the -- was the public on notice that they
13 could not purchase?

14 A: If they asked about that item, yes.

15 Q: Bear with me, Your Honor. I need to just
16 consult with co-counsel a moment. All right.
17 And just again, you would not sell an item that
18 was on the buy back program?

19 A: Not while it was on the buy back, no.

20 Q: Okay. All right. Thank you. No further
21 questions, Your Honor.

22 THE COURT: Thank you, Ms. Thompson. Mr. Moore?

23 MS. BURDO - RE-CROSS-EXAMINATION BY MR. MOORE:

24 MR. MOORE: Could I ask one question? You wouldn't
25 sell a item that's on lay-a-way either would



1 you?

2 A: No, sir.

3 Q: Thank you.

4 **THE COURT:** Let's take a 15 minute break at this
5 point before you call your next witness, Ms.
6 Thompson. And let me just caution the parties
7 and the witnesses that -- not to discuss the
8 case while we're on a break. Thank you.

9 **(Off the Record)**

10 **THE COURT:** Ms. Thompson are you ready to call your
11 next witness?

12 **MS. THOMPSON:** I am, Your Honor.

13 **THE COURT:** Okay.

14 **MS. THOMPSON:** I will call Mr. Michael Korzen.

15 **THE COURT:** Okay. Mr. Korzen before you take your
16 seat, if you'll please raise your right hand
17 and she'll swear you in.

18 **MADAM COURT REPORTER:** Do you solemnly swear the
19 following testimony to be the truth, the whole
20 truth and nothing but the truth so help you
21 God?

22 **MR. KORZEN:** Yes, ma'am.

23 **MADAM COURT REPORTER:** And please state your full
24 name for the record.

25 **MR. KORZEN:** Michael Korzen.



1 MADAM COURT REPORTER: Can you spell your last name?

2 MR. KORZEN: K-O-R-Z-E-N.

3 MADAM COURT REPORTER: All right. Thank you.

4 MICHAEL KORZEN, having been duly sworn, deposes and
5 testifies as follows:

6 MR. KORZEN - EXAMINATION BY MS. THOMPSON:

7 Q: Mr. Korzen, thank you for being here today. Do
8 you want to be here today?

9 A: No.

10 Q: Why do you have to be here today?

11 A: The court told me I had to be here.

12 Q: Did you receive a subpoena from the Department?

13 A: Yeah.

14 Q: So I know this is a little uncomfortable, but
15 I appreciate you being here and please just
16 answer all the questions as truthfully as you
17 can. What town do you live in?

18 A: Swansea.

19 Q: And how long have you lived in Swansea?

20 A: About four years, three to four years.

21 Q: All right. And what sort of work do you do
22 there?

23 A: I'm a mechanic.

24 THE COURT: Mr. Korzen, could you speak up a little
25 bit? The court reporter may have trouble ---



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1 A: Yes, ma'am.

2 THE COURT: --- hearing you.

3 Q: Are you familiar with the Bargain Center?

4 A: Yeah.

5 Q: So I know the Department of Consumer Affairs
6 contacted you because they found your name on
7 some of the Bargain Center buy back tickets.
8 Did you provide a statement to the Department?

9 A: Yeah.

10 Q: So, I know you're not a strong reader, so the
11 statement was written by your girlfriend and
12 signed by you. Is that correct?

13 A: Yes.

14 Q: Okay. All right.

15 (Petitioner's Exhibit Number Three was marked for
16 identification purposes.)

17 Q: And I have the statement to show you here. You
18 can review it. Is this your statement?

19 A: Yes.

20 Q: And is that your signature?

21 A: Yes.

22 Q: And did you sign the statement on April 5th of
23 2016?

24 A: Yes.

25 Q: And you remember signing this statement?



1 A: Yes.

2 Q: All right. Your honor, I would like to move
3 Petitioner's Exhibit Three into evidence.

4 MR. MOORE: Your Honor, I would have to object.
5 This statement was not actually written by him.
6 It purports to be written by a lady named
7 Kendra Miller, who is not here to testify. So
8 the statement itself is actually going to be
9 hearsay basically. His first statement as to
10 what she says he said. I would respectfully
11 submit that if he had written the statement and
12 had basically been the person who had chose the
13 words that were used, that might be one thing,
14 but this statement itself clearly indicates
15 that it is not written by him. It's written
16 Kendra Miller who is not here for me to cross-
17 examine as to the circumstances on which she
18 wrote the statement, how she managed to prepare
19 the statement, why she wrote it as opposed to
20 somebody else writing it, why she chose the
21 words that she chose, how she wound up choosing
22 the words. As a matter of fact, there's
23 actually language in here which is not even
24 signed by him. A portion of this purported
25 statement actually has -- all the statements



1 are in her handwriting and the statement
2 indicates it is actually written by her, and
3 she signs attesting that it's written by her on
4 April 5th, 2016, and I cannot possibly cross-
5 examine the preparer of this statement because
6 that person is not there. So I would
7 respectfully submit the document is not
8 properly authenticated and the appropriate way
9 for this man to offer evidence to this court
10 would be simply to testify. I have no problem
11 with him using the document to recall, if he
12 chooses to refresh his recollection. But this
13 document was not prepared by him, was not
14 written by him, and there's writing on this
15 document by somebody else.

16 **THE COURT:** Okay. Ms. Thompson, Mr. Korzen is here
17 to testify. So what is the purpose of the
18 statement?

19 **MS. THOMPSON:** Well the purpose of the statement is
20 to show his understanding, Mr. Korzen's
21 understanding of the transactions that took
22 place with the Bargain Center.

23 **THE COURT:** But could he testify to his
24 understanding?

25 **MS. THOMPSON:** Yes, yes, Your honor, he can.



1 THE COURT: I'm going to sustain Mr. Moors objection
2 to this statement.

3 MR. MOORE: Thank you, Your Honor.

4 Q: All right. Mr. Korzen, when did you first go
5 to the Bargain Center?

6 A: What was that?

7 Q: When did you first go to the Bargain Center?

8 A: Probably about a year, a year and a half ago.

9 Q: Okay.

10 A: And it was when I first met him, it wasn't
11 really a bargain center.

12 Q: Uh-huh. So what did you do there?

13 A: Uh?

14 Q: What did you do there when you first went
15 there?

16 A: We played pool.

17 Q: Okay. All right. How did you first sell an
18 item at a Bargain Center?

19 A: I went in there and asked them if they wanted
20 to buy it.

21 Q: And can you tell me why you sold your item at
22 a Bargain Center?

23 A: I needed a couple bucks.

24 Q: Okay. What did you need the money for?

25 A: Uh?



- 1 Q: What did you need the money for?
- 2 A: Gas to get to my other jobs.
- 3 Q: Okay. And how many transactions did you do
- 4 with the Bargain Center?
- 5 A: It was quite a few. Like sell or buy back?
- 6 Q: How many did you buy back?
- 7 A: I mean, it was probably about in-between three
- 8 and five, but it was the same ones over and
- 9 over again.
- 10 Q: So you were a repeat customer?
- 11 A: Yeah.
- 12 Q: Did you ever lay-a-way an item?
- 13 A: What do you mean by lay-a-way? I mean, I never
- 14 took nothing off the shelf and ...
- 15 Q: All right. So did you ever buy an item from
- 16 the Bargain Center?
- 17 A: Yeah.
- 18 Q: You did. All right. Will you please tell me
- 19 all the things that you sold to A Bargain
- 20 Center?
- 21 A: I mean ---
- 22 Q: Did you sell tools there?
- 23 A: Yeah.
- 24 Q: Any electronics?
- 25 A: Yeah.



1 Q: Okay. After you made a transaction at A
2 Bargain Center, how long did you have until you
3 had to pay them back?

4 A: You got me confused now.

5 Q: I'm sorry. I'll rephrase it.

6 A: You said, sell. I mean I didn't really sell my
7 items. There was items that I've sold and then
8 there was items that were on buy back.

9 Q: Right. Okay. So your items on buy back, how
10 long did you have to pay the store?

11 A: Like sometimes 14, 7, 14 days.

12 Q: Okay. So that just extended the time that you
13 would have to come back in and make another
14 payment?

15 A: Huh?

16 Q: So when you paid after 14 days, you could pay
17 again for another seven.

18 A: Yeah ---

19 MR. MOORE: Objection to the form.

20 Q: Okay.

21 THE COURT: The objection is sustained. If you
22 would just refrain from -- I'm going to allow
23 you to continue your line of questioning, but
24 just rephrase ---

25 MS. THOMPSON: Okay. Thank you, Your Honor.



1 THE COURT: --- so it's less leading.

2 Q: All right. I have five pawn tickets that I
3 would like you to take a look at. Five, I'm
4 sorry, buy back tickets.

5 (Petitioner's Exhibit Number Four was marked for
6 identification purposes.)

7 MR. MOORE: Your Honor, I believe these are already
8 a part of the Plaintiff's -- I guess it's
9 Petitioner's -- the Departments Exhibit One,
10 if I'm not incorrect. Am I correct about that?

11 MS. THOMPSON: Your Honor, these are additional
12 tickets.

13 MR. MOORE: Okay. Thank you, Your Honor.

14 Q: All right. Mr. Korzen if you would take a
15 second to review the tickets. Is that your
16 signature on each of the tickets?

17 A: Yes, ma'am.

18 Q: And do you recall signing them?

19 A: Yes.

20 Q: You do. All right. Your honor, I would like
21 to move Petitioner's Exhibit Four into
22 evidence.

23 MR. MOORE: No objection at all.

24 THE COURT: Admitted.

25 Q: All right. So the very first document, the



1 very first page. I'd like to look at that in
2 a little bit more detail. So do you know what
3 this ticket is for?

4 A: Buy back.

5 Q: Right. And it says, am selling chicago
6 electric welding machine.

7 A: Yeah.

8 Q: Did you use the welder as a buy back?

9 A: Yeah.

10 Q: You did. And how did you get that welder?

11 A: I bought it.

12 Q: So it looks like, on the ticket it says to A
13 Bargain Center for \$25.00?

14 A: Yes, ma'am.

15 Q: And then on the next line it says I agree to
16 buy this item sold to A Bargain Center for
17 \$37.50?

18 A: Yes.

19 Q: So you had to pay \$12.50 to extend the loan for
20 another period?

21 A: Yeah.

22 MR. MOORE: Objection please, Your Honor. No one
23 has referred to this as a loan. He basically
24 sold it as a buy back. Sold ---

25 THE COURT: Ms. Thompson, will you rephrase your



1 question?

2 MS. THOMPSON: Right.

3 Q: Right. So you had to pay \$12.50 to extend the
4 period to obtain your item?

5 A: Yeah.

6 Q: How many payments did you make on the welder?

7 A: Like three or four.

8 Q: Okay. All right. And to me, it looks like you
9 can see proof of that on the ticket where it
10 says paid \$12.50?

11 A: Yeah.

12 Q: Is that right? On different slots on the
13 ticket?

14 A: Yes.

15 Q: Do you have the welder now?

16 A: No.

17 Q: Where is the welder now?

18 A: In the store.

19 Q: Okay.

20 A: I lost it.

21 Q: All right. And how did you lose it?

22 A: I didn't pay on it.

23 Q: And Mr. Korzen, why didn't you pay on it?

24 A: Didn't have the money.

25 Q: All right. If you'll look at the second



1 ticket, if you'll turn the page. All right.
2 This one's dated August 4th, 2015. It looks
3 like it's got similar terms, except this is for
4 an air compressor.

5 A: Yeah.

6 Q: Did you do a buy back transaction for the air
7 compressor on that date?

8 A: Yes.

9 Q: You did. Okay. All right. It looks like you
10 received \$25 for the air compressor. Is that
11 correct?

12 A: Yes.

13 Q: Okay. How many payments did you make on the
14 compressor?

15 A: Three.

16 Q: Three. All right. And again, I think you can
17 see that on the ticket. It looks like it's
18 been written on it.

19 A: Yes.

20 Q: Do you know who wrote this ticket?

21 A: Huh?

22 Q: Do you know who wrote this ticket?

23 A: I don't remember.

24 Q: You don't remember. Do you have this item, the
25 air compressor now?



- 1 A: No.
- 2 Q: You don't. Okay. What happened to it?
- 3 A: I lost it.
- 4 Q: Okay. And how did you lose it?
- 5 A: Didn't pay on it.
- 6 Q: All right. And why didn't you pay on it?
- 7 A: Didn't have the money.
- 8 Q: All right. All right. Now we're just going to
- 9 take a look at the last three tickets. These
- 10 are all for an Olevia 32 inch TV. So three
- 11 separate Bargain Center buy back tickets on
- 12 that. All right. Did you pawn -- I'm so
- 13 sorry, did you complete a transaction on these
- 14 three dates. They are listed as August 18th,
- 15 2015, let's see September 8th, 2015, and then
- 16 it also looks like October 2nd, 2015. Does
- 17 that sound correct to you?
- 18 A: What was that ma'am?
- 19 Q: Did you make those transactions on those dates?
- 20 A: You got to speak up. I can't hear you.
- 21 Q: Oh, so are these your three tickets? You
- 22 recognize ---
- 23 A: Yeah, these -- yeah.
- 24 Q: --- making those transactions on those dates
- 25 for the TV?



1 A: Yeah.

2 Q: Okay. Thank you. And how much money did you

3 receive for the TV?

4 A: 40.

5 Q: And how many payments did you make on it?

6 A: Only the first one.

7 Q: Okay. So the first one ---

8 A: I bought it back for 60.

9 Q: You bought it bak for 60?

10 A: Yeah.

11 Q: Okay. All right. And then how about the other

12 tickets? Do you know how many times -- if you

13 paid any more on it?

14 A: I would say about two payments, three payments.

15 Q: Okay. All right.

16 A: And then got it back.

17 Q: Okay. Do you have the TV now?

18 A: Huh?

19 Q: Do you have this TV now?

20 A: Yeah.

21 Q: You do. Okay. All right. And I wanted to

22 look at the ticket that says a lay-a-way. That

23 was dated October 2nd, 2015. Did you make a

24 transaction on a TV on that day? Did you lay-

25 a-way a TV on that day?



1 A: Yeah.

2 Q: All right.

3 A: Well, it -- buy back.

4 Q: Okay. All right. So to your knowledge ---

5 A: It wasn't on their shelf.

6 Q: Okay. To your knowledge were those terms
7 interchangeable? Lay-a-way and buy back?

8 A: I see them as two totally different things.

9 Q: Okay. All right. So what does a lay-a-way
10 mean to you?

11 A: You take something off the shelf and put a
12 couple bucks on it.

13 Q: Okay.

14 A: And once you pay it off, you get it.

15 Q: Right. And I'm going to ask you some similar
16 questions I asked Ms. Burdo. Have you ever
17 been Walmart?

18 A: Yes.

19 Q: Have you ever put anything on lay-a-way ---

20 A: Yes.

21 Q: --- at a store? All right. Did you own the
22 item that you laid away?

23 **MR. MOORE:** Your Honor, I have to object. His
24 transactions with Walmart as having any
25 relevance to the facts of this case.



1 THE COURT: The objection is overruled. You can
2 continue.

3 Q: Thank you. Mr. Korzen, what does a pawn mean
4 to you?

5 MR. MOORE: Your Honor, I would have to object
6 again. They're now calling for a legal
7 conclusion before the witness.

8 THE COURT: She's asking him for his -- how he finds
9 it, not the legal definition ---

10 MR. MOORE: It then ---

11 THE COURT: --- and I think she can ---

12 MR. MOORE: Your Honor, his speculative definition
13 in his mind of what the word pawn might mean
14 would be totally irrelevant with the facts in
15 this case. For a non-professional to be able
16 to give some definition of some legal term has
17 no relevance to the facts of this case. If he,
18 as a lay person understands a pawn to be "x"
19 and did something that has no relevance of what
20 his understanding his. His understanding is
21 simply that, his understanding. What we're
22 talking about here are what the actual facts
23 are that are in evidence. Not what he
24 understood he was doing or anything of that
25 nature. For her to basically say, well gee,



1 what's your understanding of the law in regard
2 to pawns and then say, well okay did you --
3 were you pawning something. That one time it
4 is simply speculative that no way to simply
5 give a non-legal witness the right to make a
6 legal conclusion in regard to what certain
7 facts mean.

8 **THE COURT:** I don't view it as a legal conclusion
9 and the case is only being heard by me. We
10 don't have a jury.

11 **MR. MOORE:** Thank you, ma'am.

12 **THE COURT:** The objection is overruled.

13 **Q:** So Mr. Korzen, would you please answer my last
14 question. What does a pawn mean to you?

15 **A:** Kind of -- I mean I consider it as a loan or a
16 buy back.

17 **Q:** Okay. All right. Thank you Mr. Korzen. No
18 further questions.

19 **THE COURT:** Mr. Moore.

20 **MR. KORZEN - CROSS-EXAMINATION BY MR. MOORE:**

21 **Q:** Michael, let me ask you something. Some time
22 ago these lawyers came to your house and talked
23 to you about this case. Did they not?

24 **A:** Yeah.

25 **Q:** When you came here this morning you were



1 nervous and somewhat afraid weren't you?

2 A: I still am.

3 Q: All right. And when they came to your house
4 and talked to you, how many of them actually
5 came?

6 A: Two.

7 Q: Two lawyers?

8 A: Two the first time and then three the second.

9 Q: They've been to your house twice?

10 A: Yes.

11 Q: Now when they came to your house, did they call
12 first and tell you they were coming or did they
13 just show up?

14 A: Yes.

15 Q: Did it make you nervous when they came to your
16 house?

17 A: Yeah.

18 Q: As a matter of fact, when you were out in the
19 hallway this morning you were even frightened
20 that you might go to jail in some way. Weren't
21 you?

22 A: Yep.

23 Q: And those impressions that you might actually
24 go to jail, did you get those from your
25 discussions with the people from the state? Is



1 that what got you nervous like that, that you
2 thought you might go to jail?

3 A: Yeah.

4 Q: Now did this young lady, did she come to your
5 house? Was she one of the ones that came to
6 your house?

7 A: The second time.

8 Q: How about the gentleman sitting next to her, is
9 he one of them?

10 A: The second time.

11 Q: How about one of these police officers. Did
12 one of them basically come to your house?

13 A: No.

14 Q: When they came to your house the first time,
15 you were scared then, like you told us, right?
16 How long did they stay?

17 A: Probably about -- the first time maybe about
18 30-40 minutes. The second ---

19 Q: When they came to your house the second time
20 you were nervous and afraid again, weren't you?

21 A: Yeah.

22 Q: How long did they stay that time?

23 A: About 30, 40 minutes.

24 Q: And all right, now I want to make sure I
25 understand some things. The welder you



1 actually sold to the Bargain Center. Right?

2 You sold that to them?

3 A: Well I put it on buy back.

4 Q: Right. And since you didn't buy it back, you
5 sold it to them?

6 A: Yeah.

7 Q: Okay. And the same thing would be with the air
8 compressor?

9 A: Yeah.

10 Q: And the way the thing works -- I'm not going
11 try -- and I'm not trying to trick you. I just
12 want to make sure I understand something. If
13 we look at the documents -- have you ever
14 pawned anything before?

15 A: Pawned?

16 Q: Pawned?

17 A: Yeah.

18 Q: When you pawn something you normally get
19 something called a pawn ticket. Right?

20 A: Yes.

21 Q: Okay. You didn't get any paw ticket here?

22 A: No, I got these.

23 Q: Right. Right. And these documents that we're
24 looking at basically shows what the transaction
25 was.



1 A: Yeah.

2 Q: And they're pretty accurate when you read them.
3 Aren't they?

4 A: Yeah.

5 Q: Now, I'm going to help you with the reading.
6 You read well enough to read and understand
7 what this is. Right?

8 A: Yeah -- kind of.

9 Q: Okay. It says, I am selling an electric welder
10 to Bargain Center for \$25.00.

11 A: Yeah.

12 Q: So when you signed that, you knew that you were
13 selling it them?

14 A: Yeah, but in a different way. I was buying it
15 back, so I considered it like a pawn.

16 Q: Well okay.

17 A: A buy back or a loan.

18 Q: A pawn, or a buy back, or a loan, or whatever,
19 but the document itself says that you're
20 actually selling it to them.

21 A: Yeah.

22 Q: And what it also says though, is that you were
23 agreeing to buy it back.

24 A: Uh-huh. Right.

25 Q: All right. So you sold it to them and you



1 agreed that they -- they were going to hold it
2 and they would let you buy it back for a price.
3 Right?

4 A: Yeah.

5 Q: And it also says that if you don't buy it back,
6 then it's going to be sold.

7 A: Yeah.

8 Q: All right. To somebody else.

9 A: Yeah.

10 Q: All right. So that's the way you understood
11 this thing worked. That it's a buy back. That
12 you were basically selling it to them, you had
13 so much time to buy it back, and if you didn't
14 buy it back then they'd sell it to somebody
15 else.

16 A: Yeah.

17 Q: And that's exactly what happened to the welding
18 machine. Right?

19 A: Yeah.

20 Q: And that's what happened to the air compressor.

21 A: Yeah.

22 Q: There's nothing really all that fancy about
23 this deal, is there?

24 A: I don't understand what you're saying.

25 Q: I understand. You knew what you were doing



1 when you went in and got the money on the air
2 compressor and the TV and the welder. Right?

3 A: Yeah. It was a buy back.

4 Q: Right. Mr. Cassidy, he was straight up and
5 honest with you. Right?

6 A: Yeah.

7 Q: He told you what the deal was going in.

8 A: Uh-huh (affirmative response).

9 Q: You knew what the deal was going in.

10 A: Uh-huh (affirmative response).

11 Q: He honored his word.

12 A: Uh-huh (affirmative response).

13 Q: You honored your word.

14 A: Uh-huh (affirmative response).

15 Q: You were satisfied with the transaction.

16 A: Uh-huh (affirmative response).

17 Q: He was satisfied with the transaction.

18 A: Yes.

19 Q: No body cheating anybody.

20 A: No.

21 Q: No body who-doing anybody.

22 A: No.

23 Q: Everything was on the up and up as far as you
24 knew.

25 A: Yes.



1 Q: All right. And the Bargain Center there in
2 Swansea, it pretty much is a retail store.
3 Isn't it?

4 A: Yes.

5 Q: All right. Thank you for answering my
6 questions and I'm sorry that you were
7 frightened. And I hope I haven't done anything
8 ---

9 A: May I ask you what -- I mean, a retail store.

10 THE COURT: Mr. Korzen?

11 MR. MOORE: That's all.

12 THE COURT: You can't ask questions.

13 MR. KORZEN: I mean, I didn't understand what he
14 said on the last one.

15 THE COURT: I think he's wrapped up his questioning.

16 MR. KORZEN: Oh, okay.

17 THE COURT: You don't have to answer any more
18 questions.

19 MR. MOORE: Thank you, sir.

20 THE COURT: Ms. Thompson, do you have any more?

21 MS. THOMPSON: I do, Your Honor.

22 MR. KORZEN - RE-EXAMINATION BY MS. THOMPSON:

23 Q: Mr. Korzen, how much did you pay for the welder
24 when you first bought it?

25 A: Like 140.



1 Q: So if you were selling it, what would its value
2 be?

3 MR. MOORE: Your Honor, I don't believe I asked any
4 questions like this on cross. I believe we're
5 exceeding the scope of redirect.

6 MS. THOMPSON: I believe Mr. Moore asked about the
7 welder.

8 THE COURT: I'm going to allow you to answer it
9 Mr. Korzen. The objection is overruled.

10 Q: So if you were selling the welder, what would
11 its value be?

12 A: Whatever I could get for it.

13 Q: But say more than \$10.00?

14 A: Yeah.

15 Q: More than \$40.00?

16 MR. MOORE: Objection, leading too, Your Honor.

17 THE COURT: I -- he's actually already responded to
18 the question. The objection is sustained.

19 Q: All right. I'll move on. Mr. Korzen have you
20 ever pawned anything?

21 A: Yes.

22 Q: Are there many other pawn shops in your area?

23 A: No.

24 Q: And how was the transaction with the welder
25 different than a transaction at a different



1 pawn shop?

2 A: You mean the days you get?

3 Q: Of the days.

4 A: I'm not understanding.

5 Q: The amount of days is different?

6 A: Yeah. In ---

7 Q: How is the amount of days different?

8 A: You're confusing me now. I'm not understanding
9 you.

10 Q: All right. I'll rephrase it. So I'm just
11 wondering how when you made the transaction for
12 the welder. If you took that same welder to a
13 different pawn shop, would it have been
14 different process?

15 A: Yeah.

16 Q: It would. And how would it be different?

17 A: You get 90-days and you have -- they only add
18 like \$12.00 on -- I forget. Every \$60.00, they
19 add \$12.50.

20 Q: Right. So the -- at least at A Bargain Center
21 the payment period is shorter.

22 MR. MOORE: Object to the leading, please, Your
23 Honor.

24 THE COURT: No. He's having some trouble
25 understanding. I'm going to allow her to do



1 some leading.

2 A: What was that now?

3 Q: So the days -- you were talking about the time
4 frame is different at A Bargain Center. You
5 said you had 15 -- or 7 to 14 days I believe is
6 what you said?

7 A: Yeah.

8 Q: And with the pawn shop you said you had 90-
9 days?

10 A: Yeah.

11 Q: Okay.

12 A: Well, you had 30-days to make your next
13 payment.

14 Q: Right.

15 A: But you had 90-days before you lost the item.

16 Q: Okay. I see and was there anything else
17 different?

18 A: I mean the way I think, no.

19 Q: Okay.

20 A: I mean, I'm not understanding.

21 Q: Let me ask it a different way. Was it more
22 expensive in a way to sell your items at A
23 Bargain Center?

24 A: In a way, yes.

25 Q: And why was that?



1 MR. MOORE: We're way beyond the scope of ---

2 A: I mean, I -- yeah you're confusing me. You're
3 confusing me. I'm not understanding.

4 Q: All right.

5 THE COURT: Okay. Rephrase.

6 Q: Yeah, let me rephrase it. At a pawn shop, if
7 you went there, there would be a set interest
8 rate?

9 A: Yeah.

10 Q: Is that right? All right. And at A Bargain
11 Center, were the charges you were paying more
12 expensive?

13 A: I mean there were -- I'm still not
14 understanding. I mean, at a pawn shop it's
15 different. At his place it's different.

16 THE COURT: Tell me how the transaction with the
17 Bargain Center, how was it different from the
18 transaction that you would've undergone had you
19 gone to a pawn shop?

20 A: Well, if I bring something to the Bargain
21 Center for 40, it would've been \$60.00 to get
22 it back. At a pawn shop, it would have only
23 been like -- I don't know exactly how much, but
24 it would probably be a little bit less than
25 \$60. But you would have more fix.



1 THE COURT: Considering the difference, why did you
2 choose to deal with the Bargain Center as
3 opposed to going to the pawn shop?

4 A: I couldn't get to the pawn shop.

5 THE COURT: Okay. You didn't have the
6 transportation?

7 A: No.

8 THE COURT: Okay. I'm sorry, Ms. Thompson, you may
9 proceed with your questions.

10 Q: All right. And my last question is the tickets
11 that you have in front of you, are those
12 similar to say a pawn ticket that you would get
13 from a pawn shop?

14 A: I'm lost again. What do you mean? I'm not
15 understanding.

16 Q: I guess I'm just wondering if the tickets are
17 -- if the documents in front of you are similar
18 to anything that you've received from a pawn
19 shop in the past?

20 A: No. They're not the same.

21 Q: All right. Thank you. No further questions
22 your honor.

23 MR. MOORE: No questions.

24 THE COURT: All right. Thank you.

25 MR. KORZEN: All done?



1 THE COURT: Yeah. You're finished.

2 MR. MOORE: Your Honor, I believe the witness would

3 probably like to leave. I have no objection.

4 THE COURT: Ms. Thompson, do you have any objection

5 to Mr. Korzen being excused?

6 MS. THOMPSON: No objection your honor.

7 THE COURT: Okay. Mr. Korzen, you're excused. I

8 mean, you're welcome to stay, but you can leave

9 if you want to.

10 MR. KORZEN: I don't have a ride.

11 THE COURT: Oh, okay.

12 MS. THOMPSON: The Department is coordinating a ride

13 for Mr. Korzen.

14 THE COURT: Oh, okay. Ms. Thompson, your next

15 question. I'm sorry, you're next witness.

16 MR. COPELAND: Your honor, may it please the court.

17 We have three more witnesses and we believe

18 this will be a wonderful time to stop for lunch

19 if it would suit the court?

20 THE COURT: Okay. You've got three more witnesses?

21 MR. COPELAND: Yes, ma'am.

22 THE COURT: Okay. Well, that's fine. We can take a

23 break at this point. If you would be back at

24 1:15.

25 MR. COPELAND: Thank you, Your Honor.



1 THE COURT: And let me once again caution you, no
2 discussing the case during the lunch hour.

3 MR. COPELAND: Yes, ma'am.

4 THE COURT: Thank you.

5 MR. MOORE: Thank you, Your Honor.

6 (Off the Record)

7 THE COURT: Ms. Thompson, are you ready?

8 MS. THOMPSON: Yes, Your Honor.

9 THE COURT: Okay.

10 MS. THOMPSON: I will Detective Kevin Blake.

11 THE COURT: Detective Blake, if you will face the
12 court reporter and raise your right hand and so she
13 can swear you in.

14 MADAM COURT REPORTER: Do you solemnly swear the
15 following testimony to be the truth, the whole
16 truth and nothing but the truth so help you
17 God?

18 MR. BLAKE: I do.

19 MADAM COURT REPORTER: And please state your full
20 name for the record.

21 MR. BLAKE: Kevin Blake, B-L-A-K-E.

22 MADAM COURT REPORTER: All right. Thank you.

23 MR. BLAKE - DIRECT EXAMINATION BY MS. THOMPSON:

24 Q: Detective Blake, will you please tell me where
25 you work?



1 A: Lexington County Sheriff's Department.

2 Q: All right. And what is your job title now?

3 A: Currently I'm a property crimes detective in
4 the south region which comprises Pelion,
5 Gaston, and Swansea for crimes in that area of
6 the county and Boiling Springs.

7 Q: Okay. And how long have you been in law
8 enforcement?

9 A: A little over 14 years.

10 Q: All right. You said you specifically do
11 property crimes?

12 A: Property crimes to the extent of the occasional
13 white collar. We have detectives that are
14 dedicated to that with fraud, you know, credit
15 card schemes and everything else but sometimes
16 we take those on. Burglaries, thefts, petty
17 larcen, shop lifting. If it can be stolen we
18 look at it to see if there's anything we can
19 help on.

20 Q: All right. Are you familiar with the Bargain
21 Center?

22 A: I am.

23 Q: Did you ever investigate any complaints with
24 the Bargain Center?

25 A: No, we were -- we had a string of burglaries



1 and it's customary with those that we check
2 pawn shops, second hand shops and things like
3 that. Typically we like to use Leads Online
4 which is an online data base for some places to
5 reporter there but places that don't -- when we
6 get a couple of items that we're looking for
7 from different cases, we physically go to those
8 locations. And we went to -- or I went to A
9 Bargain Center after getting a phone call for
10 a gentleman out on Calvary Church Road. He was
11 in the store doing his own leg work and he
12 located a microwave ---

13 MR. MOORE: Objection, please, Your Honor, as to
14 hearsay as to what that gentleman would've
15 said.

16 THE COURT: I'm overruling your objection. I didn't
17 hear the hearsay.

18 MR. MOORE: Your Honor, the hearsay would've been,
19 he said he located a microwave. The only way
20 he would've known that is if the gentleman had
21 told him what he had located.

22 THE COURT: I'm still going to allow it.

23 MR. MOORE: Thank you, ma'am.

24 THE COURT: Thank you, Mr. Moore.

25 Q: Will you continue with the ---



1 A: There was a call for service. The gentleman
2 who had been the victim of a burglary had
3 located a microwave at the Bargain Center. I
4 was close and I responded there. In speaking
5 with the detective that was actually assigned
6 the case with what had been reported, it was
7 determined that that was his microwave.

8 Q: Okay.

9 A: And part of that investigative process was to
10 find any paperwork in the store that would've
11 linked the individual who sold or brought the
12 microwave into the store.

13 Q: All right. And did you complete a report in
14 connection with that investigation?

15 A: There was a supplemental. I believe Detective
16 Williams -- Detective Williams and Berk, Nick
17 Berk, Rob Williams and I, we worked a lot of
18 cases simultaneously. I believe Detective
19 Williams was lead on that one. I contacted him
20 and did a supplemental that we were going to do
21 the recovery. I took some photographs of the
22 condition of the microwave, as it stood in the
23 store and filled out the property release form
24 so that the owner of the property could take it
25 with him and indicated we recovered it and



1 signed it over to him.

2 Q: Okay. All right. I have a report to show you.
3 (Petitioner's Exhibit Number Five was marked for
4 identification purposes.)

5 Q: Would you please just look over this? Can you
6 identify what this document is?

7 A: Identify the supplement?

8 Q: Identify the document.

9 A: Yes, it's the report for the burglary at 1460
10 Calvary Church Road, that Detective Williams
11 was primary on. The next to the last page is
12 actually my supplemental where I responded
13 after the call for service came into dispatch
14 and went to the Bargain Center and spoke to Mr.
15 Furlong.

16 Q: All right. And what day did you write the case
17 supplemental report?

18 A: The next day.

19 Q: All right.

20 A: We -- sometimes we're just so busy we don't get
21 -- we won't do the supplementals the same day.
22 It may be, you know, the next morning, the next
23 afternoon.

24 Q: All right. It has a date marked on the top of
25 the form. Is that when you wrote your report



1 or is that when the investigation took place?

2 A: Well, the call for service would've been on
3 August 6th---

4 Q: Okay.

5 A: --- when I was physically at the location and
6 then I would have typed the supplemental the
7 next morning.

8 Q: Okay. And it is dated for the next day?

9 A: Correct.

10 Q: Okay. All right. And did you create this
11 report in the regular course of business as a
12 detective in the Lexington County Sheriff's
13 Office?

14 A: Yes.

15 Q: And do you remember writing this report?

16 A: I do.

17 Q: All right. Your Honor, I would like to move to
18 Petitioner's Exhibit Five into evidence.

19 MR. MOORE: We would object on two grounds please,
20 Your Honor.

21 THE COURT: I'm sorry.

22 MR. MOORE: We would object on two grounds.

23 THE COURT: Okay.

24 MR. MOORE: First of all, the document really has no
25 relevance to the issues presently at bar.



1 Which is the -- whether or not my client was
2 violating the act. This has to do with the
3 investigation in regard to apparently an
4 investigation regarding a burglary. Whether or
5 not the material actually in the Bargain Center
6 was part of this event really is irrelevant.
7 What's relevant is how it got there, what the
8 deal was, and so forth. We're not being
9 charged with receiving stolen goods. We're not
10 being charged with intentionally violating the
11 criminal laws of South Carolina. This is an
12 administrative hearing in regard to whether or
13 not we are apparently pawnbrokers and violating
14 the pawn laws. Additionally, by virtue of the
15 fact that this began (a) it doesn't have any
16 real relevance, (b) it also apparently deals
17 with items that from what we can tell has got
18 more than one item listed on it. There's no
19 way to say that it's the same item that they're
20 talking about. The item has serious amounts of
21 hearsay in it. It's talking about
22 conversations with someone named Dennis
23 Furlong. Dennis stated "x", Dennis stated "y".
24 It's talking about conversations with Hamilton
25 Williams. I can't cross-examine Hamilton



1 Williams. I can't cross-examine Dennis
2 Furlong. It talks about the other report that
3 has additional conversations with Hamilton and
4 Wayne Williams. What he said, what he did,
5 what he confirmed, what he didn't confirm.
6 It's replete with comments and that there's the
7 case law that's directly on point. That even
8 if something is a business record, which this
9 actually I don't think qualifies as a business
10 record because he's not the custodian. What he
11 basically is, he can authenticate it as he
12 prepared it. However, the fact that he can
13 authenticate it, doesn't mean he can introduce
14 it into evidence replete with hearsay. So my
15 objections are two fold, (a) the document is
16 replete with hearsay and (b) the document
17 really has no relevance to the issues under
18 consideration.

19 **THE COURT:** Ms. Thompson?

20 **MS. THOMPSON:** The Department would argue that the
21 case supplemental report falls within the
22 business record hearsay exception. And at the
23 bottom of the report, the case supplemental
24 report lists three documents that are already
25 in evidence. This document represents the



1 detective's own statement and shows the genesis
2 of this investigation.

3 **THE COURT:** Okay. But how is this document, tell me
4 how is it relevant to this administrative
5 proceeding? If you'll address that a little
6 bit more extensively.

7 **MS. THOMPSON:** Sure. This document is relevant
8 because it shows the genesis of the
9 investigation. It shows how the investigation
10 came to be. It also documents three separate
11 tickets or buy backs that are already in the
12 record brought -- concerning the property --
13 stolen property brought to the store by
14 Michelle Wingard or Daniel Addy. We have those
15 tickets in the record at this time. I would
16 also say that this document falls into hearsay
17 exception 8036, a record of regularly conducted
18 activity. Which includes a memorandum, report,
19 record, or data compilation in any form, of
20 accidents, conditions, or diagnosis made at or
21 near the time by or from information
22 transmitted by a person with knowledge. If
23 kept in the course of a regularly conducted
24 business activity and if it was the regular
25 practice of that business activity to make the



1 memorandum, report, record, or data
2 compilation. The Department would argue that
3 this was a memorandum conducted within the
4 business activity of the office.

5 MR. MOORE: But my understanding is the question we
6 have before the court is relevance. They have
7 already indicated that the document that they
8 have apparently got put in and is referring to
9 three documents that are already in the
10 evidence which are relevant, which show the
11 nature of the transactions. All this is
12 basically doing is showing that there was some
13 sort of a criminal investigation that led them
14 to become making inquiry as to how we were
15 doing business. Which they've already
16 testified to that. So the fact that the -- one
17 of the items may have been stolen from
18 somebody, and how it got stolen, and who it was
19 stolen from, and where it was stolen from,
20 really wouldn't have any bearing at all to how
21 the Bargain Center was doing business. They're
22 not being charged with criminal violation or
23 receiving stolen goods. They're simply being
24 charged with being pawnbrokers and violating
25 the pawnbroker's act. And those documents



1 which it refers to are already in evidence. So
2 there's all this hearsay. None of the stuff in
3 this report has anything to do with what the
4 actual allegations are before the court.

5 **THE COURT:** Ms. Thompson, I tend to agree with Mr.
6 Moore that the document doesn't really -- that
7 it does have little relation to the
8 allegations, the administrative allegations
9 that are before this court.

10 **MS. THOMPSON:** Okay. All right. Thank you, Your
11 Honor.

12 **Q:** So Detective Blake, how did you begin to
13 investigate the Bargain Center?

14 **A:** Well, while conducting the investigation into
15 the burglary, the individual that brought in
16 what was determined to be a stolen item, the
17 microwave, as I had said, there was an increase
18 in overall burglaries in the southern end or
19 the south region of Lexington County. So that
20 individuals' name would've been of interest to
21 us in other investigations. So I asked for
22 documents, or any documentation they had
23 regarding that -- the microwave, the item we
24 were specifically and any other documents or
25 other property that that same individual might



1 have brought in. And it was in receiving those
2 documents, what have been called the buy back
3 forms, and I will say this is the -- that was
4 the first -- I've been with Lexington County's
5 south region for a long time as a patrol
6 Sargent for four and a half years and as a
7 detective, at this point, for 13, 14, 15
8 months, somewhere around there. This was my
9 first interaction with the Bargain Center as
10 far as recovering property. I know other
11 detectives have been there and there was a
12 relationship where every -- it was cooperative.
13 Can't say it wasn't.

14 Q: Uh-huh.

15 A: But it was my first time recovering an article
16 or an item from the Bargain Center and in
17 viewing that buy back document, having been
18 into other pawn shops, it read to me as if it
19 was on its face, a pawn slip. And so I reached
20 out to Consumer Affairs because I knew that
21 pawn shops were required to have certain
22 licensing requirements and things like that and
23 for me, I knew that there were benefits for
24 pawn shops that I encourage pawn shop brokers
25 that don't contribute to Leads Online, which is



1 the national data base. Every item brought in,
2 sold, pawned, traded, it doesn't matter, it
3 goes in there. It's great for law enforcement.
4 So I wanted to get as much information as I
5 could, so that's when I reached out to Consumer
6 Affairs about the format of the buy back form.

7 Q: All right. You mentioned that you asked if
8 there was any other property that had been
9 stolen and then sold at the store. Did the
10 Bargain Center -- did they provide you with any
11 other documentation?

12 A: Yeah. There was the forms for Daniel Addy. I
13 believe it was for the AC unit that they had
14 and it was for Michelle Wingard and Daniel Addy
15 were in the store together and separately at
16 times. But that's why they were both names of
17 interests and I was wondering if there was any
18 property associated with them that had been
19 brought in.

20 Q: All right. These two forms are already in the
21 record.

22 A: Uh-huh (affirmative response).

23 Q: Do you mind taking a look at them and
24 identifying them?

25 A: It's the buy back forms from the Bargain Center



1 for the AC units that Daniel Addy had.

2 Q: All right. And again these are in the record
3 already as Exhibit One. So and -- okay, I'll
4 just take those back from you. Thank you. So
5 once you learned that the Bargain Center was
6 operating in this way, what did you do next?

7 A: Well, we set up a time to meet with the
8 investigators at our south region office down
9 there at Pelion. The little airport that's
10 down there. Just to discuss what the next
11 steps were with it as far as going over to the
12 Bargain Center. What resources we may be able
13 to help them with and vice-a-versa. Because it
14 was one of the first times that I had reached
15 out to Consumer Affairs. I've done Department
16 of Revenue and LLR and things like that, but
17 I've never interacted in this type of a
18 situation with Consumer Affairs until this
19 time. And so we arranged a meeting and it
20 worked out with my schedule and my Sergeant,
21 Bryan Anderson, with his schedule and with
22 everybody else involved to go to the store a
23 week later on, I believe it was the September
24 10th.

25 Q: Okay. And so what occurred on the day of the



1 onsite investigation?

2 A: We arrived, myself, Sergeant Anderson,
3 investigators from Consumer Affairs, and I --
4 forgive me, I don't remember the lady's name
5 from the ATF, it's been a long time, but she
6 was there. We basically were there as a
7 support if needed. Because we weren't there
8 for any type of criminal investigation, we were
9 there as a support agency at that point in
10 time. And, you know, stood by and if anybody
11 needed anything, you know, we could try and
12 hopefully facilitate filling that need if there
13 was one. An investigation occurred between the
14 investigators with Consumer Affairs and I
15 believe the lady from with the ATF kind of
16 moved over to the chicken wire kind of
17 enclosure that secures the firearms and they
18 did what they were there for and we really
19 didn't have a lot of involvement with that end
20 of it.

21 Q: All right. Did you write an incident or
22 investigation report in connection with that
23 onsite investigation?

24 A: I did, just to document that we had been there
25 and set up a meeting with Consumer Affairs and



1 the dates we met and basically it was what we
2 would call an assisting another agency report.

3 Q: Uh-huh.

4 A: Just to say that there was activity with our
5 agency and another.

6 (Petitioner's Exhibit Number Six was marked for
7 identification purposes.)

8 Q: Okay. I have a copy of the report. I would
9 like you to take a look at it. Have you had a
10 chance to review it?

11 A: Uh-huh (affirmative response).

12 Q: Okay. Can you identify the document?

13 A: It's a report that I wrote to document the
14 assisting other agency activity that occurred.

15 Q: All right. And what day did you write the
16 report?

17 A: This one, I wrote, you know, quite a few weeks
18 later. Like I said, we were wrapped up with --
19 it wasn't an ongoing criminal case and we were
20 still being dealt with a rash of burglaries, so
21 I had my notes from the meeting, dates, times
22 and everything and I wrote the assist other
23 agency report on October 27th.

24 Q: Okay. All right. And did you create this
25 report in the regular course of business as a



1 detective for the Lexington County Sheriff's
2 Office?

3 A: I did.

4 Q: Okay. And you recall making this statement?

5 A: Uh-huh (affirmative response).

6 **MS. THOMPSON:** All right. Your Honor, I would like
7 to move Petitioner's Exhibit Six into evidence.

8 **MR. MOORE:** Your Honor, that would be the exact same
9 objection as the last one. The fact that they
10 were doing this criminal investigation has
11 nothing to do with the facts of the documents
12 being with how the transactions took place are
13 already in evidence. This basically proves
14 nothing that would be before this court.

15 **THE COURT:** Ms. Thompson?

16 **MS. THOMPSON:** The Department would argue that this
17 is relevant. This is a statement that is
18 precisely about the investigation of A Bargain
19 Center on the issue that we are here today and
20 it was written by Detective Blake. It's his
21 own statement recording the facts as he
22 witnessed them.

23 **THE COURT:** Okay. Mr. Moore, and I'm also going to
24 reverse my ruling on the earlier exhibit, the
25 first report because after listening more to



1 Detective Blake's testimony, I do see the
2 relevance and it -- Mr. Moore, I don't see that
3 she's introducing it to prove the truth of any
4 of the statements by the complaining
5 individuals in this statement, but merely to
6 show that these were property was located at
7 the Respondent's store when the detective
8 investigated that report.

9 MR. MOORE: You Honor ---

10 THE COURT: So I'm allowing both of them to come
11 into evidence.

12 MR. MOORE: If the only reason these are being
13 placed in the evidence is to show that the
14 property was at the store, I don't have any
15 objection to the documents. As long as that's
16 all it's introduced to do.

17 THE COURT: If anything it's beyond showing that
18 these were located that the detective found
19 those at the Respondent's store?

20 MS. THOMPSON: Sure that would be fine. It shows
21 his impressions of the investigation.

22 THE COURT: And I'm assuming also the identity of
23 the individual that brought those items into
24 the store?

25 MS. THOMPSON: Yes, Your Honor.



1 THE COURT: Okay. Thank you.

2 Q: All right. Detective Blake would you please
3 explain the events that occurred in the second
4 investigation. So the investigative report
5 from October 27th, 2015?

6 A: So for the assisting other agency?

7 Q: Yes. Yes sir.

8 A: It documents that we had been aware of a string
9 of burglaries in the area and while we were
10 trying to track down property from those
11 burglaries that we had located the microwave
12 and we had from that gotten the names of some
13 suspects. So we were working that end of it.
14 We had received the documents that I had
15 questions about and then while also reviewing
16 the term of the buy back documents with
17 Consumer Affairs, constituted what was agreed
18 with was a loan, you know, have one -- (a)
19 receive one amount of money for an item ---

20 MR. MOORE: Your Honor, I object to that
21 conclusionary statement. That's his opinion as
22 to what he thought they owned. My
23 understanding is that document was introduced
24 to do one thing and that was to basically prove
25 that the item was in store. Now they're doing



1 exactly what I thought they would do. They're
2 taking that document trying to boot strap it
3 and allow this man to make his conclusions as
4 to what he thought the transaction was. Which
5 is totally speculative and it is not the reason
6 why that document was basically placed into
7 evidence. I thought that we had agreed that
8 that document was in evidence for one reason
9 and that was to prove that that one item was in
10 the store. And now we've taken the report,
11 boot strapped it, and now we're getting a
12 conclusionary allegations based upon what's in
13 that report, what he thought the transactions
14 actually were. Which is legal conclusion for
15 the court, it's conclusion as to the ultimate
16 fact, and it's speculation on his part because
17 he has no first hand knowledge of any of it.
18 So I would object to it based upon going way
19 beyond the purpose for which that document was
20 placed into evidence. And it's also
21 speculative and irrelevant. Thank you.

22 **THE COURT:** Okay. Ms. Thompson?

23 **MS. THOMPSON:** The Department agreed on the limited
24 scope for the first report based on the people
25 and the tickets that are represented and the



1 property that it discussed, but I don't believe
2 we agreed to the limited scope for the second
3 report, in which Detective Blake had first
4 hand, eye witness account of the onsite
5 investigation of the Bargain Center.

6 **MR. MOORE:** Your Honor, I don't have any problem
7 with him saying what he found when he went
8 there, but speculating from what the
9 transaction was when he has no first hand
10 knowledge of what that is and making legal
11 conclusions about what the transaction actually
12 was when he doesn't know, it would basically be
13 beyond what he is qualified to do. So
14 therefore, I would have those objections.

15 **THE COURT:** Okay. Thank you, Mr. Moore. I will
16 note your objections and I'm overruling them.

17 **MR. MOORE:** Thank you, ma'am.

18 **THE COURT:** Okay. Ms. Thompson?

19 **MS. THOMPSON:** Thank you, Your Honor.

20 **Q:** So Detective Blake, you determined that A
21 Bargain Center was not in compliance with
22 regular pawn shop regulations. Is that
23 correct?

24 **A:** Based on my reading of the Pawnbroker Statute
25 and discussions with personnel from Consumer



1 Affairs, no. Which is why I requested a
2 meeting and for us to get together and to go
3 down there. At which time the meeting was --
4 we met at our south region office. We went
5 later on the 10th as it has in this assist
6 other agency report, the basic report. We met
7 at the Swansea Town Hall on the 10th. We went
8 over there with Investigator Middlebrooks, and
9 Green, and the ATF investigator. And we stood
10 by while Consumer Affairs conducted their
11 investigation, and the ATV did their
12 administrative work for their documents.

13 Q: All right. In your experience of being in and
14 out of pawn shops, did the Bargain Center
15 strike you as being similar to that type of
16 store?

17 MR. MOORE: Again, Your Honor. Quoting the word
18 similar, y'all are, that's irrelevant to the
19 facts of the case. What's relevant is what
20 work was my client actually doing. His
21 knowledge or similarity to a pawn shop is
22 beyond the scope of what he's able to do and it
23 has no relevance to the facts of the case.
24 He's actually even testified that the only way
25 he was able to form the conclusion that he's



1 now testified to is that he talked to somebody
2 at Consumer Affairs. Who we don't know, who
3 basically gave him information which is a basic
4 form, the bases of what he's basically
5 speculated to. This is absurd testimony, Your
6 Honor. It shouldn't be allowed. And I know
7 we're non-jury, but we're getting so far off
8 field with speculation and comparison to this,
9 and investigations that have nothing to do with
10 the case. Your Honor, this simply isn't
11 relevant and it isn't proper testimony.

12 **THE COURT:** Thank you. Ms. Thompson, let's limit
13 this witness's testimony to what his area is
14 and how it relates to this in -- you've got
15 someone from your agency who will be testifying
16 about the violations that they found when they
17 conducted their inspection and investigation.
18 Is that correct?

19 **MS. THOMPSON:** Yes.

20 **THE COURT:** Okay.

21 **MS. THOMPSON:** That is correct.

22 **THE COURT:** Well then let's not have him testify
23 about his comparison between how this operated
24 and how a pawnbroker operates. Let's just skip
25 that.



1 MS. THOMPSON: Okay.

2 THE COURT: So I'm sustaining your objection.

3 MR. MOORE: Thank you, Your Honor.

4 MS. THOMPSON: All right. Thank you, Your Honor.

5 Q: Have you met with Michael Korzen regarding this
6 matter Detective Blake?

7 A: No.

8 Q: So you have never met him before today?

9 A: Not in dealing with this case, no.

10 Q: Okay. And he had never met anyone from your
11 office to your knowledge?

12 A: In reference to this, no.

13 Q: All right. Thank you. No further questions,
14 your honor.

15 THE COURT: Mr. Moore?

16 MR. MOORE: May it please, Your Honor.

17 MR. BLAKE - CROSS-EXAMINATION BY MR. MOORE:

18 Q: Detective you've -- we've placed into evidence
19 this burglary report. You don't have any
20 indication that anyone from the Bargain Center
21 was involved in the burglary. Do you?

22 A: I've never said such.

23 Q: And we don't have any indication that anyone
24 from the Bargain Center was ever charged with
25 receiving stolen goods. Do we?



1 A: No.

2 Q: And of course if there was any evidence that
3 they had knowledge that these items were hot,
4 they would have been charged with receiving
5 stolen goods, wouldn't it?

6 A: Definitely.

7 Q: And as a matter of fact, out of all the tickets
8 that you found and all the receipts that you
9 found, there was only one item you found which
10 was basically stolen?

11 A: I would have to have our RMS, or our Report
12 Management System and the tickets in front of
13 me ---

14 Q: Okay. Let's put it this ---

15 A: --- to be able to say that one out of all were.

16 Q: Do you know of any item that in the history of
17 the Bargain Center was recorded as being one of
18 the stolen items except this one microwave?

19 A: I know that detectives have recovered
20 additional stolen property ---

21 Q: From ---

22 A: --- that I wasn't primary on the case. But I
23 know other property has been recovered there.
24 Yes.

25 Q: As part of the buy back arrangements?



1 A: I can't attest to -- I wasn't in -- directly
2 involved with those investigations. I can't
3 say if it was straight purchase or buy back.
4 I just know that other stolen property has been
5 recovered.

6 Q: Well, let's get back to my question. What you
7 do know instead of what you don't know. Do you
8 know of any stolen item stolen from anybody in
9 the world except for that one microwave that
10 was involved in the buy back program?

11 A: Not that I can sit here and attest to.

12 Q: So the answer would be no?

13 A: No.

14 Q: Okay. And certainly the Bargain Center does
15 not hold itself out as a pawn shop. Right?

16 A: I -- they say they are not a pawn shop.

17 Q: It actually holds itself out as a bargain
18 center retail store. Correct?

19 A: Okay.

20 Q: And they have a license for that. Right?

21 A: I believe it's through the town of Swansea, but
22 yes.

23 Q: And when these buy backs happen, there are no
24 pawn receipts given. Are there?

25 A: Well, I believe that's the buy back paperwork



1 that's filled out.

2 Q: No, sir. That's basically a buy back
3 paperwork. I'm talking about a pawn receipt.
4 You know what a pawn receipt is. Don't you?

5 A: It indicates an item was bought for one price
6 and sold at a higher price for them to redeem
7 it.

8 Q: Actually a pawn receipt, you know, is actually
9 a redemption ticket which basically provides
10 the actual terms of redemption and clearly
11 indicates it is a pawn transaction. Right?

12 A: Correct.

13 Q: Now a pawn is -- the pawn tickets would
14 indicate is in affect a conditional sale.
15 Correct?

16 A: For that particular item ---

17 Q: Yes.

18 A: --- at one store. Yes.

19 Q: In this case, however, if you look at the
20 actual wording of the contracts, it clearly
21 states there's no conditional sale on there at
22 all. They clearly -- they state that the item
23 is in fact being sold. Does it not?

24 MS. THOMPSON: Objection your honor.

25 THE COURT: What's your objection?



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1 MS. THOMPSON: For the limited scope already agreed
2 to during the direct examination.

3 MR. MOORE: I'm just examining as to the documents
4 which are already in evidence, Your Honor.
5 What they say.

6 THE COURT: Okay. Are we talking about ---

7 MR. MOORE: The contracts, the sale and buy back
8 contracts is what I'm talking about.

9 THE COURT: Okay. Thank you.

10 MS. THOMPSON: The Department would argue that our
11 own investigators would be the more appropriate
12 witnesses to discuss these tickets with.

13 THE COURT: Okay. But this witness -- I'm going to
14 allow him to go ahead and proceed with his
15 questioning. I mean if he doesn't know, he
16 doesn't know.

17 MS. THOMPSON: Thank you, Your Honor.

18 Q: If we take a look at the exhibit with Mr.
19 Korzen, it clearly indicates that Mr. Korzen is
20 selling the machine to the Bargain Center.
21 Right?

22 A: Okay.

23 Q: That's true, isn't it?

24 A: What's indicated on there?

25 Q: So there's no indication on the actual



1 transaction forms that the sale is a
2 conditional sale. Correct?

3 A: Well, and this is why I reached out to Consumer
4 Affairs.

5 Q: I didn't ask you that. I asked you what the
6 form said. Sir, you don't know -- you have no
7 first hand knowledge of any of these
8 transactions, do you?

9 A: Not other than what's written down on that
10 paper ---

11 Q: Right.

12 A: --- recorded by the owner's of the business.

13 Q: Sure. So I want to ask you based upon the
14 forms that you actually found. Is there
15 anything on the contracts that the Bargain
16 Center had with its customers indicating that
17 the sales were conditional sales?

18 **THE COURT:** Mr. Moore, I'm not going to allow you to
19 -- if you want to question him about the
20 reports or anything that's in the report, but
21 with what's on the sales -- what's on those
22 forms that was given to purchase the -- I'm
23 sorry, sellers, by the Respondent. This
24 witness had nothing to do with those. I'm sure
25 he has very limited knowledge about them.



1 Those would be questions that would be more
2 appropriately directed to the Department's
3 witnesses.

4 **MR. MOORE:** With all due respect, Your ---

5 **THE COURT:** Persons employed with the Department.

6 **MR. MOORE:** With all due respect, Your Honor. The
7 documents were offered into evidence by the
8 state ---

9 **THE COURT:** I understand that.

10 **MR. MOORE:** --- indicating that the forms, the forms
11 which they had already put into evidence which
12 existed for the microwave were already in
13 evidence and that this gentleman was dealing
14 with that exact form for the microwave. If I
15 could find the actual microwave document. It's
16 the same document as that though. His report
17 refers to those contracts.

18 **THE COURT:** I think his -- is it those contracts, or
19 the contract for the microwave?

20 **MR. MOORE:** It's the contract for the microwave, but
21 it's the same contract it's just a different
22 seller and a different object. The form ---

23 **THE COURT:** Then limit your questioning to questions
24 relative related to the microwave.

25 **Q:** Sir, what are you doing?



1 A: Saying that I have the form if they'd like it.

2 Q: You're basically attempting to communicate with
3 the state's attorney while you're on the
4 witness stand? Is that what you're doing? Is
5 that what you're doing?

6 A: I apologize.

7 THE COURT: Mr. Moore ---

8 MR. MOORE: I object to that, Your Honor.

9 THE COURT: Okay.

10 MR. MOORE: And I would ask that the witness be
11 admonished not do that. We -- the court's
12 already told them they're not supposed to have
13 communications with the lawyers. We broke for
14 lunch and that's exactly what he's trying to do
15 and he knows better than that as a law
16 enforcement officer.

17 THE COURT: Detective, like you cannot have
18 communication with the state's attorney. If
19 you've got the form there, if you want to show
20 it to me then ---

21 A: Yes.

22 THE COURT: --- I can bring it ---

23 A: Yes, ma'am.

24 THE COURT: --- to Mr. Moore's attention.

25 A: Thank you.



1 THE COURT: I believe this is the form that he wants
2 to ---

3 A: That's for the microwave.

4 THE COURT: --- talk about. Mr. Moore, I believe
5 that's ---

6 MR. MOORE: Thank you, Your Honor.

7 THE COURT: --- the form that you want to question
8 him on.

9 Q: Let's use the form for the microwave in regard
10 to -- instead of the one I was talking about.
11 This is actually the form that you refer to in
12 your report. Correct?

13 A: Yes.

14 (Respondent's Exhibit One was marked for
15 identification purposes.)

16 MR. MOORE: We'd like to offer this into evidence
17 your honor.

18 THE COURT: The form is already in evidence. Is it
19 ---

20 MR. MOORE: I don't think it is, Your Honor. Not in
21 regard to the microwave, it's not.

22 THE COURT: The microwave.

23 MS. THOMPSON: Your Honor, I think that it was not
24 included because it's technically a buy ticket,
25 not a buy back ticket. Because it was stolen



1 property, it was not issued through the buy
2 back procedures.

3 MR. MOORE: That is exactly ---

4 MS. THOMPSON: It was not -- it does not constitute
5 a violation according to the Department.

6 MR. MOORE: That is exactly why I'm offering into
7 evidence, Your Honor.

8 THE COURT: Okay.

9 MR. MOORE: If you will look at it. The microwave
10 that we've spent all this time arguing about is
11 not even subject to the buy back provisions and
12 therefore clearly has absolutely zero relevance
13 to anything having to do with this case. And
14 yet they've represented to you that the
15 microwave forms were like the others and part
16 of the buy back program. They were not and
17 that's the reason for my examination. Now we
18 know that the microwave and all this hoopla ---

19 THE COURT: Mr. Moore.

20 MR. MOORE: --- we've been talking about ---

21 THE COURT: Wait a second. Do you have any
22 objection to this document?

23 MS. THOMPSON: No, Your Honor.

24 THE COURT: Okay. It's admitted Mr. Moore.

25 MR. MOORE: At this point in time, Your Honor, since



1 the microwave has absolutely nothing to do with
2 the buy back program that is alleged to be
3 illegal in this case, I move to strike every
4 single piece of the testimony of this witness.

5 **THE COURT:** Ms. Thompson?

6 **MS. THOMPSON:** Your Honor, the reports were included
7 because it does concern the microwave, as well
8 as two other tickets that were already in the
9 record as Exhibit One. I believe there is no
10 need for this witness's testimony to be
11 stricken from the record. He conducted an on
12 site investigation and his testimony is very
13 valuable to this proceeding.

14 **THE COURT:** I'm not going to strike his entire
15 testimony. But the state has acknowledged that
16 the microwave, the transaction relative to the
17 microwave was not in violation and is not a
18 part of this proceeding. But it does indicate
19 this witness' testimony does indicate how the
20 investigation was initiated.

21 **MR. MOORE:** Yes, ma'am.

22 **THE COURT:** So I'm going to allow his testimony.

23 **MR. MOORE:** For that purpose, Your Honor? For -- is
24 that -- I'm just trying to get clarified. It's
25 basically his testimony then is limited to



1 coming into evidence to produce evidence as to
2 how the investigation was initiated? Am I
3 right?

4 **THE COURT:** That is a part of the reason that I'm
5 allowing his testimony. But not the ---

6 **MR. MOORE:** Okay.

7 **THE COURT:** --- total reason.

8 **MR. MOORE:** Thank you, ma'am.

9 **THE COURT:** Okay. Ms. Thompson did you have
10 something?

11 **MS. THOMPSON:** Nothing further, Your Honor.

12 **THE COURT:** Okay.

13 **Q:** Sir, the -- getting back to this microwave,
14 which was not part of the buy back program.
15 The Bargain Center wasn't involved in that
16 burglary was it?

17 **A:** No. I never indicated they were.

18 **Q:** And the Bargain Center had records indicating
19 that the microwave was simply a straight buy,
20 that it had bought the microwave?

21 **A:** Well, and it was the difference in that form
22 and the other forms that -- why were there two
23 different forms for two different types of
24 transactions.

25 **Q:** Did I ask you that?



1 A: Ask your question again sir.

2 Q: Certainly. The documentation, the record
3 regarding the purchase of the microwave simply
4 showed that the folks at the Bargain Center
5 bought a microwave from somebody. Right?

6 A: Correct.

7 Q: Now. There is nothing wrong -- you've been
8 asked about what's legal and illegal, and
9 you've given your opinion on all sorts of
10 stuff. There's nothing wrong with the Bargain
11 Center buying an item and selling it to
12 somebody else. Is there?

13 A: As a thrift store, no.

14 Q: And of course, they kept good records of
15 everything and cooperated with you when you
16 went in.

17 A: Anytime I've been in there, yes.

18 Q: And it didn't appear that they were trying to
19 hide anything. Did it?

20 A: I haven't made that accusation, no.

21 Q: Let's just a -- you've talked about -- you've
22 offered your opinions in regard to, it's just
23 like a pawn shop, it is like a pawn shop, and
24 you've given your opinion as to you talked to
25 these people and you came to the conclusions



1 about it being an illegal transaction.
2 Remember talking about all that? Remember?

3 A: Well, I --

4 Q: Do you recall under direct examination
5 testifying about all that?

6 A: Yes.

7 Q: Remember I objected and you were allowed to
8 testify. Right?

9 A: Correct.

10 Q: Now, let's then follow up on some of that.
11 Let's assume that Mr. Korzen came in and sold
12 the Bargain Center a welding machine, and at
13 that exact same time there was a lay-a-way
14 given to Mr. Korzen's wife, where she could buy
15 it back or she could buy it within the exact
16 same time. Anything wrong with that?

17 A: And it's -- I ---

18 MS. THOMPSON: Objection, Your Honor.

19 THE COURT: What's the objection Ms. Thompson?

20 MS. THOMPSON: It's speculation.

21 MR. MOORE: Exactly -- my exact point when I
22 objected and they basically said it was
23 relevant, Your Honor.

24 MS. THOMPSON: There is no indication that that
25 example has ever existed at A Bargain Center.



1 THE COURT: Mr. Moore, I see the difference here.

2 You are -- the objection is sustained.

3 Q: Okay. The Bargain Center in Swansea is a small
4 junk shop on Monmouth Avenue, isn't it?

5 A: Yes.

6 Q: If you went in there and looked at the
7 inventory, it's pretty much all just used
8 stuff. Right?

9 A: Yes.

10 Q: Pretty much junk.

11 A: Some of it.

12 Q: And you have somebody who works in there every
13 day for a living. Right?

14 A: Right.

15 Q: And it appears to be a very modest store.
16 Doesn't it?

17 A: Wouldn't argue otherwise.

18 Q: And the folks, when you went in and -- are you
19 the one that told them what they were doing was
20 wrong?

21 A: Yes, sir. I mean when are we talking about?

22 Q: At anytime did you tell them what they were
23 doing was wrong as far as selling merchandise
24 and agreeing to buy it back at a certain time?

25 A: I was present on September 10th, when the



1 meeting with Investigator Middlebrooks, Green,
2 and the ATF was there. It was discussed.

3 Q: And basically, as I understand it, they told
4 Mr. Cassidy not to do that anymore. Right?

5 A: Yes.

6 Q: And he said, okay. Right?

7 A: That's my understanding.

8 Q: And he was also told that if he had any stuff
9 already in his possession to just sell it back
10 to the people for what he paid for it?

11 A: I'm not sure of that.

12 Q: You don't remember that?

13 A: I wasn't privileged directly to that
14 conversation. No.

15 Q: Well if he had merchandise subject to the buy
16 back arrangements already in his possession
17 when y'all went in there in September, what was
18 he supposed to do with it?

19 A: I don't know. The discussions were had between
20 him and Consumer Affairs. Not me.

21 Q: All right. I have no further questions. Thank
22 you, Your Honor.

23 THE COURT: Okay. Do you have anything for
24 redirect?

25 MS. THOMPSON: Nothing further, Your Honor.



1 THE COURT: Okay. Thank you, detective.

2 MR. COPELAND: Your Honor, at this time the
3 Department would ask the court if there are no
4 objections from the other side, if we could let
5 the detective get back to work.

6 THE COURT: Mr. Moore, do you have ---

7 MR. MOORE: None.

8 THE COURT: --- any objection to the witness being
9 dismissed?

10 MR. MOORE: I have no objection to that at all.

11 THE COURT: You're excused Detective Blake and thank
12 you for coming.

13 MR. COPELAND: Thank you, Your Honor.

14 THE COURT: Ms. Thompson, your next witness.

15 MS. THOMPSON: Your Honor, the Petitioner's next
16 witness is Chief Investigator Ken Middlebrooks
17 from the South Carolina Department of Consumer
18 Affairs.

19 THE COURT: Okay. Investigator Middlebrooks, if you
20 would face the court reporter and raise your
21 right hand, she'll swear you in.

22 MR. MIDDLEBROOKS: Yes, ma'am.

23 MADAM COURT REPORTER: Do you solemnly swear the
24 following testimony to be the truth, the whole
25 truth and nothing but the truth so help you



1 God?

2 MR. MIDDLEBROOKS: Yes, Ma'am.

3 MADAM COURT REPORTER: Okay. Will you state your
4 full name for the record.

5 MR. MIDDLEBROOKS: Kenneth D. Middlebrooks.

6 MADAM COURT REPORTER: Thank you.

7 KENNETH MIDDLEBROOKS, having been duly sworn, deposes
8 and testifies as follows:

9 MR. MIDDLEBROOKS - EXAMINATION BY MS. THOMPSON:

10 Q: Chief Investigator Middlebrooks, where do you
11 work?

12 A: South Carolina Department of Consumer Affairs.

13 Q: All right. And how long have you been with the
14 agency?

15 A: Sixteen years. Since the year 2000.

16 Q: What is your role in the office?

17 A: I am the chief investigator.

18 Q: Okay. And what tasks do you do day to day in
19 the office?

20 A: As chief investigator I supervise a team of
21 four investigators. Three field investigators
22 that do compliance reviews of various
23 industries, pawnbrokers, mortgage brokers,
24 physical fitness, pre-need various other
25 statutes that the Department is responsible



1 for. In addition to supervising, I'm also --
2 I do field work as well. So I do compliance
3 reviews, along with I oversee and investigate,
4 and handle special investigations along with
5 looking into conformance etc.

6 Q: All right. How many compliance reviews would
7 you say you complete each year?

8 A: As a team or myself?

9 Q: Well both. As a team first.

10 A: Probably myself, I average about 50 or so ---

11 Q: Okay.

12 A: --- myself compliance reviews. The team in
13 general, probably somewhere in the neighborhood
14 of 400, 420, something like that.

15 Q: Okay. Are you familiar with the Bargain Center
16 in Swansea?

17 A: I am.

18 Q: All right. And how did you discover there was
19 a problem with the Bargain Center? How did you
20 get acquainted with the Bargain Center?

21 A: Lexington County Sheriff's Office investigators
22 reached out with a phone call to me.

23 Q: Okay. And what did you do once you received
24 that phone call from the Lexington County
25 Sheriff's Department?



1 A: They came -- they gave me just kind of a brief
2 summary over the phone. Normal protocol is if
3 we're able to, we'll go and meet with the
4 investigator, sit down and have a meeting and
5 talk with and, you know, look at records that
6 they have and that kind of thing. And talk
7 about what they've got and records in regard to
8 the issue.

9 Q: All right. Did you complete an investigative
10 summary ---

11 A: I did.

12 Q: --- in connection with the investigation of the
13 Bargain Center?

14 A: I did.

15 (Petitioner's Exhibit Number Seven was marked for
16 identification purposes.)

17 Q: Okay. Would you please look at this document
18 for me? Can you identify what this document
19 is?

20 A: Yes, ma'am. It's a South Carolina Department
21 of Consumer Affairs Investigative Summary
22 referencing the business A Bargain Center, LLC,
23 doing business as a bargain center. The
24 physical location, who the owner is, and the
25 reference along -- of operating a pawn shop



1 without a certificate authority, along with
2 investigators that signed it.

3 Q: All right. Did you create this report in the
4 regular course of your business ---

5 A: I did.

6 Q: --- as the chief investigator ---

7 A: I did.

8 Q: --- for the Department? And you recall making
9 this document?

10 A: Yes.

11 MS. THOMPSON: Your Honor, I would like to move
12 Petitioner's Exhibit Seven into evidence.

13 MR. MOORE: Your Honor, again, it is simply a
14 summary of what he did and his evidence of his
15 testimony -- is going to be his testimony ---

16 MS. THOMPSON: Okay.

17 THE COURT: It's a ---

18 MR. MOORE: I would object to the document as a
19 summary statement. I think his testimony is
20 it.

21 THE COURT: Okay. Mr. Moore, I note your objection
22 and I am admitting the document.

23 Q: All right. Chief Investigator Middlebrooks,
24 what occurred on the day of the investigation?

25 A: On September 10th, 2015, Deputy Chief



1 Investigator Joanie Green, along with myself
2 met with investigators with the Lexington
3 County Sheriff's Office and an inspector with
4 the Bureau of Alcohol, Tobacco and Firearms
5 because A Bargain Center had a federal fire
6 arms license. I reached out to them just to
7 tell them we're going by there and they
8 actually -- we've done this many a times. We
9 work with them quite often and they actually
10 said we'd like to come take part in your onsite
11 visit.

12 Q: All right. And so what happened once you were
13 onsite?

14 A: We met, we then proceeded over, which is a
15 short distance from where the Police Department
16 is, over to the location. We went into the
17 location. I asked to speak with the owner, Mr.
18 Cassidy. We go n the front door, and he's got
19 kind of a cage off to the right -- normally
20 what we try to do in a retail location, front
21 where there's public going in and out, we ask
22 can we speak to them, you know, some place
23 privately. So he had a little cage area that
24 he administers his sales of fire arms. He
25 opened that up and we went over to the counter



1 space and talked with Mr. Cassidy. And then
2 also asked his employee, Brandy Burdo, to come
3 and join us as well.

4 Q: All right. Did you have a chance to inform
5 either the owner or the manager of the store of
6 any violations of the Pawnbroker Act?

7 A: Yes, ma'am. What we normally in circumstances
8 like that, is we'll take several copies of the
9 Pawnbrokers' Statute and regulations. In my
10 years of experience, I try to, you know, talk
11 to them one on one, explain to them, look
12 here's the issues at hand, the documents that
13 Lexington County had. We then said, you know,
14 it's in regards to your business. It has come
15 to our attention under the Pawnbrokers'
16 Statute, especially under the definition of
17 what a pawnbroker means, that it appears that
18 the business was purchasing tangible personal
19 property on a condition that it may be redeemed
20 or repurchased by the seller for a fixed price
21 for a fixed period of time. We made Mr.
22 Cassidy aware of that, provided some of the
23 documents that had been provided by Lexington
24 County, then asked, you know, told them what we
25 were looking at and what the actual



1 Pawnbrokers' Statute is referring to. They
2 were very -- along the way very cooperative.
3 They -- I asked them, do you have other records
4 of this such similarity that you'd be willing
5 to provide. They then went to a location in
6 the store and brought back records and provided
7 at the time a total 21 records of what we were
8 talking about.

9 A: All right. Were any of the documents obtained
10 from the investigation? Any photographs or
11 records of any other kind?

12 Q: Yes, ma'am. We obtained the 21 records. And
13 they were cooperative. They made copies for us
14 while we were there. There's -- normally we go
15 with two investigators just for a matter of --
16 when we talk to an individual we like to do two
17 investigators and also have where both of us
18 can be doing stuff simultaneously especially in
19 a place of business, you know, we try to go as
20 quickly as possible and not take up the whole
21 day so to speak. So Investigator Joanie Green
22 then took pictures throughout the location of
23 the business. We went over to their counter --
24 we come out of there at different periods of
25 time and went over to their counter space.



1 They referred it to a holding area. Of the 21
2 records we pulled, there appeared to be nine
3 active. What I mean by active is the items
4 were still there in the holding period --
5 holding area. Investigator Green went back
6 there and took pictures of those as well. And
7 we pulled out those various items and took
8 pictures of the items in relation to the
9 transaction number that they had assigned on
10 the item correlating with the ticket.

11 A: And through the course of the on site
12 investigation was anyone's statement taken?

13 Q: Yes, ma'am. We like to verbally talk with them
14 and then what they explain to us we then ask
15 for a statement. I asked Mr. Cassidy along
16 with Ms. Burdo if they would like to give a
17 statement of some of the things that they had
18 explained to us. I noted here in my
19 investigator's summary that he did -- Mr.
20 Cassidy declined because he stated Ms. Burdo
21 could explain it in writing the activity better
22 than he could. So then she started out a
23 statement to us of what they verbally had told
24 us. It's a voluntary statement. This just
25 says the records were voluntarily provided. We



1 -- in talking with them, would you like to give
2 a voluntary statement. Mr. Cassidy declined,
3 but Ms. Burdo complied. And then I verbally
4 asked Mr. Cassidy could he look at her
5 statement. And he verbally agreed with the
6 information provided to the investigator.

7 Q: So Mr. Cassidy reviewed the statement that Ms.
8 Burdo provided?

9 A: And agreed with what was written.

10 Q: So he allowed the statement to be written as
11 well?

12 A: Yes, ma'am.

13 Q: Okay. And did Mr. Cassidy and Ms. Burdo
14 understand what you explained to them?

15 A: Yes, ma'am. I usually, in talking with them
16 and the number of years that I've done this, I
17 just, I want to kind of, you know, see are they
18 understanding what we're talking about here.
19 Do they have an understanding. And so I read
20 to them the statement what it says in Title 40
21 Chapter 39, which sets the precedence for the
22 Pawnbrokers' Statute and the definition of what
23 a pawnbroker means. A lot of people get caught
24 up in well, you know, when you're generally
25 talking what is a pawnbroker, I specifically



1 explained the definition and said that it means
2 any person engaged in the business of lending
3 money on a security of pledged goods or engaged
4 in the business of purchasing tangible personal
5 property on the condition that it may be
6 redeemed or repurchased by the seller for a
7 fixed price within a fixed period of time. In
8 doing that, I referenced back to tickets that
9 he had in question so that he could get an
10 understanding of what the definition is saying
11 in relation to the tickets that they have
12 filled out ---

13 Q: Uh-huh.

14 A: --- and they acknowledged that they understood.

15 Q: All right. Did Mr. Cassidy acknowledge that
16 the Department required him to obtain a
17 license?

18 A: Yes, ma'am. I made that -- throughout the
19 visit, we talked about that. Before you can do
20 what it is under the definition a pawnbroker,
21 you first in this state have to have a
22 certificate of authority. It's not allowed to
23 do pawnbroker activity as like we call them, or
24 pawnbrokering without having a certificate of
25 authority before you do that. And so I



1 explained that several times throughout just to
2 make and understand -- I'm accused of repeating
3 myself several times, so I'm sure at that
4 occasion I did that with him.

5 Q: All right. Did you notify Mr. Cassidy about
6 any fines or assessments?

7 A: Yes, ma'am. I noted that the documents that
8 we've obtained and the -- I noted and what we
9 ended up in -- that onsite visit, the documents
10 that we've obtained and the activity that's
11 going on in that location, that there are
12 violations to our Pawnbrokers' Statute and
13 regs. I told him that there was such
14 violations. Explained a little bit about the
15 -- what the consequences are of the statute in
16 regards to penalties. That it could carry up
17 to a \$750.00 fine per transaction and that you
18 could be looking at one activity being multiple
19 trans -- multiple counts of the same
20 transaction.

21 Q: Uh-huh. Do you have any of the tickets where
22 you're sitting right now?

23 A: I do not.

24 Q: Anything ---

25 A: There's, there's ---



1 Q: Okay.

2 A: --- nothing up here.

3 Q: Here. If you'll take a look at this one or
4 just -- here are a couple.

5 A: Okay.

6 Q: And those look like examples of the tickets
7 that you discovered on the on site
8 investigation in September of 2015?

9 A: Yes, ma'am.

10 Q: All right. And does that appear to be a
11 complete ticket?

12 A: Yes, ma'am. In regards to these two
13 transactions that you handed me.

14 Q: And those are in the record as Exhibit One.
15 There's nothing on the back of them, no
16 additional pages, or anything like that.
17 That's the complete record?

18 A: Yes, ma'am.

19 Q: Is that correct?

20 A: Yes, ma'am.

21 Q: All right. Now in addition to not being
22 licensed, you discovered other potential
23 violations at the store?

24 A: Yes, ma'am.

25 Q: You did. All right. Let's see -- did A



1 Bargain Center collect excessive interest rates
2 on the pawn transactions?

3 A: Yes, ma'am.

4 MR. MOORE: I'm going to object. There's no
5 testimony that the client was charging any
6 interest.

7 THE COURT: The objection is overruled.

8 MR. MOORE: Thank you.

9 Q: And is that a violation, to charge excessive
10 interest?

11 A: Yes, ma'am.

12 Q: All right. Did A Bargain Center comply with
13 the Federal Truth in Lending Act?

14 A: No, they did not.

15 MR. MOORE: Object to calling for legal conclusion
16 on the part of the witness, Your Honor.

17 THE COURT: Ms. Thompson, could you rephrase that
18 question or ask it again. Setting some
19 foundation for that conclusion.

20 Q: All right. Chief Investigator Middlebrooks, are
21 you familiar with the Federal Truth in Lending
22 Act?

23 A: Yes, ma'am.

24 Q: All right. Are there requirements for -- we
25 also call it the TILA, The Truth in Lending



1 Act. Are there TILA requirements on documents
2 dealing with consumer finance?

3 A: Yes, ma'am.

4 Q: So a licensed pawnbroker, would they be
5 required to comply with TILA on their pawn
6 tickets?

7 A: Yes, ma'am. They're required to have Truth in
8 Lending disclosures, payments, schedules, etc.

9 Q: All right. And is that a part of your
10 compliance review when you conduct reviews of
11 pawn shops?

12 A: Every time.

13 Q: Okay. All right. And in your opinion based on
14 your experience of doing 50 or so examinations
15 a year by yourself, did A Bargain Center comply
16 with the Federal TILA laws in place?

17 A: No, ma'am.

18 Q: And so that is a violation?

19 A: Yes, ma'am.

20 Q: Okay. Did A Bargain Center record the rate of
21 interest, finance charge, or description of
22 goods pawned on their buy back tickets?

23 A: No, ma'am.

24 Q: Is that a violation?

25 A: Yes, ma'am.



1 Q: All right. Did A Bargain Center provide the
2 consumer with a memorandum containing the
3 interest to be paid on the loan?

4 A: No, ma'am.

5 Q: All right. And is that a violation of the
6 Pawnbroker Act?

7 A: Yes, ma'am.

8 Q: Did A Bargain Center alter the time period for
9 vesting a title to pledged property from the
10 allowable 60-days to 14 or 15 days?

11 A: Yes, ma'am.

12 MR. MOORE: Object to the form of the question, Your
13 Honor. There's not testimony in the record at
14 all that it is a pledged property.

15 THE COURT: Ms. Thompson ---

16 MS. THOMPSON: I can rephrase it for you.

17 THE COURT: Yeah, rephrase it. Thank you.

18 Q: Did A Bargain Center alter the time period for
19 their buy back period to vest from the normal
20 60-days to 15 days?

21 A: Yes, ma'am. Would you like me to elaborate on
22 what that means as far as the 60-days?

23 Q: Sure, if you'd like to explain.

24 MR. MOORE: Your Honor, again he's offering legal
25 conclusions on what it means for something to



1 vest apparently.

2 THE COURT: I'm going to allow the testimony sir.

3 MR. MOORE: Thank you, Your Honor.

4 THE COURT: Thank you. The objection is overruled.

5 Q: You can answer.

6 A: Well what you're explaining is when an item is
7 taken in on a pawn you have -- under the
8 statute of regs, you have 30 days to come in
9 and either redeem that item or renew that pawn
10 by paying interest. If you fail to make an
11 interest payment or redeem it, then the item --
12 this is the confusion the general public has
13 that's never been in a pawn shop. They feel
14 like that once that 30 days, the item can be
15 taken. Well that's not the case. There's an
16 additional 60-days vesting period that allows
17 the consumers to either get caught up on the
18 interest that is owed or ultimately, if it's
19 the pawnbroker, or the other party in the
20 transaction, if their -- if they have the
21 consumer -- they don't allow them just to renew
22 it so to speak, that they're behind in payments
23 and they now owe plus the interest owed along
24 with the whole amount.

25 Q: All right.



1 A: And these particular transactions that I
2 viewed, the time period of what your terming as
3 vesting does a consumer protection to allow the
4 consumer time, that was not in this case.

5 Q: And by shortening that period, is that a
6 violation of the Pawnbroker Act?

7 A: Yes, ma'am.

8 MR. MOORE: Same objection, Your honor. Calling for
9 legal conclusions.

10 THE COURT: The objection is overruled. Thank you.

11 Q: To your knowledge, did A Bargain Center send a
12 written notice of impending forfeiture to its
13 customers?

14 A: To my knowledge, no.

15 Q: And would that be a violation of the Pawnbroker
16 Act?

17 A: Yes, ma'am.

18 Q: All right. Did A Bargain Center post any sort
19 of rate schedule to notify consumers of the
20 charges they would be charged in the store?

21 A: To my knowledge, no.

22 Q: All right. And would that be a violation of
23 the Pawnbroker Act?

24 A: Yes, ma'am.

25 MR. MOORE: Same objection, Your Honor.



1 THE COURT: Thank you. Overruled.

2 Q: Did -- to your knowledge did A Bargain Center
3 obtain a surety bond?

4 A: No, ma'am. To my knowledge.

5 Q: And would that be a violation of the Pawnbroker
6 Act?

7 A: Yes, ma'am.

8 MR. MOORE: Same objection, Your Honor.

9 THE COURT: Okay. It's overruled.

10 Q: And did A Bargain Center ever obtain a license
11 from the Department as a pawnbroker?

12 A: No, ma'am.

13 Q: They never obtained a license at any period of
14 time?

15 A: They have never tried to obtain a certificate
16 of authority to do pawnbrokering. No, ma'am.

17 Q: And based on your investigation, would that be
18 a violation of the Pawnbroker Act?

19 A: Yes, ma'am.

20 Q: All right. Have you ever -- I was wondering
21 how many times have met with the witness, Mr.
22 Korzen regarding this matter?

23 A: I called Mr. Korzen to talk to him about his
24 transaction and to verify that he's one of the
25 transactions that we've located. I then asked



1 Mr. Korzen did he mind if -- in talking with
2 him I could really tell there was, you know, a
3 little bit of trouble in understanding my
4 questions. So I asked him if I could come meet
5 with him, he actually volunteered somewhere in
6 that conversation that he would like his wife
7 to be -- just to ease, you know ---

8 A: Uh-huh.

9 Q: --- any kind of communication. So I said, sure
10 that would be fine. So we set up a time. He
11 said it was more comfortable for him for me to
12 come to his house. So I, myself, and Deputy
13 Chief Investigator Joanie Green went to his
14 house. Sat down with him, talked with him
15 then. And then upon him becoming one of our
16 witnesses and needing to be subpoenaed, y'all
17 -- the two attorneys from the Department,
18 yourself, and Attorney Copeland wanted to sit
19 down with an interview as you did with your
20 other witnesses. And so I called Mr. Korzen
21 again to say we'd like to do that and in
22 coordination with you, Attorney Thompson, and I
23 actually volunteered and said I would, you
24 know, he knows me I'd be glad to come out there
25 with y'all. And pretty much didn't take part



1 in the talking to him on that occasion, I was
2 just there more as he knew my face and that
3 type of thing, so.

4 Q: At any point did you threaten Mr. Korzen with
5 having to go to jail or anything of that
6 nature?

7 A: No, Mr. Korzen, he had reservation as far as
8 wanting to come and testify but I explained to
9 Mr. Korzen that this is -- he would be
10 subpoenaed and that he's required to appear.
11 So that was to the extent of it, that he needed
12 to come to the actual hearing today.

13 Q: All right. And I just have a couple of final
14 questions based on your experience -- based as
15 your -- based on your experience as an
16 investigator with the consumer financial
17 matters over the past few decades. Does a bank
18 require a license?

19 A: Yes.

20 Q: Does a pay day loan lender require a license?

21 A: Yes.

22 Q: Does a pawnbroker require a license?

23 A: Yes.

24 Q: Okay. Based on your experience, is there any
25 type of lender that does not require a license



1 from the Department or the state or board of
2 financial institutions?

3 MR. MOORE: Your Honor, with all due respect the
4 fact that banks have to be licensed has
5 absolutely nothing to with the facts of this
6 case. That a bank has to have a license to do
7 business has nothing to do the facts of the
8 case.

9 THE COURT: The objection is overruled Mr. Moore.

10 MR. MOORE: Thank you, Your Honor.

11 Q: So once again, to your knowledge every lender
12 would be required to obtain a license?

13 A: Yes, ma'am.

14 Q: Okay. And also based upon your investigation,
15 what were your conclusions of A Bargain Center?

16 A: Based on my investigations and my years of
17 experience that it was a circumventing the
18 state statute and that this met the definition
19 of a pawnbroker.

20 MR. MOORE: Your Honor, that's pure legal
21 speculation on his behalf. He can't do that.
22 That's total speculation on his part. That is
23 up for the court to decide.

24 THE COURT: It is, yes. I'm -- his answer is to be
25 stricken.



1 Q: Based upon your investigation, did you advise
2 the Department to issue any violations of the
3 Pawnbroker Act against the Bargain Center?

4 A: Yes. And we actually a lot of times will draft
5 the violations letter. And we did that all on
6 the day of the 10th.

7 Q: All right. No further questions your honor.

8 THE COURT: Mr. Moore?

9 MR. MIDDLEBROOKS - CROSS-EXAMINATION BY MR. MOORE:

10 Q: Sir, let me ask you this question. You've been
11 asked a lot of legal questions about your
12 knowledge of the law and so forth and so on.
13 You've been asked legal questions about the
14 vesting and these sorts of things. Let's talk
15 about something and see if we can agree. Can
16 you agree that Mr. Cassidy should be free from
17 arbitrary conduct?

18 A: Can you explain a little further?

19 Q: You don't understand the word arbitrary
20 conduct?

21 A: Yes, sir.

22 Q: You do. Then my question is, can you agree it
23 is should be free from arbitrary conduct?

24 A: Well, I understand the term arbitrary ---

25 Q: Good.



1 A: --- in terms of ---

2 Q: If you do understand the word, just answer the
3 question.

4 A: Repeat the question one more time.

5 Q: Can you agree that Mr. Cassidy should be free
6 from arbitrary conduct?

7 A: No.

8 Q: All right. So you think that he as an American
9 citizen should be able to be subjected to
10 arbitrary conduct from the State of South
11 Carolina. You think that's okay, right?

12 A: In relation to what?

13 Q: Just conduct. That the State of South Carolina
14 should be able to treat him arbitrarily.
15 That's what your testimony is. Correct?

16 MS. THOMPSON: Objection. I do not believe that was
17 the investigator's testimony at all.

18 MR. MOORE: All right, that's exactly what he said.
19 I asked him should it be -- should Mr. Cassidy
20 be free from arbitrary conduct and he said no.
21 No sir, one witness, one lawyer at a time.

22 THE COURT: Okay. Mr. Moore, your question is
23 rather vague. If you could be more specific as
24 to what conduct you are talking about, then I
25 will direct the witness to answer.



1 MR. MOORE: Sure. I'll be more specific. Thank
2 you, Your Honor.

3 Q: You said that the fine could be up to \$750.00.
4 Right?

5 A: The statute says -- may I refer to it?

6 Q: I'm just trying to get your testimony sir.

7 A: Yes, a ---

8 Q: I'm not really worried about what the --- wait
9 a minute. I'm not worried about what the
10 statute says. I'm worried about what you -- I
11 wrote down what came out of your mouth ---

12 A: Okay.

13 Q: --- under oath, swearing to tell the truth, all
14 right.

15 A: Yes, sir.

16 Q: Your testimony was that the fine could be up to
17 \$750.00 per violation. Right?

18 A: Yes, sir.

19 Q: Well, what could it be down to?

20 A: That's not for me to decide.

21 Q: Well, if it's not up to you to decide, who is
22 it up to to decide? We know it can be up to
23 \$750.00. You don't know what it could be down
24 to?

25 A: We have a hierarchy in our Department as far as



1 chain of command ---

2 Q: Right.

3 A: --- and I'm not privy -- I'm not the total
4 responsible person as far to 100 percent let's
5 say this is what the fine is.

6 Q: Well, I'm wanting to know what it can go down
7 to. You're the expert in this law. It can go
8 up to \$750.00. Can it go as low as \$1.00? Can
9 it go as low as \$1.00?

10 A: I'm not sure. Whoever decides that amount, I'm
11 not sure.

12 Q: Well that's what I'm trying to get to. We
13 basically have got in here a fine of how much
14 per violation is being sought, \$750.00. Right.

15 A: Yes, sir.

16 Q: So the maximum fine is being sought. Right?

17 MS. THOMPSON: Objection, Your Honor. This has been
18 asked
19 and answered.

20 MR. MOORE: I -- that's the first time I've asked
21 that question.

22 THE COURT: I'm allowing the question.

23 MR. MOORE: Thank you, Your Honor.

24 Q: The maximum fine is being sought on a number of
25 different violations. What I want to know is,



1 in not acting arbitrarily, what are the non-
2 arbitrary standards that are applied to decide
3 whether the fine should be \$750.00 or \$1.00?

4 A: Your question -- I'm not an attorney. I don't
5 decide those types of things. I can just tell
6 as far as what the statute says of what it goes
7 up to. And when it comes to what it goes down
8 to, I'm not the total 100 percent responsible
9 person for doing that.

10 Q: Well, what I want to know is, I'm trying to
11 find out how it wasn't an arbitrary decision to
12 decide the maximum fine here.

13 THE COURT: Mr. Moore, your question has been
14 answered. This witness's testimony is that he
15 didn't make that call.

16 MR. MOORE: Yes, ma'am. May I be heard on this?

17 THE COURT: Yes.

18 MR. MOORE: The problem we had is this, they
19 apparently have decided to seek a maximum
20 penalty on any number of alleged violations.
21 Now the code section says that it can go up to
22 \$750.00, which means it can be as low as a
23 \$1.00. Now, there either have to be objective
24 standards that we weigh to determine if you go
25 to the high end, the low end, or the modest



1 end. Because one of our arguments is that it
2 is unreasonable to assess someone under these
3 circumstances the full maximum fine. The only
4 way we can determine if it is reasonable, and
5 non-discriminatory, and non-arbitrary to fine
6 us \$750.00 per violation.

7 **THE COURT:** But Mr. Moore, again ---

8 **MR. MOORE:** There has to -- there's no standard.

9 **THE COURT:** Mr. Moore, in this case we're here on a
10 contested case. The Department is asking for
11 fines to be imposed up to the \$750.00 per
12 violation.

13 **MR. MOORE:** Yes, ma'am.

14 **THE COURT:** But that's a determination that I will
15 make.

16 **MR. MOORE:** Yes, ma'am. But here's the problem with
17 that. Here's the problem with that. And I'm
18 not trying to be argumentative on this. That
19 is the determination that you will make, but
20 the question is the only way you can make it in
21 a non-arbitrary fashion, is if we can get into
22 evidence what the considerations are supposed
23 to be. When a person is judging, should it be
24 \$750.00, \$375.00, or \$1.00. They're going to
25 ask you, and I'm going to basically ask you,



1 not to allow them to do the \$750.00 per
2 violation. But the only way that you can
3 either assess \$750 or \$1.00 is by a swag, just
4 a gut feeling guess and that's arbitrary. They
5 need to be able to establish to us what the
6 criteria are in assessing either the maximum or
7 the minimum. They need to tell us who made
8 those determinations and why. They need to
9 tell us what factors went into the decision to
10 give us \$750.00 maximum on all of these fines.
11 And they can't do that.

12 **THE COURT:** But according to this witness, he didn't
13 participate in the Department's recommendation
14 for this \$750.00 per violation. He didn't
15 participate, so he cannot answer that question.

16 **MR. MOORE:** And that has been established. And I
17 think very clearly that he has no idea why it
18 was \$750.00. Now what I want to go into is,
19 okay what are the criterion that the Department
20 is supposed to consider in determining whether
21 it should be the maximum or the minimum. And
22 that's where I'm headed and I don't think he's
23 going to know the answer to that.

24 **THE COURT:** Okay. Well, let's go there. Okay.

25 **Q:** Let's go to that sir. In deciding upon -- so



1 you won't do something in an arbitrary fashion.
2 In deciding on whether to fine somebody the
3 maximum or the minimum, what are the criteria
4 that are supposed to be used in making a
5 determination on how much the fine should be?

6 A: What we do is we see the number of counts, the
7 number of violations per. for whatever
8 transaction we're looking at. We -- in
9 different times or myself we may calculate out
10 that the statute says up to \$750, we'll
11 calculate out but then we send it on up to the
12 attorney handling that, that's also made --
13 call with head of legal, etc. I don't make
14 that call 100 percent. Each statute has a
15 different violation, and we'll put that on
16 there.

17 Q: I know you didn't make the call here. Right.
18 I got that. You told us that. Right?
19 Correct?

20 A: Yes. What I do is, I put the number of
21 violations ---

22 Q: Right.

23 A: --- and I maybe on this one put \$750, but I
24 send it on up and that's not a ground 100
25 percent, so.



1 Q: Right. You tell the maximum and the number of
2 violations. Right?

3 A: Right.

4 Q: And then somebody else has got to make the
5 decision on to whether to charge the maximum,
6 or the minimum, or something in between.
7 Right?

8 A: Right. It's not my soul decision. Right.

9 Q: In this case, who made the decision?

10 A: We sent that on up to the actual attorney
11 that's over the pawnbroker.

12 Q: The name of the person who made the decision as
13 to how much the fine would be in the case is
14 who?

15 A: We have attorneys, like Christine Thompson is
16 over the pawnbroker program. We have Kelly
17 Rainsford that's over our legal department.
18 She is involved in that process, along with our
19 administrator, who were designees' of the
20 administrator, she's involved in that process.

21 Q: Sir, do you know the name of the persons or
22 person who actually made the decision to charge
23 the maximum fine in this case?

24 A: I just named the parties involved.

25 Q: All right.



1 A: It involves our attorney, our head of legal,
2 and our administrator.

3 Q: Now tell me the objective criteria which is
4 supposed to be used, if you can, in assessing
5 whether to fine the maximum or the minimum.

6 A: When we're assigning fines, we look at the
7 number of violations, we look at the case
8 itself, we send it up, and like there again,
9 it's a joint decision in what's administered.
10 And this is what was administered on that case.

11 Q: Now you -- we're -- I'm losing you. I
12 understand it's a joint decision. But when
13 those people making the decision are making
14 their decision jointly, tell me the various
15 factors, the objective of factors that should
16 be considered when a person is making that
17 decision.

18 MS. THOMPSON: Objection, Your Honor. I think this
19 has been answered and questioned over and over
20 again. This is really outside the scope of
21 this witness's testimony.

22 THE COURT: It has been asked and answered Mr.
23 Moore.

24 MR. MOORE: May I ask one more, Your Honor? This is
25 important. I'll ask more line of questions,



1 that's it on this.

2 **THE COURT:** One more question or line of questions?

3 **MR. MOORE:** I think one more question, probably.

4 **THE COURT:** Okay, we'll see if its ---

5 **Q:** To your knowledge, are there objective written
6 criteria that are supposed to be used in
7 assessing how much to charge somebody?

8 **A:** The criteria is in the statute.

9 **Q:** That just says up to \$750.00.

10 **A:** And the number of violations.

11 **Q:** All right. It says you can charge up to
12 \$750.00 per violation, but it doesn't say the
13 objective criteria in trying to decide to
14 charge the maximum or the minimum. Does it?

15 **A:** In my recommendation in my part of the case and
16 what we do, that's the part that I put in.

17 **Q:** My question is this, and I'll ask it again. To
18 your knowledge are there any objective
19 standards that are supposed to be considered by
20 the person making the decision?

21 **A:** Of course there's standards. There's what we
22 have done with other industries, or pawn shops,
23 or people operating without a pawn shop, that
24 there's a ---

25 **Q:** Great. Where can I find those standards?



1 Where are they located? I want to review them
2 myself in writing. Where are they?

3 **MS. THOMPSON:** Objection, Your Honor. This has been
4 answered.

5 **MR. MOORE:** That question hasn't been answered your
6 honor. He's now told us they exist. I just
7 want to know where they are.

8 **THE COURT:** Okay.

9 **MS. THOMPSON:** I believe he referred they were in
10 the statute.

11 **MR. MOORE:** That's not what he said.

12 **THE COURT:** Does the Department have written
13 criterias that they apply when determining the
14 range of the fine?

15 **A:** There's fine criteria for several different
16 industries. We deal with several of them and
17 there is criteria that our administration ---

18 **THE COURT:** In this instance we're only talking
19 about pawnbrokers.

20 **A:** I mean, as far as what comes in to play with
21 the pawn shops themselves, we look at prior
22 history, prior fines, etc. that have been
23 administered in what we have dealt with cases
24 and settled. And that's the best of my
25 knowledge of what we do.



1 THE COURT: Okay. Is that something that's in
2 writing that someone could go to the
3 Department's website or call the legal
4 department and get a written ---

5 A: I mean settlements of prior cases I'm sure
6 those could be ---

7 THE COURT: Researched?

8 A: Yes, ma'am.

9 THE COURT: Okay. Okay.

10 Q: And there's been no prior history with A
11 Bargain Center has there?

12 A: Not as -- I'm sorry.

13 Q: There was no prior history with A Bargain
14 Center. Was there?

15 A: The Bargain Center's case was the first that I
16 was involved with starting in September.

17 Q: Well, to your knowledge was there ever any
18 prior history with the Bargain Center for
19 violating the Pawnbrokers' Statute?

20 A: I'm -- this was my first involvement with the
21 Bargain Center, once Lexington County reached
22 out to me.

23 Q: Was there any prior settlement with the Bargain
24 Center over the Pawnbrokers' Statute?

25 A: Not to my knowledge.



1 Q: Was there any indication that anyone had ever
2 notified the Bargain Center that they were
3 doing anything wrong?

4 A: When we got involved in this ---

5 Q: Before you got involved, did you have any
6 indication they were anything wrong?

7 A: Not to my direct knowledge. No.

8 Q: Any indication that what they were doing was
9 intentionally in violation of the statute?

10 A: Prior to my involvement, no knowledge.

11 Q: Any indication that what they were doing was
12 willfully in violation of the statute?

13 A: Prior to my involvement, no knowledge.

14 Q: Any indication that they were trying to hide
15 what they were doing in violation of the
16 statute?

17 A: Prior to my involvement, no knowledge.

18 Q: Based upon what you saw the folks were just in
19 good faith didn't understand the statute and
20 that's why you explained it to them. Right?

21 A: When I got involved --

22 Q: Right.

23 A: --- from the point of time of looking at the
24 records and then going to the on site visit, it
25 was a determination of mine that we had a



1 violation of the Pawnbrokers' Statute.

2 Q: I understand that. But you talked with the
3 folks and they didn't understand that they were
4 when you talked to them and that's why you read
5 the statute to them right?

6 A: When I explained the definition at the very
7 beginning in my testimony, they acknowledged
8 they understood and cooperated.

9 Q: And told ---

10 A: Their level of knowledge was that they
11 understood this is a violation.

12 Q: They understood that after you explained it to
13 them. Correct?

14 MS. THOMPSON: Objection. This is speculation. We
15 have no knowledge of what they knew at the
16 time.

17 MR. MOORE: Your Honor, he basically has told us
18 what they understood. He's already testified
19 to that on direct what they understood.

20 THE COURT: This witness -- I'm -- he doesn't have
21 to respond to that question. I am sustaining
22 that objection. Your client's already
23 testified about what his understanding was at
24 the point of their initial communication.

25 MR. MOORE: Yes, ma'am. And the reason why I was



1 asking the questions was to make sure that he
2 had no -- any evidence -- he had no evidence
3 contrary to that.

4 THE COURT: Okay.

5 Q: You don't have any evidence contrary to what
6 Mr. Cassidy said about not understanding the
7 law until you got there. Right?

8 A: When I met with Mr. Cassidy on September the
9 10th, and immediately showed him the tickets
10 along with the violation of the statute, he
11 acknowledged -- that's my first presence with
12 Mr. Cassidy, he acknowledged that what I just
13 stated to him in the statute, this is what the
14 tickets portrayed.

15 Q: And he said he wouldn't do it anymore. Right?

16 A: When we left, and that's part of my summary,
17 that investigative summary, I verbally told him
18 he has to cease and desist.

19 Q: Right.

20 A: And then it was followed up with correspondence
21 from the Department.

22 Q: Did you tell him what he had to do with those
23 items that were already in play? Those nine
24 items that were already under a buy back?

25 A: In our determination in that onsite visit, and



1 the tickets that we looked at, and as I
2 explained earlier the meaning of a pawnbroker
3 and the transactions that were taking place,
4 that excess charge that's being charged on the
5 buy back ---

6 Q: Yep.

7 A: --- that's what I viewed as interest ---

8 Q: Right.

9 A: --- and we said without having a pawnbroker or
10 certificate of authority, you cannot receive
11 excess charges as in interest.

12 Q: So the English translation is you told him you
13 can sell it back to them, but you can't charge
14 the profit?

15 A: The consumer, according to the agreement, has
16 the ability to come back and buy that exact
17 item. In looking at that agreement, that's
18 telling the consumer, we're going to hold this
19 item, you -- it will not be gone, but we said
20 the consumer should not be penalized so when
21 they come back they're going to buy it and not
22 have to pay the excess charges.

23 Q: Let's do it your way. What did you tell Mr.
24 Cassidy to do with the nine items that he was
25 holding under the buy back program?



1 A: As I explained, we tell them that, the items
2 that you have, the excess charges, you can't
3 charge those, but if an individual comes back
4 to get those, you've already in an agreement
5 said that they could buy those back under a
6 specific period of time, with excess charges,
7 but you can't charge those excess charges.
8 What I viewed as interest.

9 Q: So it was okay for him to sell one of the items
10 back as long as he didn't charge a profit. As
11 long as he charged what he paid for it, he
12 could sell it back?

13 A: If they buy back the item, it -- what we told
14 them is, we have told you what you're in
15 violation of. These tickets are what is the
16 definition of a pawnbroker. So in explaining,
17 now we have tickets that are active as I
18 mentioned, we had some active in the holding
19 area. I then explained -- we then explained to
20 him that if a person comes back and now wants
21 their item, as in Mr. Korzen, just using that
22 one instance, that now they shouldn't be
23 penalized for not being able to pick up the
24 item. But the excess charges they cannot
25 receive.



1 Q: So if Korzen comes -- if you got one of
2 Korzen's items and he comes back, sell it back
3 to him but not for anything more than he paid
4 for it.

5 A: We discussed strictly what he had currently in
6 active. We told him to cease and desist from
7 pawnbroker activity or being a pawnbroker, but
8 currently had active transactions that he had
9 entered in, but you can't receive those excess
10 charges. They need to be able to get those
11 items back.

12 Q: All right.

13 A: I don't have the power to take those times and
14 just take them from Mr. Cassidy and go out and
15 give it to Mr. Korzen with no, you know,
16 transaction that needs to take place of them
17 getting those items back without the excess
18 charges.

19 Q: I didn't ask you that. Did I?

20 A: That's just what I wanted to explain.

21 Q: Well, that's just -- could you just answer what
22 I ask of you and not ---

23 A: Yes.

24 Q: --- and not what you want?

25 A: Yes.



1 Q: Okay. I just want to make sure we know what
2 you told Mr. Cassidy. Was one of those nine
3 items the television set that belonged to Mr.
4 Korzen? Do you know?

5 A: The -- in my investigative summary we had nine
6 active items, and I can't recall the nine that
7 we specifically talked about that were active.

8 Q: The answer to my question then is, you don't
9 know.

10 A: I can't recall the ones that right off the
11 instance.

12 Q: And because you can't recall, you don't know.

13 A: There were two investigators involved. I
14 retrieved the tickets and also talked with Mr.
15 Cassidy regarding that. We had transactions
16 that were done and I believe that's going to be
17 part of Investigator Green's testimony.

18 Q: Because you can't recall, you don't know.
19 Right?

20 A: I can't ---

21 THE COURT: Mr. Moore, he's responded to your
22 questions.

23 MR. MOORE: May it please, Your Honor. The problem
24 is he's not responding. What he's doing, he's
25 just carrying on with a string of consciousness



1 and he's trying to play games with the
2 question. When he tells me he doesn't know,
3 then I basically say okay look, do you know or
4 do you not know. And then he begins to tell me
5 that some other officer may know. I didn't ask
6 him that. I simply asked him, do you know.
7 The answer's no. But he won't say it because
8 he wants to just talk this case to death. And
9 if I can't get help from the court in making
10 him answer the questions, I've got problems.

11 **THE COURT:** But he's answering your question. I
12 understand his response to the question. That
13 is the most -- that is the only thing that's
14 relevant here, is whether I understand and I do
15 understand his response.

16 **MR. MOORE:** Yes, ma'am.

17 **THE COURT:** And I'm finding it to be responsive.

18 **MR. MOORE:** Thank you, ma'am.

19 **Q:** Sir, the Bargain Center is not a bank. Is it?

20 **A:** Not that I'm aware of.

21 **Q:** And it doesn't hold itself as any form of
22 lending institution. Does it?

23 **A:** I've explained earlier, it appears -- the
24 transactions are pawn transactions.

25 **Q:** I just asked how it held itself out. Does it



1 hold itself out to the public as a lending
2 institution?

3 A: In the form of the transactions that are being
4 done, ye.

5 Q: Well let me ask you this. You used this word
6 vesting, okay. I spent about four months of my
7 life studying that word. So you apparently
8 know a lot about the word vest. Explain to me
9 the legal definition of vest, vesting.

10 A: In regards to the Pawnbrokers' Statute, they
11 have a vesting period. That means in the
12 Pawnbrokers' Statute, in my years of
13 experience, and when we go out and do
14 compliance reviews, you have a 30-day
15 transaction when you initially pledge the item
16 with the pawnbroker. There's a collateral
17 that's given. There's now a transaction and
18 the person has 30-days to come back and make
19 the interest payment. If that 30-days now goes
20 past from the date due to the date made, you're
21 now past the date due. The pledger is giving
22 a 60-day vesting period that allows them up to
23 90-days before their item is forfeited.

24 Q: I just want to know the definition of the word
25 vest. What does it mean when titled to a



1 television set vests in a need. What does that
2 mean?

3 A: If you and I are doing a transaction, as I'm
4 explaining in relation to this case, a
5 pawnbroker transaction. And I give the TV to
6 you, you loan me money, and I'm expected to pay
7 that money back and in the form of extra
8 charges or in the form of our case here, we
9 have what we call, you know, buy back in a
10 specific period of time with excess charges,
11 then we're entering in an obligation that your
12 holding that item. You're not selling it,
13 you're not taking it, you're not doing anything
14 with that item. It's being held to meet our
15 transaction. Under the Pawnbrokers' Statute,
16 you have 30-days to come back and do the
17 performance of that understanding. The vesting
18 is, that once that 30-days lapses and there was
19 not either an interest payment or a redemption
20 of the item, which is the loan amount. Vesting
21 is, you don't have the right to, then after
22 just 30-days to sell it, you have to hold that
23 for 60 additional days.

24 Q: Sir, do you understand that the word vest
25 actually means the title passes from one person



1 to another?

2 A: That's what -- I mean, I feel like that's what
3 I was just explaining.

4 Q: All right. Well under the contracts that
5 existed in this case, it's pretty clear.
6 According to the actually wording that's used,
7 is I am selling to A Bargain Center for \$25.00.
8 So it's pretty clear under this that the sale
9 is taking place upon the signing of the
10 document. Right? That's what the document
11 says.

12 A: There's more language to the document.

13 Q: I understand that, but the document -- the way
14 it starts off says I'm selling it to you.
15 Right?

16 A: Along with additional language that pertains to
17 it.

18 Q: Right. So basically according to the actual,
19 the contractual language that is used here,
20 title passes upon the payment of the money.
21 That's what the document actually says. Isn't
22 it?

23 A: Yes, sir. And that's why I went on to explain
24 the second part of the pawnbroker meaning.

25 Q: I understand that, but I just want to talk



1 about this word vesting that you used. And
2 then according to this, that even though title
3 has vested upon the payment of the money, there
4 is a right of the seller to buy it back.
5 Correct?

6 A: The terms of this document here that we're --
7 that we have been discussing today, is they are
8 selling it to the item but then I agree to buy
9 this item sold to A Bargain Center for a price
10 on or before. And then we have transactions to
11 where -- handwritten on these tickets due on,
12 and we have these excess charges.

13 Q: Right. Basically what it is is the property is
14 actually sold to A Bargain Center and the
15 customer retains the right to buy it back.
16 That's what the contract says. Right?

17 A: And that's how I've explained and I explained
18 to Mr. Cassidy the second part of the
19 pawnbroker meaning.

20 Q: So then the title actually exists in favor of
21 A Bargain Center the moment the money changes
22 hands. Right?

23 A: With personal tangible items, there is no
24 title. I apologize if I'm elaborating.

25 Q: Where did you go to law school sir? Where did



1 you go to law school? Who taught you that?

2 A: I didn't go to law school sir.

3 Q: Yes, sir. I didn't think so. Someone has
4 title, ownership of every item of personal
5 property sir. And every item of real estate.
6 Now, I want to know -- you explained to us that
7 you're an expert in this vesting and this,
8 ownership. According to that contact title
9 vests in A Bargain Center the moment the money
10 exchanges. Correct?

11 A: I'm not an expert in vesting. I can just quote
12 to you what they talk about the vesting period
13 in the state statute.

14 Q: Sir, if you're not an expert in vesting how
15 were you able to render an opinion to this
16 court about what it means for something to
17 vest?

18 A: To this court my explanation and my explanation
19 to Mr. Cassidy is, we have a meaning of a
20 pawnbroker and a second part to the meaning is
21 the business of purchasing tangible personal
22 property on the condition that it may be
23 redeemed or repurchased by the seller for a
24 fixed price within a fixed period of time.

25 Q: Let me ask you this. Let's assume Mr. Korzack



1 brought his TV into A Bargain Center and
2 entered into a contract to take \$40.00 for the
3 television set on one of these contracts, all
4 right?

5 A: Yes, sir.

6 Q: But at the same time there was a provision that
7 Mr. Korzack's wife could repurchase in 30-days.
8 Not Mr. Korzack, but his wife could repurchase
9 it 30-days. Does that violate the statute?

10 A: I heard you ask the question earlier, I --

11 MS. THOMPSON: Objection. I believe he did ask the
12 question earlier and I objected to it at that
13 point.

14 MR. MOORE: No, I asked another witness earlier and
15 I believe the court told me I needed to ask
16 that question to this witness.

17 THE COURT: And you're correct.

18 MR. MOORE: Thank you, ma'am.

19 THE COURT: The objection is overruled.

20 A: Can you ask the question again?

21 Q: Sure. Here's the facts in the situation. Mr.
22 Korzack comes into A Bargain Center and he
23 enters into a deal where he's going to sell the
24 television set for \$40.00.

25 A: Uh-huh (affirmative response).



1 Q: And as part of the deal, Mr. Korzack's wife
2 will have the right to buy it back for \$60.00
3 in 15-days. Anything wrong with that?

4 A: The transactions that I'm aware of, in looking
5 at those we have a purchaser selling to the
6 Bargain Center and the Bargain Center is
7 agreeing to hold those items, and that
8 purchaser has the ability to buy those items
9 back at a specific date and time.

10 Q: No. That purchaser doesn't have the right to
11 buy it back. That purchaser's wife ---

12 A: I'm just portraying what the ticket is.

13 Q: But the purchaser -- I'm changing it. I want
14 to say that instead of purchaser retaining the
15 right to buy it back, they give the right to
16 the purchaser's wife to buy it back. Anything
17 ---

18 MS. THOMPSON: Objection.

19 Q: --- wrong with that?

20 MS. THOMPSON: Speculation.

21 THE COURT: I'm going to allow him to respond to
22 that question. Mr. Moore.

23 Q: Anything wrong with that?

24 A: You're saying on a particular transaction that
25 they allow the wife to buy back?



1 Q: Right. The contract says, I am selling you the
2 television for \$40.00, and within 15-days my
3 wife will be able to buy it back for \$60.00.

4 A: Can I explain a little bit of what I see in
5 pawn transactions?

6 Q: No. I just want to know if there's anything
7 wrong with that.

8 A: Well, I do see where other people can come in
9 and redeem. And then we have a process where
10 they can be transferred, it's a transferable
11 ticket.

12 Q: No, it's not a ticket. This is just a part of
13 the contract. It's part of the deal. Here's
14 the deal, I'm selling you this TV for \$40.00,
15 but you agree that you're going to hold it for
16 my -- you're going to hold it for a period of
17 15-days and my wife can come in and it for
18 \$60.00 if she wants to.

19 A: In my experience in looking at transactions,
20 and we're talking about in context of a pawn
21 shop, we have ---

22 Q: Well no, context of A Bargain Center, a retail
23 store.

24 A: Well we have in the context of an agreement
25 that ---



1 Q: Right.

2 A: --- where there's a loan and there is ---

3 Q: No, it's not a loan. It's a sale. I'm selling
4 the car -- I'm selling the TV for \$40.00, just
5 like this contract says. But as part of our
6 contract, a third party is going to have the
7 right to come in and buy the thing from you for
8 \$60.00 for two weeks. Anything wrong with
9 that?

10 A: If we have Mr. Korzen and his wife, and his
11 wife can come back and buy it and there's
12 excess charges, if Mr. Korzen is saying that he
13 was the actual owner, but now they're
14 transferring it. In that particular
15 transaction, I'm going to look at the other
16 transactions. That's a different type of
17 transaction.

18 Q: I just want to know if there's anything wrong
19 with that? Would that be an illegal pawn?

20 A: There again, it goes back in the context of
21 what I'm used to with pawn transactions. We
22 have a transferrable right to pledge and that
23 pledger can transfer and someone else can come
24 in, pay the money and get the item.

25 Q: No. This is not a pledge. As I understand the



1 statute, it's written two different ways. One
2 of them has to do with pledging property.
3 There's two ways you can get to this. One of
4 them has to do with pledging property. This is
5 not that. The other basically has to do with
6 selling property and a right to buy it back.
7 That's where we are on this case. Right?

8 A: Correct. And the tickets that I looked at,
9 they were one individual, A Bargain Center --
10 that individual sold to the Bargain Center and
11 that individual has the right to come back and
12 buy it for an excess amount.

13 Q: So I want to go back to my question. We're not
14 in a pledging situation. We're in a sale
15 situation just like this. If Korzen sells the
16 Bargain Center a TV for \$40.00 and it vests
17 under the terms of the contract, but under the
18 contract his wife can come in and buy it for
19 \$60.00 in two weeks. Does that -- is that
20 illegal?

21 A: No. I mean if ---

22 Q: Is that a no?

23 A: Can I explain?

24 Q: I just didn't hear you.

25 MS. THOMPSON: Objection, Your Honor.



1 Q: I didn't hear it. Did you say no?

2 A: I have a line that I'm trying to tackle.

3 Q: Did you start off with the word no?

4 MS. THOMPSON: Objection, Your Honor. I fail to see
5 the relevance of this line of questioning.

6 THE COURT: I agree with you. Mr. Moore, what is
7 the relevance of ---

8 MR. MOORE: Your Honor, basically -- the relevance
9 is basically is this. The -- there's a fine
10 line between a conditional pawn sale and a sale
11 with a right to redeem. If the only
12 distinction we have -- Walter.

13 THE COURT: Would you step outside with your phone
14 sir?

15 MR. MOORE: Walter, take it outside. Take it
16 outside Walter.

17 MR. CASSIDY: It was supposed to be off.

18 MR. MOORE: Your Honor, if the only difference, if
19 the only difference is the -- it applies to the
20 seller only, that is an arbitrary difference --
21 it's a distinction without a difference. It
22 basically becomes an arbitrary statute and the
23 question becomes when does the title actually
24 vest. Is it a conditional is sale, is it not
25 a conditional sale. Under the words of this



1 actual contract, this is no conditional sale,
2 this is no pledge, it's actually a sale with a
3 person simply being given a contractual right
4 to buy something back. If the only difference
5 is that you can do it with everybody in the
6 world except the person who sells it to you,
7 then that's basically an arbitrary. And it is
8 discriminatory. Just like the fines appear to
9 be, if not arbitrary, certainly not explained
10 here. But with that, I think that's my last
11 question Your Honor. I thank you.

12 **THE COURT:** All right. Ms. Thompson, do you have
13 anything on redirect?

14 **MS. THOMPSON:** I do have a couple more questions,
15 Your Honor.

16 **THE COURT:** Okay.

17 **MR. MIDDLEBROOKS - RE-DIRECT EXAMINATION BY MS.**
18 **THOMPSON:**

19 **Q:** Chief Investigator Middlebrooks, in the
20 violation letter that was drafted, was the
21 maximum amount based on the violations sought
22 by the Department at that time?

23 **A:** There was a calculation of the number of
24 counts, I believe \$750.00 to amounts of
25 \$10,500.00. I don't have the violation letter



1 in front of me. I'm actually going by
2 recollection.

3 Q: All right. And at this point the Department
4 has not charged the Bargain Center, rather we
5 are making the request ---

6 A: Yes, ma'am.

7 Q: --- from this court?

8 A: Yes, ma'am.

9 Q: That's right.

10 A: Yes, ma'am.

11 Q: And lastly, does the pawnbrokers' definition in
12 the statute include the word vest?

13 A: There's a -- in the Pawnbrokers' Statute
14 there's a vesting period as I've explained
15 earlier.

16 Q: Right. But that -- the vest statute is not --
17 vest is not defined in the statute?

18 A: No, ma'am.

19 Q: All right. But there is a separate statute
20 governing vesting with pawn shops?

21 A: There's a -- yes, there's vesting language in
22 our Pawnbroker Statute.

23 Q: All right. And can you describe the purpose of
24 that statute in terms of consumer protection?

25 A: Yes, ma'am. In regards to a transaction ---



1 MR. MOORE: Your Honor, with all due respect. I
2 don't want to interrupt but I would like the
3 relevance of the purpose of the statute to the
4 actual -- what we have here in my opinion it
5 has no relevance. But second of all this
6 gentleman would not be able to tell the purpose
7 of the South Carolina Legislature it enacted a
8 particular law. She's asking him to tell why
9 the legislature did something.

10 THE COURT: Your objection is overruled.

11 Q: All right. Do you want me to repeat the
12 question?

13 A: I believe you said what's the purpose of that
14 being in the statute for consumer protection.

15 Q: That's right.

16 A: The reason for the amount of days that I keep
17 talking about that the Pawnbrokers' Statute
18 states is you're now entering in and disclosing
19 to that consumer, you have 30-days, but if you
20 can't meet that obligation, the consumer has
21 the right before losing the item, to try to
22 make right that transaction before the full 90-
23 days, which is the 30 plus the 60-days base
24 vesting period that their item being forfeited
25 or they've lost their item.



1 Q: All right. And one final question. How would
2 shortening the vesting period affect the total
3 interest rate on the loan?

4 A: It's -- shortening the time period increases
5 the APR.

6 Q: Okay. Thank you. No further questions, Your
7 Honor.

8 THE COURT: Okay.

9 MR. MIDDLEBROOKS - RE-CROSS EXAMINATION BY MR. MOORE:

10 Q: You know, sir you were asked a question.
11 Something about not charged with making a
12 request. Do you have any idea -- you were
13 asked something about a request? Do you recall
14 what that question was?

15 A: Say -- I apologize, can you elaborate a little
16 bit?

17 Q: There was -- I heard the question, but I'm
18 getting old and my ears aren't working
19 sometimes. The question I thought she asked
20 you was there was some sort of request was
21 being made.

22 A: In the context of?

23 Q: In the context of the allegations being made
24 and what's sought in this case.

25 A: Again, what part of the questioning are you



1 talking about where said request?

2 Q: Let me ask you this? Has any ---

3 **THE COURT:** The question where she was referring to
4 the monetary penalties?

5 **MS. THOMPSON:** Yes, Your Honor. That's right.

6 Q: So monetary penalties have not been assessed?
7 Is that correct?

8 A: There was a violation's letter sent with
9 monetary -- the monetary fine that we -- that
10 was assessed to the number of violations and
11 the counts.

12 Q: Have monetary penalties been assessed or has
13 there simply been a request made of A Bargain
14 Center?

15 A: There was a violation's letter sent, and now
16 we're here today requesting to the judge the
17 amount of the fine.

18 Q: So what we have, there's been no fine assessed.
19 We're here simply in regard to a request of the
20 court to set a fine. Is that what we're doing?

21 **MS. THOMPSON:** Objection, Your Honor. I think that
22 he's already answered this question. I'm
23 getting a little confused with semantics.

24 Q: I don't understand. I'm asking the question
25 because I don't understand. If what they're



1 telling me is they've now come to the
2 Administrative Law Court requesting that the
3 court assess a fine, I don't think that's the
4 way the thing works at all. I thought that
5 they're telling us they had assessed the fine
6 and that they were coming here asking the court
7 to affirm that fine. And I'm not sure. Is it
8 my understanding sir, that you're just
9 requesting the fine today? That's what we're
10 here about? Do you know?

11 A: We administered a violation's letter with a
12 fine. We're to the point now, we're here to
13 have the court -- here's additional refunds,
14 etc., that are above the violations letter that
15 is now before the court.

16 Q: Has anyone ever explained to A Bargain Center
17 the methodology or considerations that were
18 used in asking the court to assess whatever
19 fines were being assessed?

20 A: I haven't had any communication with the
21 Bargain Center since September the 10th.

22 Q: Well in the letters. Has anything -- has
23 anyone ever explained or defined the processes
24 that were used?

25 MS. THOMPSON: Objection, Your Honor. This witness



1 did not draft the letters and as I -- I think
2 this goes back to some of the original
3 jurisdictional complaints and I already read
4 those statutes to the court. But as a
5 reminder, I will refer to Code Section 40-39-
6 150(a) and (b). I think this ---

7 THE COURT: The objection ---

8 MS. THOMPSON: --- will clarify ---

9 THE COURT: --- the objection is sustained. Your
10 objection is sustained.

11 MR. MOORE: Thank you, Your Honor.

12 MS. THOMPSON: Thank you, Your Honor.

13 MR. MOORE: I have no further questions.

14 THE COURT: Investigator Middlebrooks, thank you.

15 A: Thank you, Your Honor.

16 THE COURT: Okay. Ms. Thompson, you've got one more
17 witness?

18 MS. THOMPSON: That's right, Your Honor.

19 THE COURT: Okay. Let's go take a quick ten minute
20 break before you proceed to that witness. And
21 again, no discussion of the case while on
22 break.

23 MS. THOMPSON: Thank you, Your Honor.

24 (Off the Record)

25 THE COURT: Ms. Thompson, you can call your final



1 witness.

2 MS. THOMPSON: The Petitioner's call Deputy Chief
3 Investigator Joanie Green.

4 THE COURT: Ms. Green, before you are seated, if you
5 would face the court reporter and raise your
6 right hand and she'll swear you in.

7 MADAM COURT REPORTER: Do you solemnly swear the
8 following testimony to be the truth, the whole
9 truth and nothing but the truth so help you
10 God?

11 MS. GREEN: Yes, Ma'am.

12 MADAM COURT REPORTER: All right. And please state
13 your full name for the record.

14 MS. GREEN: Joanie Green.

15 MADAM COURT REPORTER: Okay. Thank you.

16 JOANIE GREEN, having been duly sworn, deposes and
17 testifies as follows:

18 MS. GREEN - EXAMINATION BY MS. THOMPSON:

19 MS. THOMPSON: And before we get started, Your Honor,
20 the Department does have one extra matter to
21 take care of. We would respectfully request
22 judicial notice of the Pawnbroker Rate Chart,
23 which was created by the Department of Consumer
24 Affairs pursuant to South Carolina Code Section
25 40-39-100. May I approach?



1 THE COURT: Yes.

2 MS. THOMPSON: I have copies of the rate chart.

3 THE COURT: Yes.

4 MS. THOMPSON: Your Honor, this is a Department
5 created form using the language of the statute.

6 THE COURT: Okay. Is this form provided to all
7 pawnbrokers licensed?

8 MS. THOMPSON: Yes, Your Honor. It's also available
9 publicly on our website.

10 THE COURT: Okay. Okay. Notice is granted.

11 MS. THOMPSON: Thank you, Your Honor.

12 MR. MOORE: Your honor, I would like to be heard
13 about that. I ---

14 THE COURT: Yes.

15 MR. MOORE: I don't -- I think that the only way that
16 we could take judicial notice is if it is
17 basically either a schedule passed and approved
18 by the South Carolina Legislature. I can't
19 examine this. This is some form that somebody,
20 somewhere in the Department of Revenue
21 apparently has come up with and placed on their
22 website. It's not part of the code of
23 regulations. It's not part of the South
24 Carolina Code. Somebody, somewhere has made
25 this thing up and tells us these are the



1 appropriate numbers that they think somewhere
2 this ought to apply using whatever calculations
3 they used. I can't cross-examine this document.
4 The first time I've seen this document is today.
5 Second of all, I don't think it has any
6 relevance to the facts of the case. But I
7 object to the document itself. How in the world
8 can you take judicial notice of something that
9 is not regularly used by us, is not even known
10 by us, has not been approved by the legislature,
11 it's not been approved as far as part of the
12 regulatory forms, is simply some calculations
13 that somebody, somewhere in the Department has
14 put on the internet. I -- that is not the sort
15 of thing the court takes judicial notice of.
16 The court can take judicial notice of official
17 boundaries of a city, or it can take judicial
18 notice of official documents. But this is not
19 an official document. This is just some sort of
20 publication of the -- somebody. It purports to
21 be a publication of the Department of Revenue.
22 What it means, what it stands for, how it's
23 supposed to be used, none of that basically has
24 any applicability at all. Plus, this form
25 appears to be for loans, and they're not talking



1 about us having made a loan in this case.
2 They're basically talking about a repurchase
3 arrangement. So the document, even if it were
4 something we could take judicial notice of, has
5 no relevance to the facts of the case.

6 **THE COURT:** Mr. Moore, it may or may not have any
7 relevance. That's to be determined after I've
8 heard all the evidence and I will note the
9 objection to my taking judicial notice of this
10 document ---

11 **MR. MOORE:** Thank you, ma'am.

12 **THE COURT:** --- but I am taking judicial notice of
13 this document.

14 **MR. MOORE:** Thank you, ma'am.

15 **MS. THOMPSON:** Thank you, Your Honor.

16 **Q:** Deputy Chief Investigator Green, will you please
17 tell me where you work?

18 **A:** At the South Carolina Department of Consumer
19 Affairs.

20 **Q:** What is your job title?

21 **A:** I am the Deputy Chief Investigator.

22 **Q:** And how long have you been with the agency?

23 **A:** It will be ten years in October.

24 **Q:** Okay. And what is your role in the office? Or
25 your day-to-day activities?



1 A: I conduct compliance reviews of regulated
2 businesses such as pawn shops, mortgage brokers,
3 fitness centers. I also conduct advisory
4 visits. When businesses first get licensed with
5 us, I go out and go through things that we look
6 for in future compliance reviews. I help train
7 new investigators that join the team. And I
8 also assist Chief Middlebrooks with special
9 investigations.

10 Q: And do you conduct compliance exams of pawn
11 shops on a regular basis?

12 A: I do.

13 Q: All right. And how many compliance reviews do
14 you do, say every year?

15 A: I usually do around 150 in a year.

16 Q: Are you familiar with the Bargain Center in
17 Swansea?

18 A: Yes.

19 Q: All right. And how did you become familiar with
20 them?

21 A: I assisted Chief Middlebrooks. I was with him
22 during the initial meeting with the Lexington
23 County Sheriff's Department and I also went with
24 him on the onsite visit on September the 10th.

25 Q: All right. And what occurred on that onsite



1 visit?

2 A: Well, we went in, Chief Middlebrooks, myself,
3 the two investigator with Lexington County, and
4 the lady from ATF. We went into A Bargain
5 Center and we met with Mr. Cassidy and Ms.
6 Burdo. We went into -- when we arrived, we went
7 into that front cage area that was on the right
8 and we spoke with Mr. Cassidy. We explained why
9 we were there. Chief Middlebrooks read the
10 definition of a pawnbroker to him. Ms. Burdo
11 gave us the pawn tickets at that time for the
12 active pawn tickets. Ms. Burdo and I went and
13 I verified that the items were still there and
14 we explained the situation with Mr. Cassidy.

15 Q: All right. Did you take any photographs in
16 connection with the investigation?

17 A: Yes, ma'am.

18 Q: All right. About how many photographs did you
19 take?

20 A: Maybe 25 or 30.

21 Q: All right. Okay.

22 (Petitioner's Exhibit Number Eight was marked for
23 identification purposes.)

24 Q: I'm going to have you review these. Can you
25 identify these documents?



1 A: Yes, ma'am. They are the pictures that I took
2 on September the 10th at he Bargain Center.

3 Q: All right. And did you take these photographs
4 in the regular course of business as your duties
5 as the Deputy Chief Investigator?

6 A: Yes, ma'am.

7 Q: And do you recall taking these photographs on
8 the day of the investigation?

9 A: Yes, ma'am.

10 Q: All right. Your Honor, I would like to move
11 Petitioner's Exhibit Eight into evidence.

12 MR. MOORE: No objection.

13 THE COURT: Okay. Admitted.

14 Q: So I'm looking at the first photograph here.
15 Will you please explain to me the first
16 photograph?

17 A: That was standing at the front, sort of at the
18 store. It was shot over toward the left side.
19 It shows the counter and also the partitioned
20 area where some of the buy back items were held.

21 Q: All right. And what occurred at the counter
22 area here?

23 A: That is where I guess the public would come up
24 to talk with employees. That's -- the
25 employees were standing behind the counter when



1 we arrived.

2 Q: All right. And can you -- this looks like a
3 shot of the front of the store.

4 A: Yes, ma'am.

5 Q: Is that correct?

6 A: I was standing at the front. Yes, ma'am

7 Q: All right. Will you describe what's in the back
8 of the store? It looks like there's a cage back
9 there.

10 A: Yes, ma'am. There was an area that was
11 segregated from the retail store that you can
12 only access from behind the counter. And that's
13 where a lot of the buy back items were located.

14 Q: All right. Could any public customers go into
15 that segregated ---

16 A: No, ma'am.

17 Q: --- holding area?

18 A: No, ma'am.

19 Q: Okay. All right. So moving onto the second
20 photograph. I have a few questions about this
21 one as well. Could you explain the layout of
22 this photograph?

23 A: This was that segregated area that you can see
24 behind the counter. It was partitioned off from
25 the retail shop and it is where the buy back



1 items were being stored.

2 Q: And it looks like there are a lot of items in
3 this area.

4 A: Yes, ma'am.

5 Q: Is that correct?

6 A: Yes, ma'am.

7 Q: So some of the records that you received copies
8 of that day, were they back here in the holding
9 area?

10 A: Yes, ma'am.

11 Q: They were. Okay. All right. And what
12 different types of items did you see while you
13 were in the holding area?

14 A: There were some electronics, some tools, it was
15 a variety of things back there. I think there
16 was a chain saw, a TV -- if I remember.

17 Q: Okay. All right. So moving onto the third
18 photograph. Can you tell me a little bit about
19 that one?

20 A: That is a picture of the -- one of the air
21 conditioners that was listed on one of the buy
22 back tickets. What I did is, I found all of the
23 items that were active and I took a picture of
24 the item. So that was one of the active buy
25 backs.



1 Q: Okay. All right. And then the final photo is
2 similar, but a little bit different.

3 A: Yes, ma'am.

4 Q: Can you tell me about it?

5 A: I held the buy ticket up to the item so that I
6 could show that that is what -- that's the item
7 that I found in that picture correlated to that
8 ticket.

9 Q: All right. So it looks like an item of a Mr.
10 Homer Jones.

11 A: Yes, ma'am.

12 Q: Is that correct? All right. So looking at
13 these photographs in total ---

14 A: Uh-huh (affirmative response).

15 Q: --- do they remind you of any other layout of a
16 different type of store?

17 A: Well the segregated area is very similar to ---

18 MR. MOORE: Objection please, Your Honor. As to what
19 it might remind her of different types of stores
20 ---

21 MS. THOMPSON: I can rephrase.

22 MR. MOORE: --- that has no relevance. Thank you.

23 THE COURT: Okay. Please.

24 Q: Did the layout of the store resemble any other
25 type of store other than a retail store?



1 A: The segregated area is very similar to what we
2 would see in a pawn shop. Where they would have
3 a holding area that is segregated from the
4 retail store.

5 Q: And organization of the holding area, does that
6 resemble a pawn shop?

7 A: The shelves were numbered and they gave a
8 reference to where the item was, which is
9 something that I typically see in pawn shops.
10 A lot of times pawnbrokers will have some sort
11 of reference to where the items are, so that
12 when a person comes into redeem their item, they
13 can find it in the sorting area.

14 Q: Okay. Based on your experience as an
15 investigator of pawn shops, does this store have
16 a similar layout?

17 A: Yes, ma'am.

18 Q: It does. Okay. All right. All right. Deputy
19 Chief I'm going to let you look at these tickets
20 of Michael Korzen.

21 A: Okay.

22 Q: Are they already up here or ---

23 A: No, ma'am. There's two of Daniel Addy. They're
24 the only ones up here.

25 Q: Okay. All right. All right. I was wondering



1 if you could walk me through this ticket. What
2 you see as an investigator when you look at
3 tickets from time to time.

4 A: Right. So on this ticket, it looks like it's
5 for an electric welding machine. The Bargain
6 Center purchased it for \$25.00 and agreed to
7 sell it back for \$37.50. And it looks like it
8 was 15-days after the purchase date that Mr.
9 Korzen could come in and buy back the item.

10 Q: How many payments can you determine were made on
11 this one item?

12 A: It appears on here that there are notations that
13 there were three payments of \$12.50 to extend
14 out the time.

15 Q: Okay. So is there anything unusual -- anything
16 else unusual you might see on this type of
17 ticket?

18 A: It's the amount that Mr. Korzen would pay back.
19 The \$12.50 in addition to the \$25.00 he
20 borrowed, is far greater than what a pawnbroker
21 would charge. On a \$25.00 pawn loan, a broker
22 would only be able to charge \$6.25 for a 30-day
23 loan and this one Mr. Korzen would be paying
24 back \$12.50 for 15-days.

25 Q: Uh-huh. All right. So the -- it appears the



1 interest rate is higher and the payment period
2 is shorter.

3 A: Yes, ma'am.

4 Q: All right. In your experience how does a pawn
5 shop generally make their revenue?

6 A: Pawnbrokers usually make their money off of
7 interest payments.

8 Q: All right.

9 A: They want a 100 percent redemption rate.
10 Pawnbrokers want for people to make interest
11 payments and then come in and redeem their item
12 and pick it up. They don't to, you know, have
13 that item forfeited.

14 Q: So the finance charge in this case may be more
15 valuable than the item I itself?

16 A: Yes, ma'am.

17 Q: At least for the pawnbroker.

18 A: Yes, ma'am.

19 Q: All right. I think you have a copy of the
20 pawnbroker rate chart ---

21 A: Yes, ma'am.

22 Q: --- in front of you.

23 A: Uh-huh (affirmative response).

24 Q: Okay. Is a licensed pawnbroker required to post
25 this chart pursuant to state statute?



- 1 A: Yes, ma'am.
- 2 Q: Okay. All right. And what is the maximum rate
3 for a pawn transaction?
- 4 A: For loans under \$50.00 a pawnbroker can charge
5 up to 300 percent APR.
- 6 Q: All right. But it looks like a schedule in ---
- 7 A: Yes, ma'am.
- 8 Q: --- charges.
- 9 A: Yes, ma'am. It goes down from there. A
10 pawnbroker can charge up to \$2,000.00 and the
11 interest rate diminishes as the loan amount
12 increases.
- 13 Q: All right. So on the opposite end, can you tell
14 me the APR rate for say a \$2,000.00 loan?
- 15 A: It's 100.5 percent.
- 16 Q: Okay. All right. And have you calculated the
17 interest based on Mr. Korzen's ticket?
- 18 A: On this one, yes ma'am. If you were going to
19 pay back \$12.50 over the \$25.00 loan amount that
20 actually ends up being -- it would actually end
21 up being \$25.00 per month, so it would be a
22 1,200 percent APR.
- 23 Q: Okay. Which is extremely high?
- 24 A: Yes, ma'am.
- 25 Q: Okay. And that looks like its four times the



1 legal limit.

2 A: Yes, ma'am.

3 Q: Correct?

4 A: Four times. Yes, ma'am.

5 Q: All right. Did you inform Mr. Cassidy about the
6 legal maximum rate for transactions?

7 A: Yes, ma'am. I did tell him at the conclusion of
8 the onsite visit that the state statute allowed
9 for 300 percent APR for loans under \$50.00.

10 Q: All right. Was he receptive to that idea?

11 A: He actually told me that he didn't know that he
12 was interested in becoming a pawnbroker because
13 that didn't seem like a high enough interest
14 rate. It didn't seem like that would be worth
15 his time.

16 A: All right. No further questions, Your Honor.

17 THE COURT: Okay. Mr. Moore.

18 MS. GREEN - CROSS-EXAMINATION BY MR. MOORE:

19 Q: Ma'am, you keep referring to the tickets. When
20 you were referring to the tickets, were you
21 actually referring to the contacts that existed
22 between the customers and A Bargain Center?

23 A: Yes, sir. The ---

24 Q: There weren't ---

25 A: buy back ---



1 Q: Yeah, there weren't any

2 A: --- agreements.

3 Q: --- tickets, were there?

4 A: Yes, sir.

5 Q: So when you testified about the pawn tickets,
6 there weren't any such things. They don't
7 exist, right?

8 A: I'm sorry. The buy back agreements.

9 Q: So when you testified to that, you were just
10 wrong.

11 A: I used the wrong word.

12 MS. THOMPSON: Objection, Your Honor. I think that
13 that's what's at issue in this case today.

14 MR. MOORE: No, that's -- she's the one testifying.
15 She's already acknowledged that she was wrong.
16 Is what she just said?

17 THE COURT: Okay. The objection is overruled.

18 Q: And you talked about these photographs. These
19 photographs look like photographs of a junk
20 store, don't they?

21 A: They are the inside of A Bargain Center.

22 Q: And bargain centers are generally referred to as
23 junk stores, aren't they?

24 A: I -- sir, I can't answer that. I don't.

25 Q: All right. Well, lets talk about what you can



1 answer.

2 A: Okay.

3 Q: My father operated a junk store. So I got some
4 familiarity with them. So I want to ask you
5 about this.

6 A: Okay.

7 Q: You've talked about how these having a back room
8 that's similar to what a pawn shop would have.

9 A: Yes, sir.

10 Q: A back room is something similar to what a junk
11 store would have too, isn't it?

12 A: There was a segregated area where the buy back
13 items were held and that is similar to how a
14 pawn shop would also operate.

15 Q: Well, do you know that junk stores also have
16 segregated areas in their back rooms too?

17 A: I don't actually frequent junk stores.

18 Q: All right. Well you wouldn't tell the court
19 that the only type of store with a back room
20 with segregated areas is a pawn shop. Would
21 you?

22 A: No, sir.

23 Q: All right. Now, do you have any idea how the
24 purported fine was arrived at in this case? How
25 it was calculated?



1 A: I -- no, sir. I don't. I'm not in that
2 conversation.

3 Q: Do you have any idea what the factors are that
4 are supposed to be considered in determining
5 whether to assess \$1.00 or \$750.00?

6 A: That is not something in my normal course of --
7 in my position.

8 Q: Do you know who actually made those
9 determinations?

10 A: The attorneys in our office are the ones that
11 make that decision.

12 Q: Has a fine actually been assessed in this case?

13 A: I know there was a fine amount in the letter
14 sent to A Bargain Center.

15 Q: Do you know how much that fine amount was?

16 A: I believe it was \$10,500.00.

17 Q: Well, ma'am if the fine amount that was assessed
18 by whoever assessed it, using whatever standard
19 they use to assess it was \$10,000.00, do you
20 have any idea where the number \$74,000.00 came
21 from?

22 A: No, sir. I don't. That's not my ---

23 Q: Before today have you ever heard \$74,000.00 from
24 anybody in this case?

25 A: I know that the maximum allowed per penalty is



1 \$750.00 and I knew there were 100 violations.

2 Q: But we also knew that as of this morning when we
3 came in here, the amount that was being
4 requested as a fine was \$10,000.00.

5 A: And the original letter it was \$10,500.00. Yes,
6 sir.

7 Q: And that's what was basically appealed to this
8 court or asked for a contested hearing on was
9 over \$10,000.00.

10 A: For the fine amount.

11 Q: Yeah. And the only thing that was being asked
12 was that A/Bargain Center be asked to cease and
13 desist and they were asking for a \$10,000.00
14 fine. Right?

15 A: And to pay back the excess charges to the
16 consumers for these buy back transactions.

17 Q: Right. And have you calculated that amount?

18 A: No, sir. I have not.

19 Q: Has anybody calculated that amount?

20 A: I don't believe that we have all of their
21 records for all of the 100 transactions.

22 Q: Well if that amount can't be calculated, how
23 could the court be asked to do that? If the
24 court hasn't -- if the amount hasn't been
25 calculated, how would the court be able to



1 arrive at an amount? Do you have any idea?

2 A: I guess they would have to get the tickets.

3 Q: You mean the contracts?

4 A: The contracts.

5 Q: I see. So there's no way we can know that
6 number as we're here today. Right?

7 A: I don't know that. No, sir.

8 Q: All right. And -- I don't have any further
9 questions. Thank you, ma'am.

10 **THE COURT:** Anything on re-direct, Ms. Thompson?

11 **MS. THOMPSON:** No further questions, Your Honor.

12 **THE COURT:** Okay. Thank you, Ms. Green.

13 A: Thank you. Do I just leave this stuff here?

14 **THE COURT:** Yes. Okay. Anything further Ms.
15 Thompson?

16 **MS. THOMPSON:** Your Honor, at this time the
17 Department will move for a directed verdict on
18 all counts. The evidence has clearly shown that
19 the Bargain Center was acting as a pawnbroker
20 and committed at least 101 separate violations
21 of the Pawnbroker's Statute. This has been
22 proven through the witnesses who testified today
23 and through the evidence presented in this
24 court. The evidence is shown by a preponderance
25 of the evidence that A Bargain Center clearly



1 acted as a pawnbroker as defined in the South
2 Carolina Code. Again, a pawnbroker is defined
3 as any person engaged in the business of lending
4 money of security of pledged goods or engaged in
5 the business of purchasing tangible personal
6 property on condition that it may be redeemed or
7 repurchased by the seller for a fixed price
8 within a fixed period of time. We respectfully
9 request that the court direct a verdict in favor
10 of the Department. Thank you, Your Honor.

11 **THE COURT:** Okay.

12 **MR. MOORE:** Normally I've seen most courts wait until
13 the close of the evidence before a motion for
14 directed of verdict would be made. I would hope
15 that we would do that in this case.

16 **THE COURT:** Okay. Thank you, Mr. Moore. The request
17 for directed of verdict by the Petitioner is
18 denied. Mr. Moore, do you have more.

19 **MR. MOORE:** Yes. Your last name is what again?

20 **MS. BURDO:** Burdo.

21 **MR. MOORE:** Ms. Burdo. I would recall Ms. Burdo for
22 one short questions, Your Honor.

23 **THE COURT:** Okay. Ms. Burdo, if you will come back
24 to the witness stand. And you're still under
25 oath from your previous testimony.



1 MS. BURDO: Yes, ma'am.

2 MS. BURDO - RE-EXAMINATION BY MR. MOORE:

3 Q: All right. Ms. Burdo, when they came in in
4 September and talked to y'all, was that the
5 first time you had any indication y'all were
6 doing something wrong?

7 A: Yes, sir.

8 Q: And you had nine items that were under contract
9 at that time. Right?

10 A: I believe so. Yes, sir.

11 Q: What were you told to do with those nine items?

12 A: To let the customers come back and get them and
13 do not charge them anything extra than what we
14 actually paid for the item.

15 Q: And is that what you did?

16 A: Yes, sir.

17 Q: Now, was one of those items the television set
18 that was owned Michael, whatever his name was
19 that testified today?

20 A: Michael Korzen, yes sir.

21 Q: And did you change the form when they told you
22 to let Michael buy it back? Did you change the
23 form and date it October?

24 A: Yes, sir. When we were told not to do any more
25 buy backs, he had actually lost that TV, but it



1 was on the shelf and he came back in and I told
2 him that we would sell it back to him for what
3 he had -- we had paid him for it.

4 Q: And then you re-did the installment arrangement
5 with him and charged him what you had paid him
6 for it?

7 A: Yes, sir. We charged him the \$40.00 that we
8 paid him for it.

9 Q: So it would be dated October and that would be
10 pursuant to the way you had been told to handle
11 the transaction by the Department?

12 A: Yes, sir.

13 Q: Thank you, ma'am. Nothing further.

14 MS. THOMPSON: I just have a couple of followup
15 questions.

16 MS. BURDO - RE-CROSS EXAMINATION BY MS. THOMPSON:

17 Q: Ms. Burdo, do you know the total amount that Mr.
18 Korzen paid on the TV?

19 A: When he came back after we spoke with y'all?

20 Q: In total.

21 A: No. No, ma'am. No.

22 Q: And how about the last transaction in October
23 that you mentioned?

24 A: Yes.

25 Q: How much was that?



1 A: \$40.00.

2 Q: Okay. After he had already gone through a buy
3 back procedure several times on that?

4 A: Yes, at different times.

5 Q: All right. So a profit was made off of that
6 transaction for A Bargain Center?

7 A: Yes.

8 Q: All right. No further questions.

9 THE COURT: When Mr. Korzen came in October after the
10 Department had visited your establishment, how
11 many times had he come in to pay the extension
12 -- the amount to extend the contract?

13 A: Without actually seeing the paper, I do not
14 know.

15 THE COURT: But he had been in?

16 A: Yes, ma'am. He's actually had his TV on buy
17 back several times.

18 THE COURT: Okay. Had he ever purchased it back?

19 A: He paid ---

20 THE COURT: During the history -- let's just the
21 history related to this TV.

22 A: Okay.

23 THE COURT: Had he ever purchased it back and took
24 possession of it?

25 A: Oh, yes ma'am. Yes, ma'am.



1 THE COURT: Okay.

2 A: And he would bring it back in.

3 THE COURT: And he would bring it back in.

4 A: Yes, ma'am. He'd bring it back in.

5 THE COURT: Okay. So then time last that he brought
6 it back in ---

7 A: Uh-huh (affirmative response).

8 THE COURT: --- he didn't pay to have that contract
9 extended?

10 A: The last, again without seeing the actual
11 paperwork, I don't know. But I know the very
12 last time we held his TV, it was about October
13 and it was because he had lost it from previous
14 -- from before when they had come in, he had
15 lost it and we had actually had it on our shelf
16 to sell. And he came in and asked if he could
17 buy it back and we told him yes. And in
18 compliance with what they had told us, we could
19 sell it back to him for what he -- we had given
20 it to him and we didn't make no profit off of
21 it.

22 THE COURT: But you could have possibly made a profit
23 prior to the Department's visit?

24 A: You mean from Michael?

25 THE COURT: Yes.



1 A: Possibly, yes.

2 THE COURT: Okay. Thank you. Mr. Moore, any other
3 witnesses?

4 MR. MOORE: That is our case now, Your Honor.

5 THE COURT: Okay. Thank you. Okay, is that all from
6 the Petitioner?

7 MS. THOMPSON: That's all, Your Honor.

8 THE COURT: Okay. At this point then I'll hear
9 closing statements beginning with the Petitioner.

10 (Closing Statement)

11 MS. THOMPSON: Your Honor, the question in this case
12 is to determine whether A Bargain Center operated
13 as a pawnbroker. Again, pursuant to statute, a
14 pawnbroker is defined as any person engaged in a
15 business of purchasing tangible personal property
16 on condition that it may be repurchased by the
17 seller for a fixed price within a fixed period of
18 time. I believe our Petitioner's Exhibit One
19 includes 17 transactions where this is proven.
20 And Petitioner's Exhibit Four includes five
21 additional transactions in which this also proves
22 that A Bargain Center operated as a pawnbroker.
23 The act is not only a licensing statute, but also
24 a consumer protection statute. The Department's
25 mission is to protect South Carolina consumers



1 from inequities in the market place through
2 advocacy, mediation, enforcement and education.
3 The act includes numerous provisions that are
4 intended to protect the consumer and the
5 consumer's personal property. So in addition to
6 the many licensing concerns that the Department
7 has raised today, A Bargain Center violated may
8 violations created expressly to protect consumers
9 housed in the Pawnbroker Act. These additional
10 violations include failing to comply with the
11 Federal Truth in Lending Act, failing to record
12 the rate of interest, finance charge, and
13 description of the goods pawned, failing to
14 provide the consumer with a memorandum containing
15 the interest to be paid on the pawn loan
16 shortening the time period for vesting of title
17 to pledged property from 60 days to 15 days,
18 failing to send a written notice of the impending
19 forfeiture to the consumer at least ten days
20 prior to a forfeiture date, failing to acquire a
21 surety bond, and failing to post the rate
22 schedule to explain the maximum rate of the loan
23 finance charges to the store. These are not
24 trivial rules, they protect the consumer, their
25 personal property and their wallet. In his



1 opening, Mr. Moore conceded that A Bargain Center
2 had not complied with the statute. And in this
3 hearing you also heard from the owner and the
4 manager of A Bargain Center who presented
5 testimony about their statement about Ms. Burdo's
6 statement and about Petitioner's Exhibit One and
7 the rest of the tickets. You heard from Michael
8 Korzen and his experience being charged excessive
9 interest from A Bargain Center. You also heard
10 from Detective Kevin Blake and two of the
11 Department's own investigators, Chief
12 Investigator Ken Middlebrooks, Deputy Chief
13 Investigator Joanie Green, and based on their
14 investigation they all concluded that A Bargain
15 Center was operating as a pawn shop. Your Honor,
16 based on the Pawnbroker Act this court has the
17 authority to issue fines in the amount of \$750.00
18 per violation and in this hearing we have proven
19 that the Respondent violated the act at least 101
20 times. And we will request you to issue an
21 administrative fine in the amount \$75,000.00,
22 \$75,550.00. Much has been made about how the
23 Department reached that number, and I will say
24 originally in our communication to Mr. Cassidy it
25 was a lower amount. We asked for \$10,500.00 as



1 a means to settle this matter as quickly as
2 possible. We heard nothing from the Respondent,
3 who refused to comply or comprise in any way
4 possible. We raised the fine as we noticed
5 through the course of our continued investigation
6 how many other violations existed and how many
7 other consumers were affected adversely by A
8 Bargain Center's deceptive practices. You know,
9 as was mentioned, there are no other pawn shops
10 in Swansea, in the area, and this store in
11 particular was taking advantage of consumers and
12 charging them four times the legal interest rate.
13 And I know that Mr. Cassidy wants to paint
14 himself as a good man helping his community, but
15 I can only see that he was scamming his
16 neighbors. Mr. Korzen and his television set, he
17 paid how much money on a TV that might not be
18 valuable to someone for sale, but for him was
19 sentimental, that he used as a bargaining chip to
20 get gas money. And he couldn't go to a
21 legitimate pawn shop because the whole purpose of
22 receiving the pawn loan was for gas money. So he
23 wouldn't go further out even if the interest
24 rates might be lower and legal. I think his case
25 is a really pitiful one. And even in the final



1 example with Ms. Burdo's testimony, brought as
2 Mr. Moore's witness, she says that he forfeited
3 the TV after he had made countless, five or six
4 payments on it already in the amount of -- I
5 don't have the papers in front of me, but he paid
6 double or triple the amount of the original pawn
7 loan and then he had to buy back his own TV. I
8 think that that's unconscionable. And certainly
9 not within the parameters of the South Carolina
10 Pawnbroker Act. Additionally, the Department has
11 the administrative enforcement power set forth
12 and the Truth in Lending Act Section 108
13 requiring restitution for the failure to disclose
14 finance charges because Respondent assessed an
15 undisclosed finance charges while operating as an
16 unlicensed pawnbroker, the Department requests
17 this court issue restitution for finance charges
18 to each of the affected consumers pursuant to
19 Code Section 40-39-164. The Department also
20 requests that this court require Respondent to
21 cease and desist for engaging in any and all
22 pawnbrokering activity immediately and to refrain
23 from pawnbrokering activity unless and until
24 Respondent has obtained a certificate of
25 authority. Finally, the Department requests this



1 court grants such other and further relief as
2 this court deems just and proper. Thank you,
3 Your Honor.

4 **THE COURT:** Thank you. Mr. Moore.

5 (Closing Statement)

6 **MR. MOORE:** You know, this really isn't a game. In
7 South Carolina people are hurting. We have
8 tremendously high unemployment. We have the
9 scourge of poverty, drugs, ignorance and we have
10 a government that seems dead set on destroying
11 the very fabric of our rural communities. Which
12 is a fact that I still cannot understand as I
13 watch it every day. We just saw our farmers
14 destroyed by a horrible flood and our governor
15 has vetoed legislation which would help them to
16 some modest extent recover from the flood. Our
17 rural communities are suffering to the point
18 where on Main Street in Swansea South Carolina
19 there are oak trees growing through the roofs of
20 buildings. And you got an 80-year old man trying
21 to run a junk store because that's about all
22 there is on main street besides the Swansea diner
23 and a dry cleaner and there are others. It's so
24 bad up there that you can't even get a pawn shop
25 up there. There's not even one in the community.



1 There's a thrift store. There's a charity store,
2 a dry cleaner and a diner. And the little bit of
3 money that there is out there, you know, to sit
4 in an ivory tower in Columbia and assess a
5 \$10,000.00 fine against somebody, well that's one
6 thing. But when you recognize that you're making
7 what little bit of money that you can make to pay
8 your payroll at \$10.00 and \$20.00 a hit,
9 \$10,000.00 is everything. The testimony in the
10 record is that the entire inventory of this
11 store, the entire net worth of the LLC is less
12 than \$10,000.00. Look at the pitiful photographs
13 that are in evidence in regard to what the
14 inventory of this store is. An old stuffed fish,
15 a broken down air conditioner, junk. It's a junk
16 a store. But it's at least in business and it's
17 at least trying to make a living \$10.00 and
18 \$15.00 at a time. You talk about jurisdiction,
19 again the law says there has to be a
20 jurisdictional document. They've never sent an
21 assessment of the fine to the corporation. They
22 sent me a letter and they apparently think that
23 I have the authority to accept service. I'm not
24 the agent for service. The rules are very clear
25 that you may serve me once the matter is in



1 litigation and I have made a formalized
2 appearance, but I've made no appearance with
3 these people. Not any court appearance, that's
4 for darn sure. All I ever did was to communicate
5 with a couple of letters. Service on me is not
6 jural service. I don't know what they're
7 teaching at the law school these days, but
8 there's a very specific way people are served
9 with process and it's not to serve a lawyer with
10 whom you've had letters or a couple of telephone
11 calls. Service is a jural act. It's a
12 jurisdictional act. There had to be
13 jurisdictional documents in order to acquire
14 service. When they served what they served or
15 sent to me what they sent. We sent them an
16 answer which very specifically told them, you
17 ain't done it right. You don't have
18 jurisdiction. And what did they do in order to
19 cure the defect in service and defect in
20 jurisdiction, absolutely nothing. Absolutely
21 nothing. They just moved right on. They don't
22 have jurisdiction because they don't have the
23 documents properly served. They don't have
24 jurisdiction because there is no jurisdictional
25 document such as a rule to show cause, or a



1 summons, or a protest from a citizen. They don't
2 jurisdiction because my client is not a licensed
3 pawnbroker. Now what he did may or may not have
4 technically violated the Pawnbrokering Statute,
5 but he is not a licensed pawnbroker. So the
6 first thing we would basically say here is, I am
7 not trying to be hyper technical, but Your Honor,
8 they don't have jurisdiction over my client. And
9 we have proceeded all along in this case clearly
10 raising the jurisdictional objections, we've
11 notified them as to their failures in regard to
12 the jurisdiction, and they have simply proceeded
13 ahead. But let's talk about what basically
14 happened here. Let's put the jurisdictional
15 objections aside. Let's lawyer talk. I want to
16 go back. You got an 80-year old man still trying
17 to earn a living, he's hired somebody to give
18 them a job. Jobs are few and far between in the
19 great city of Swansea, South Carolina. And he
20 has intentionally set out not to be a pawnbroker.
21 The Pawnbrokering Statute, as I understand it,
22 has two very separate definitions of what it is
23 -- what the business of pawning is. One is, if
24 I take a conditional purchase. We haven't done
25 that. But what we have done is this, the statute



1 has got a definitional section which is difficult
2 for us because it says, if you buy something and
3 give somebody the right to buy it back within a
4 defined time, that also is the business. So I'd
5 agree with counsel. If you look at the typical
6 wording of the statute, then my client has
7 violated the statute. Now, he's not a
8 pawnbroker, he's not a licensed pawnbroker, but
9 he would be susceptible to being charged with a
10 violation of the code. It is a technical
11 violation. It is a non-willful violation. It is
12 an unintended violation. But it is a violation,
13 non the less. So if, Your Honor, finds there's
14 jurisdiction, and there's not. But if the court
15 does find that there's jurisdiction, at least I
16 don't think there is. I speak as if I know
17 everything. I don't know that for sure, but I
18 don't think there's jurisdiction. Let's talk
19 about fines. I don't have the actual name of the
20 case, but approximately ten years ago, the United
21 States Supreme Court took up a case dealing with
22 the constitutionality of punitive damages,
23 penalties. How are penalties supposed to be
24 assessed. A fine is no more than a penalty.
25 Punitive damages in a civil is no more than a



1 penalty. The Supreme Court and our Supreme Court
2 in addressing the issue of punitive damages, have
3 basically said that when penalties are assessed,
4 they cannot be arbitrary. They cannot be
5 arbitrary. And for them not to be arbitrary,
6 there must be objective factors which must be
7 considered in each case and the balance must
8 basically weigh in a rational way with the
9 consideration of objective factors. If you look
10 at the South Carolina Supreme Court Rules and
11 case law dealing with punitive damages, you will
12 find that there are I believe seven factors which
13 must be considered in assessing punitive damages
14 or penalties. And that basically is important to
15 pass constitutional muster. Because we live in
16 a constitutional society. And that
17 constitutional society requires equal protection
18 of the laws for everybody and it guarantees all
19 of our citizens freedom from arbitrary conduct.
20 A swag, or a guess, or gastronomical
21 jurisprudence is not acceptable. They basically
22 have come in here and assessed a maximum fine on
23 a sliding scale, and I haven't seen 100
24 violations, I think I've seen 20 contracts, but
25 whatever it is, they're asking the court to levy



1 10 -- well it was \$10,000.00. Then counsel tells
2 you, well you know, we were asking for \$10,000.00
3 and \$10,000.00 is what was at issue when we came
4 to court this morning, but since you wouldn't pay
5 our \$10,000.00, now we're up to \$74,000.00. And
6 apparently claimed that they've learned something
7 they didn't know between the time they set the
8 \$10,000.00 and today. What was that? Who made
9 that decision? How did they make that decision?
10 What were the criteria used? What was this
11 additional information? Who had this additional
12 information? Why wasn't the additional
13 information considered when you set the original
14 \$10,000.00? Or is what you're trying to do to
15 increase the price of poker so that you can
16 extort somebody in order to pay a \$10,000.00
17 fine, which is unreasonable to begin with. With
18 all due respect, counsel has, at best, argued
19 outside the record when she has given the
20 explanation as to how we got from a \$10,000.00
21 request to a \$74,000.00 request. There's nothing
22 in the record about that. The law basically says
23 that when there is going to be a penalty, the
24 penalty must fit the crime, the penalty must be
25 in proportion to the crime or the act, and the



1 penalty must be based upon objective criteria.
2 How in the world do they justify with these facts
3 charging this man the maximum on every single
4 thing? When apparently we had a technical
5 violation that was unintended and innocent. If
6 there is a violation, and there probably is, it's
7 a technical violation and it was not knowing. So
8 let's take a look at what our court says must be
9 factored in in penalty situations. The best
10 analogy I can use is the punitive damages. Was
11 it willful? Was it intentional? Was it -- was
12 there cooperation by the person? What is the
13 ability to pay? Because our United States
14 Supreme Court has said that when you go about
15 assessing the penalty, it cannot be piscatory.
16 In other words, it cannot be such as to render
17 the citizen into bankruptcy. That's
18 unconstitutional according to the United States
19 Supreme Court. Now in our record, which is all
20 we have to go on, the net worth of the Respondent
21 is \$10,000.00. They tell you they want
22 \$74,000.00 in penalties against an entity that's
23 worth no than \$10,000.00. Is this confiscatory?
24 Is that placing the Respondent totally out of
25 business? Is that rational? Or is \$10,000.00



1 rational against an entity that's not worth but
2 \$10,000.00. And again, as I understand the
3 rules, we're supposed to judge this case based
4 upon what's in the record, nor what's not in the
5 record. And what is in the record is that this
6 business is worth no more than \$10,000.00. The
7 amount they say they want as a fine. And these
8 people are speaking on behalf of the State of
9 South Carolina. That's what blows me away. Do
10 they not understand that this is not a law school
11 classroom? That this is real life. They're
12 talking about closing businesses and putting
13 people out of work and forcing the extortion of
14 money out of people who are making their income
15 at \$10.00 and \$20.00 a clip. They ought to be
16 ashamed. You know, you have a situation where
17 you have no intent, total cooperation, nothing
18 willful, limited ability to pay, no severe degree
19 of culpability, only a technical violation and a
20 total maintenance of records of doing everything
21 out in the open. And yet they want a \$10,000.00
22 fine for that. You know, and again they have the
23 burden of proof. They have the burden of proof.
24 They have to prove to the court -- they
25 petitioned. They have to prove to this court



1 that the fine they're assessing is not an
2 arbitrary amount. And I've tried to ask these
3 folks, well who made the decision? I don't know
4 some lawyer up there. Who. Well, here, I've got
5 their names. All right. What was the criteria
6 they used? I don't know. Is there a criteria?
7 I don't know, must be. Yes there's one in
8 writing. No there's not one in writing. I don't
9 know what the criteria is. There may be a
10 criteria. I can't tell you what criteria they
11 used. Well, they have to tell us what criteria
12 they used or they have failed to meet their
13 burden of proof. Because they must prove to this
14 court that the fines assessed are not arbitrary.
15 So what do they want you to do? They want you to
16 say, well you decide. But, Your Honor, how do
17 you decide? What is the objective standard which
18 you must judge in order to make the decision? Do
19 you just guess? You just say, well I'll take
20 \$100.00. I think \$500.00 would be reasonable.
21 I think \$10,000.00 would be reasonable. I think
22 \$5,000.00. That's just guessing. The good news
23 in this case is that we have a judge with a great
24 heart, who if someone's got to guess, I'd rather
25 it be you than anybody I know. But, that's



1 really not where we're supposed to be the United
2 States of America when we're judging legal cases
3 in a lawful courtroom dealing with our citizens
4 who have a right to expect to be judged with
5 objective standards. And I'll tell you what
6 happened here, they don't have any objective
7 standard. It is a matter of scientific wall-
8 blank guess. And it's just what we say it is.
9 And what we say it is, is that sort of
10 jurisprudence is arbitrary. And we have a
11 constitution which is designed to protect us
12 against arbitrary conduct. And that is why the
13 United States Supreme Court and the Supreme Court
14 of South Carolina have stated that when it comes
15 to penalties they must be reasonable, they must
16 be gauged upon objective standards and there must
17 be proof as to what those standards are. And
18 they're the ones that brought this case, and
19 they're the ones that have the burden of proof,
20 and they didn't say squat about what those
21 standards are. As a matter of fact, when I
22 started trying to make inquiry as to, hey how did
23 you guys come up with the number, they fussed at
24 me. Well, he's not supposed to know that. Well
25 look, if he don't know it. Who does? Because



1 this court has to know what those factors are
2 that need to be considered in passing on what the
3 number is supposed to be. If any. If they ask
4 you to set a fine, how do you assess that? How
5 do you assess it? What are the factors that you
6 look at in assessing the fine? The answer to
7 that question is this, you don't know. That's
8 unfair to you because they didn't prove it and
9 they had to prove it. We're certainly willing to
10 engage in a cease and desist order. We --
11 believe me, you'll never see this little junk
12 store doing this again. And how in the world
13 this little junk store has rated raids by ATF.
14 Think about it. They had the ATF guys out there.
15 They wound up with half of the bureaucracy of
16 South Carolina out there. They go into the poor
17 little man's house twice with sometimes two and
18 three lawyers and police officers, scared the
19 living daylights out of him. Making a complete
20 mockery of this stuff. Good lord if we've got
21 those kind of resources, I've got some drug
22 dealers out in Swansea I'd like to introduce them
23 to. I don't know. Then they come in and they
24 say, well gee Judge, order a restitution. Order
25 restitution. Well, I asked the lady, how much is



1 it and she says I don't know. I said, so is
2 there any way you can calculate? Uh, no. Has
3 anybody done a calculation as to how much that
4 restitution is supposed to be? Well, no. Well,
5 if you're going to order restitution, don't you
6 have to be able to know how much the restitution
7 is? And don't you sort of have to prove it? And
8 don't you have to prove the people who are
9 entitled to the restitution? And how is it going
10 to get there? We're going to give it the state
11 and they're going to give it to them? At this
12 point in time, you have no more than an honest
13 mistake. And then they basically, they basically
14 come in and they say we want a cease and desist
15 and we want you to some how or other calculate
16 the amount of the restitution and figure out how
17 that's supposed to go back in some fashion, and
18 we've raised this thing from \$10,000.00 to
19 \$74,000.00 for reason unknown, by whom, why, how,
20 we don't know. And justice in South Carolina
21 prevails. It is totally beyond my comprehension.
22 Russ Cassidy has never done anything wrong in his
23 life except give a bunch of stuff away to a lot
24 people in Swansea and try to run a legitimate
25 business trying to make a dollar or two out of



1 that poor run down, abused and neglected
2 community that they live in that they've called
3 home their whole lives. He's 80 years old and
4 here he sits in a courtroom being jumped on by
5 people who apparently are being paid by his taxes
6 to come out and abuse him. You know, they come
7 in and they tell him you made a mistake. He said
8 fine, I'll pay the fine. Okay it'll be a
9 reasonable fine. And then they come back and say
10 \$10,000.00. And they say we haven't negotiated.
11 We tried to negotiate. You basically say look
12 guys, you can't charge a little junk store in
13 Swansea like it was Walmart. This place is
14 teetering on going under anyway. You issue a
15 \$10,000.00 fine, we close the door. Period. One
16 more vacant building in Swansea. Ms. -- this
17 lady back here is out of job. We close the door.
18 The fine goes against the LLC. LLC has got
19 nothing. We'll close the door, lock it down, and
20 let the oak tree grow through this roof too. And
21 that apparently is where our justice system and
22 our bureaucrats decided where we ought to be for
23 the awful abuse that A Bargain Center in Swansea
24 South Carolina has been raking on the citizens in
25 Swansea. That's the absolute most ridiculous



1 thing I have ever seen. \$500.00. \$1,000.00. If
2 we pay them \$1,000.00, we're paying them one
3 tenth of the net worth of this business. Is that
4 not enough for them? Oh no, no, no, no. And
5 when you talk to them, it's like well \$10,000.00
6 is nothing. I guess not when you're being paid
7 \$60-70-80,000.00 a year by the state to be the
8 state lawyer. That's one thing. \$10,000.00
9 might not be that much, but when you're running
10 a junk store making 30, 40, 50 bucks a day,
11 \$10,000.00 is a heck of a lot of money. In
12 Swansea, South Carolina, \$10,000.00 is a fortune.
13 In Swansea, South Carolina the only people who
14 got \$10,000.00 are the darn crack and meth
15 dealers. That's the only people left out there.
16 The abuse that is being hurled upon average
17 people who are simply trying to make it by people
18 who refuse to exercise any semblance of common
19 sense is absolutely staggering to me. Which is
20 the reason why as my hair gets grayer, I consider
21 it more and more putting down this stuff and
22 walking away from this profession. Because I see
23 it everyday and it is absolutely enough to make
24 you just want to go and throw everything in the
25 street and leave and let somebody else deal with



1 it. This, my friends is justice in South
2 Carolina. I'm sorry to get carried away, but
3 every time I deal with these bureaucratic people
4 with no common sense at all, it drives me insane.
5 And I thank you for listening to me.

6 **THE COURT:** Okay. Thank you, Mr. Moore. Anything
7 further Ms. Thompson?

8 **MS. THOMPSON:** Nothing further. Thank you, Your
9 Honor.

10 **THE COURT:** Okay. From the testimony and -- that
11 I've heard and the evidence presented, I do find
12 that Mr. Cassidy and the business, let's just say
13 the business at the Bargain Center LLC has
14 violated the Pawnbroker Act. I think we saw in
15 evidence that they were operating as an
16 unlicensed pawnbroker. The penalty that I will
17 assess. There will be a penalty, Mr. Moore.

18 **MR. MOORE:** Yes, ma'am.

19 **THE COURT:** I'm not ready to make that determination
20 yet. I would want to consider what would be the
21 appropriate penalty. But let me ask you this Mr.
22 Moore. And probably one of the -- Mr. Cassidy or
23 Ms. -- what's her name? I'm sorry, the ---

24 **MS. BURDO:** Ms. Burdo.

25 **THE COURT:** --- yes, I'm sorry. Perhaps can answer



1 that. Is there anyway of determining the number
2 of customers that you all have executed these buy
3 back arrangements with?

4 **MS. BURDO:** To be honest, no ma'am.

5 **THE COURT:** You didn't keep records?

6 **MS. BURDO:** I mean, I have. But at the end of the
7 year they are sent off for someone to do the
8 books.

9 **THE COURT:** But the person having those records --
10 there is someone, an individual that has those
11 records that you'd be able to obtain those
12 records from that individual?

13 **MS. BURDO:** Possibly, yes.

14 **THE COURT:** Okay.

15 **MR. MOORE:** Could I say this, Your Honor?

16 **THE COURT:** Yes.

17 **MR. MOORE:** The problem with this, is this. That the
18 State of South Carolina had access to that
19 information. All they had to do was ask. We've
20 turned everything over to them and cooperated
21 with them fully.

22 **THE COURT:** Right.

23 **MR. MOORE:** That is what the record shows. They have
24 the burden of proving that. And they have the
25 burden of investigation. What they've done is



1 not to do their job. It is totally unfair to
2 anybody to basically come back after the case was
3 already heard and say, well gee, now we're going
4 to do this in order to rectify it. That's not
5 what we basically ---

6 **THE COURT:** Yeah. But Mr. Moore your client was
7 operating without proper authority. He was
8 operating as a pawnbroker and Mr. Korzen that
9 came in, I mean, that's, you know, those are the
10 type of individuals that I am assuming that a lot
11 of his customers consist of. People like that.
12 And that's obviously -- he was taking, I mean, he
13 was being taken advantage of.

14 **MR. MOORE:** It may be, Your Honor. But the problem
15 is, we still are dealing with rules of evidence.
16 And those rules basically say that a case has to
17 be decided from what is in the record, not from
18 what is not in the record, or what may be in the
19 record. They're the ones who filed the case.
20 They had the opportunity through discovery. They
21 had the opportunity to do the whole nine yards.
22 And let me say this about Mr. Korzen and the
23 people like him. You know, there's two sides to
24 that story. Those folks are pitiful and they are
25 ignorant, but there are times in their life when



1 they have to have somebody who can basically help
2 them. Now you may be helping them by taking
3 \$10.00 or \$20.00 or whatever, but they're coming
4 to people like Russ Cassidy with these deals for
5 basic help. You know, if you want to basically
6 talk about somebody who was abusing these folks,
7 you know, lets go talk about the title loan
8 people, the loan sharks, and the people who do
9 this on a large scale.

10 **THE COURT:** Yeah. But those individuals aren't
11 before me Mr. Moore.

12 **MR. MOORE:** That's right. But what is before you?
13 What is before us? If we're going to try to
14 basically cure those ills, what's before you is
15 there is no way to compute that with what it is
16 in the record. And of course, we're not even
17 properly before the court, but ---

18 **THE COURT:** Yeah. Let me review what I've got here
19 Mr. Moore. I'll review it and also I will have
20 Ms. Henderson as well as I've just had a staff
21 attorney that just started today and I will them
22 research your jurisdictional questions a little
23 more thoroughly before I issue a ruling.

24 **MR. MOORE:** Thank you, Your Honor. We appreciate it.

25 **THE COURT:** Okay. But, and Mr. Moore, also your



1 client is to cease and desist from continuing to
2 operate as a pawnbroker.

3 MR. MOORE: He has. That's not a problem.

4 THE COURT: Okay.

5 MR. MOORE: We ---

6 THE COURT: And that is effective immediately.

7 MR. MOORE: --- oh, yeah. That's been since they
8 told us.

9 THE COURT: Okay.

10 MR. MOORE: He hasn't done -- he -- all he has done
11 since they told him to stop, was to make
12 arrangements to sell back to those nine people
13 what they had there for exactly what we paid.
14 That's all he's done. There has been no, there
15 have been no buy and buy back arrangements since
16 that time.

17 THE COURT: Okay.

18 MR. MOORE: And we'll continue to do that.

19 THE COURT: Okay. Thank you. This hearing is
20 adjourned.

21 MR. MOORE: Thank you, your honor.

22 THE COURT: And I'll be issuing a public ruling
23 within the next 30 days or so.

24 MS. THOMPSON: Thank you, Your Honor.

25 MR. MOORE: Thank you, Your Honor.



1 THE COURT: Thank you.

2 (There being no further questions, the deposition
3 concluded at 4:50 p.m.)
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CERTIFICATE

This is to certify that the within hearing consisting of two hundred and fifty seven (257) pages, is a true and correct transcript of the testimony given by said witnesses after being duly sworn; said hearing was reported by the method of Stenomask with Backup.

I further certify that I am neither employed by nor related to any of the parties in this matter or their counsel; nor do I have any interest, financial or otherwise, in the outcome of same.

IN WITNESS WHEREOF I have hereunto set my hand and seal on August 10, 2016.

Barbara S. Ham

Barbara S. Ham
Court Reporter

Notary Public for South Carolina
My Commission Expires: April 13, 2026



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Due by: 8/11

A BARGAIN CENTER
225 S. MONMOUTH AVE
SWANSEA SC. 29160
www.abargaincenter.com
803-568-4619

~~XXXXXXXXXX~~
#50

Date: 8/11/15

I, Shirley Archer

Address:
7106 Salley Rd.
North SC 29112

Am selling: JVC Camcorder, Microphones, portable DVD player

To A Bargain Center For: 45.00

I agree to buy this item sold to A Bargain Center for (price): 67.50
on or before (date): 8/26/15

**** AFTER THIS DATE THE ITEM WILL BE SOLD IN THE STORE OR ONLINE. ****

Signature of seller: [Signature]

Phone: _____

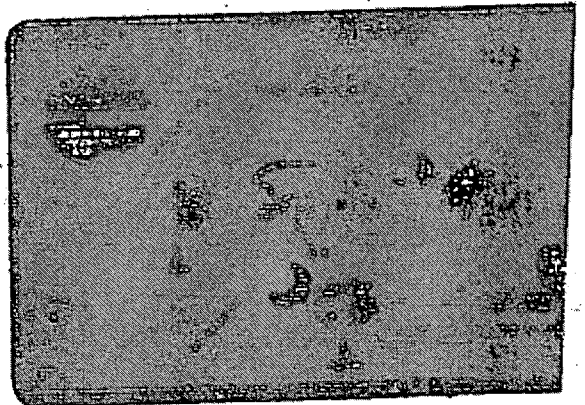
**** By signing this form you are aware that your item will be sold the day after it is due and is no longer offered to you at this price. You must pay FULL asking price if available. Also in the case of a break in to the store or fire A Bargain Center is not responsible for items stolen and will not be hold liable.**

Photo ID:

90.00 Due 9/10
Must pay 45.00 full
interest to extend longer

30 pd 9/5/15

15 due 9/8/15 to extend 9/25



Due by: ~~8/12/15~~
8/26/15

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SWANSEA SC. 29160
www.abargaincenter.com
803-568-4619

45

Date: 8/12/15

I: Crum Hollenbeck

Address:

430 Bels Rest Rd
Swansea SC 29160

Am selling:

To A Bargain Center For:

\$400

I agree to buy this item sold to A Bargain Center for (price):

\$600

on or before (date):

** AFTER THIS DATE THE ITEM WILL BE SOLD IN THE STORE OR ONLINE. **

Signature of seller:

Hollie Crum

Phone:

205-323-7686

**** By signing this form you are aware that your item will be sold the day after it is due and is no longer offered to you at this price. You must pay FULL asking price if avail. Also in the case of a break in to the store or fire A Bargain Center is not responsible for items stolen and will not be hold lia. re.**

Photo ID:

#48

Date: 8/13/15

I, Jeffrey Davis

Address: 1247 Savannah Hwy, Suite 100

Am Selling: 14kt Horse Charm

To A Bargain Center For: 10.00

I agree to buy this item sold to a BARGAIN CENTER for (price) 105.00

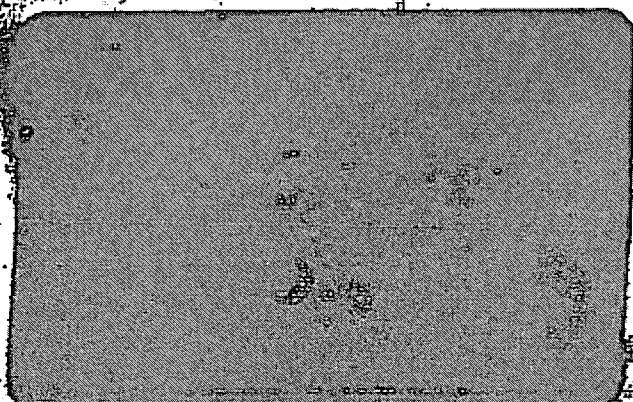
On or Before: 8/28/15 (date)

AFTER THIS DATE THE ITEM WILL BE SOLD IN THE BARGAIN CENTER

I, Jeffrey Davis, hereby agree that your item will be sold the day after it is due and is no longer returned to you at this point. You must pay full selling price if it is sold.

Phone Number: (403) 557-1111

PICTURE ID:



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SWANSEA SC. 29160
www.abargaincenter.com
803-568-4619

#53

Date: 8/15/15

I, Grover Hart

Address: 3612 96 Rd Neeses SC 29107

Am selling: Shop Vac

To A Bargain Center For: 20.00

I agree to buy this item sold to A Bargain Center for (price): 30.00
on or before (date): 8/30/15

**** AFTER THIS DATE THE ITEM WILL BE SOLD IN THE STORE OR ONLINE. ****

Signature of seller: Grover Hart

Phone: _____

**** By signing this form you are aware that your item will be sold the day after it is due and is no longer offered to you at this price. You must pay FULL asking price if available. Also in the case of a break in to the store or fire A Bargain Center is not responsible for items stolen and will not be hold liable.**

Photo ID: _____

54

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Date: 8/17/15

I, Fred Clark

Address: 1927 Southbound Rd.
Swansea SC

Am selling: Level 4

To A Bargain Center For: 70.00

I agree to buy this item sold to A Bargain Center for (price): 30.00
on or before (date): Sept 1st 2015

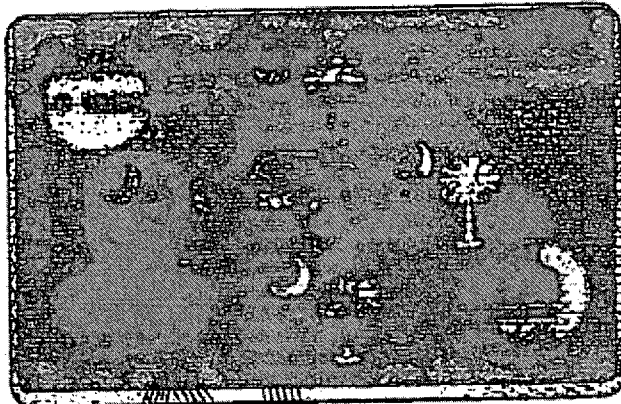
**** AFTER THIS DATE THE ITEM WILL BE SOLD IN THE STORE OR ONLINE. ****

Signature of seller: [Signature]

Phone: _____

**** By signing this form you are aware that your item will be sold the day after it is due and is no longer offered to you at this price. You must pay FULL asking price if available. Also in the case of a break in to the store or fire A Bargain Center is not responsible for items stolen and will not be hold liable.**

Photo ID:



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#58

Date: 8/21/15

I, Holli Crum

Address: 430. Bud Rish Rd
Swansea

Am selling: 10kt ring

To A Bargain Center For: 50.00

I agree to buy this item sold to A Bargain Center for (price): 75.00
on or before (date): 9/5/15

** AFTER THIS DATE THE ITEM WILL BE SOLD IN THE STORE OR ONLINE. **

Signature of seller: Holli Crum 205-393-7681

Phone:

**** By signing this form you are aware that your item will be sold the day after it is due and is no longer offered to you at this price. You must pay FULL asking price if available. Also in the case of a break in to the store or fire A Bargain Center is not responsible for items stolen and will not be hold liable.**

Photo ID:

marlene Crum



#2 Currents

A BARGAIN CENTER
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SWANSEA SC. 29160
www.abargaincenter.com
803-568-4619

Date: 8/22/15

I, Grower hart
Address: _____

Am selling: weed eater.

To A Bargain Center For: 25.00

I agree to buy this item sold to A Bargain Center for (price): 37.50
on or before (date): 9/6/15.

**** AFTER THIS DATE THE ITEM WILL BE SOLD IN THE STORE OR ONLINE. ****

Signature of seller: Grower Hart

Phone: _____

**** By signing this form you are aware that your item will be sold the day after it is due and is no longer offered to you at this price. You must pay FULL asking price if available. Also in the case of a break in to the store or fire A Bargain Center is not responsible for items stolen and will not be hold liable.**

37.50 Due 9/6

Photo ID: _____

A BARGAIN CENTER
225 S. MONMOUTH AVE
SWANSEA SC. 29160
www.abargaincenter.com
803-568-4619

#3

Date: 8/24/15

I, Homer Jones

Address: 116 Bud Rish Rd
Swansea

Am selling: 2-5000 BTU Heater A/C

To A Bargain Center For: 60.00

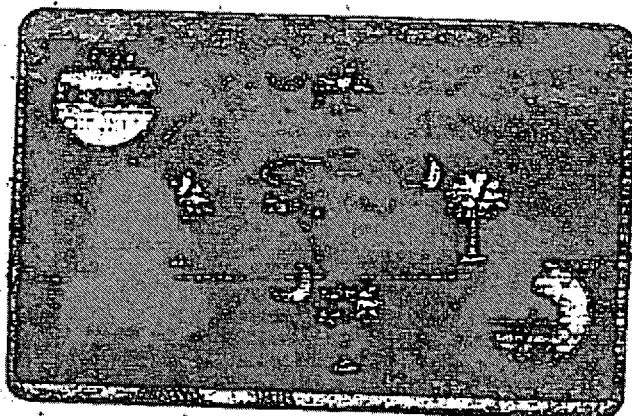
I agree to buy this item sold to A Bargain Center for (price): 90.00
on or before (date): 9/7/15

**** AFTER THIS DATE THE ITEM WILL BE SOLD IN THE STORE OR ONLINE. ****

Signature of seller: [Signature]
Phone: _____

**** By signing this form you are aware that your item will be sold the day after it is due and is no longer offered to you at this price. You must pay FULL asking price if available. Also in the case of a break in to the store or fire A Bargain Center is not responsible for items stolen and will not be hold liable. 90.00 Due 9/7**

Photo ID:



#5
A BARGAIN CENTER
225 S. MONMOUTH AVE
SWANSEA SC. 29160
www.abargaincenter.com
803-568-4619



Date: 8/25/15

I, Tiffany Johnson

Address:

690 S Brecon Ave

Swansea SC, 29160

Am selling:

2 Fishing poles, Tackle.

To A Bargain Center For: 35.00

I agree to buy this item sold to A Bargain Center for (price): 52.50
on or before (date): 9/8/15 9/15/15

**** AFTER THIS DATE THE ITEM WILL BE SOLD IN THE STORE OR ONLINE. ****

Signature of seller:

Tiffany Johnson

Phone:

**** By signing this form you are aware that your item will be sold the day after it is due and is no longer offered to you at this price. You must pay FULL asking price if available. Also in the case of a break in to the store or fire A Bargain Center is not responsible for items stolen and will not be hold liable. 52.50 Due 9/15**

Photo ID:

A BARGAIN CENTER
225 S. MONMOUTH AVE
SWANSEA SC. 29160
www.abargaincenter.com
803-568-4619

Date: 8/26/15

I, Darren Worley

Address: 210 Tide Wcd Rd
SWANSEA, SC, 29160

Am selling: LAB TOP #4

To A Bargain Center For: AKO

I agree to buy this item sold to A Bargain Center for (price): 12.00
on or before (date): _____

**** AFTER THIS DATE THE ITEM WILL BE SOLD IN THE STORE OR ONLINE. ****

Signature of seller: _____

Phone: _____

**** By signing this form you are aware that your item will be sold the day after it is due and is no longer offered to you at this price. You must pay FULL asking price if available. Also in the case of a break in to the store or fire A Bargain Center is not responsible for items stolen and will not be hold liable.**

Photo ID: _____

Bought
8/25

A BARGAIN CENTER
225 S. MONMOUTH AVE.
SWANSEA SC. 29160
www.abargaincenter.com
803-568-4619

#7

Date: 8/27/15

I, Gregory Douglas

Address: 616 Rister Rd.
Gaston SC 29116

Am selling: Shindawa Commercial leaf blower

To A Bargain Center For: 40.00

I agree to buy this item sold to A Bargain Center for (price): 60.00
on or before (date): 9/12/15

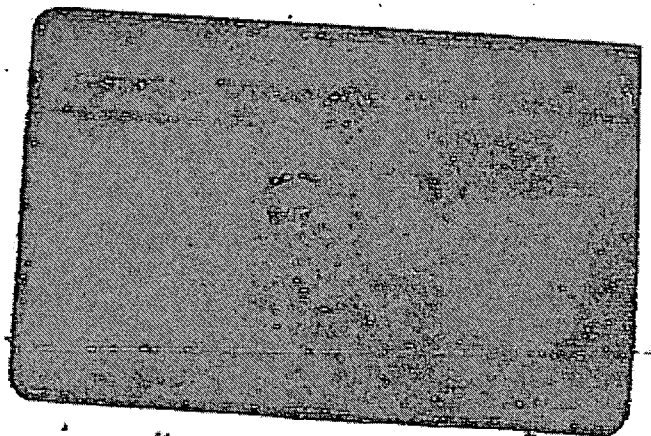
** AFTER THIS DATE THE ITEM WILL BE SOLD IN THE STORE OR ONLINE. **

Signature of seller: Gregory Douglas

Phone: _____

**** By signing this form you are aware that your item will be sold the day after it is due and is no longer offered to you at this price. You must pay FULL asking price if available. Also in the case of a break in to the store or fire A Bargain Center is not responsible for items stolen and will not be hold liable. 60.00 Due 9/12**

Photo ID:



#9
A BARGAIN CENTER
225 S. MONMOUTH AVE
SWANSEA SC. 29160
www.abargaincenter.com
803-568-4619

Date: 8/28/15

1. Bicky Craft

Address: 1215 Hwy 6
Swansea SC, 29160

Am selling: Kobalt 11pc Socket Set

To A Bargain Center For: 15.00

I agree to buy this item sold to A Bargain Center for (price): 22.50
on or before (date): 9/12/15

**** AFTER THIS DATE THE ITEM WILL BE SOLD IN THE STORE OR ONLINE. ****

Signature of seller: Bicky Craft

Phone: _____

22.50 Due 9/12/15

**** By signing this form you are aware that your item will be sold the day after it is due and is no longer offered to you at this price. You must pay FULL asking price if available. Also in the case of a break in to the store or fire A Bargain Center is not responsible for items stolen and will not be hold liable.**

Photo ID: _____

Buy Back

A BARGAIN CENTER
225 S. MONMOUTH AVE.
SWANSEA SC. 29160
www.abargaincenter.com
803-568-4619

#11

Date: 8/30/29/15

I, Grover Hart

Address: S

Am selling: Sears Battery Charger

To A Bargain Center For: 25.00

I agree to buy this item sold to A Bargain Center for (price): 37.50
on or before (date): 9/14/15

**** AFTER THIS DATE THE ITEM WILL BE SOLD IN THE STORE OR ONLINE. ****

Signature of seller: Grover Hart

Phone: _____

**** By signing this form you are aware that your item will be sold the day after it is due and is no longer offered to you at this price. You must pay FULL asking price if available. Also in the case of a break in to the store or fire A Bargain Center is not responsible for items stolen and will not be hold liable. ~~37.50~~ 37.50 Due 9/14**

Photo ID: _____

Past

Due by: 8/26/15

A BARGAIN CENTER
225 S. MONMOUTH AVE
SWANSEA SC. 29160
www.abargaincenter.com
803-568-4619

#44

Date: 8/11/15

I, Willie Lee Wanamaker

Address: 436 Calhoun Rd.

Swansea SC

Am selling: 2 SS rings + 10K ring

To A Bargain Center For: 20.00

I agree to buy this item sold to A Bargain Center for (price): 30.00
on or before (date): 8/26/15

** AFTER THIS DATE THE ITEM WILL BE SOLD IN THE STORE OR ONLINE. **

Signature of seller:

Willie Lee Wanamaker

Santos Elvin Cole

Phone:

By signing this form you are aware that your item will be sold the day after it is due and is no longer offered to you at this price. You must pay FULL asking price if available. Also in the case of a break in to the store or fire A Bargain Center is not responsible for items stolen and will not be held liable.

Photo ID:



112.50 Due 9/10/15
Must pay in full

112.50 NO EXTENSION

By 6:00pm

7/31/15

A BARGAIN CENTER
225 S. MONMOUTH AVE
SWANSEA SC: 29160
www.abargaincenter.com
803-568-4619

7/16/15

Deborah Edmonds

355 E 5th St
Swansea SC 29160

Item: 40 inch Flat Screen T.V. with remote
in top drawer

A Bargain Center for 75.00

Agree to buy this item sold to A Bargain Center for (price): 112.50

on or before (date): 7/31/15

AFTER THIS DATE THE ITEM WILL BE SOLD IN THE STORE OR ONLINE. **

Signature of seller:

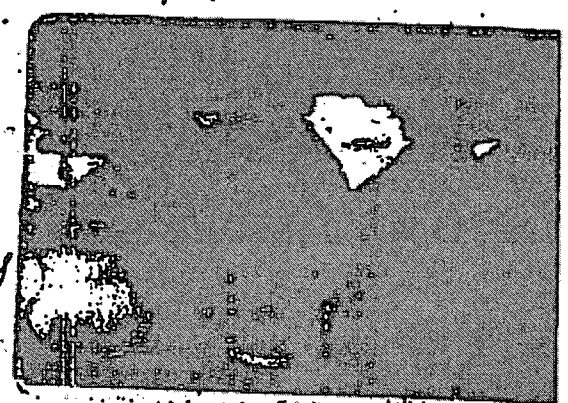
Deborah Edmonds

Phone:

By signing this form you are aware that your item will be sold the day after it is due and is no longer offered to you at this price. You must pay FULL asking price if available. Also in the case of a break in to the store or fire A Bargain Center is not responsible for items stolen and will not be hold liable.

Pd 20.00 to extend
to 9/10/15

Pd 36.00
to extend
8/15/15
Pd 15.00
to extend
8/25



#34

A BARGAIN CENTER
225 S. MONMOUTH AVE.
SWANSEA, SC. 29160
www.abargaincenter.com
803-568-4619

DL-004368837

Date: 7/29/15

I, DANIEL, ADDY RAJR

Address: 1161 CRESTVIEW RD
SWANSEA SC 29160

Am selling:

To A Bargain Center For: 25

I agree to buy this item sold to A Bargain Center for (price): 25
on or before (date):

** AFTER THIS DATE THE ITEM WILL BE SOLD IN THE STORE OR ONLINE. **

Signature of seller:

Daniel Addy Daniel Addy
Phone: 803-347-1546

**** By signing this form you are aware that your item will be sold the day after it is due and is no longer offered to you at this price. You must pay FULL asking price if available. Also in the case of a break in to the store or fire A Bargain Center is not responsible for items stolen and will not be hold liable.**

Photo ID: 004368837

AC Gold STAR \$5,000

7/29/15

8/15/15

Must pay in FULL NO extensions

A BARGAIN CENTER
225 S. MONMOUTH AVE
SWANSEA SC. 29160
www.abargaincenter.com
803-568-4619

By 6:00pm

1/1

Date: 7/21/15

1 Daniel Addy

Address:

1161 Jones Wile Rd.
Swansea SC, 29160

Am selling:

Fridgidaire A/C window unit

To A Bargain Center For: 30.00

I agree to buy this item sold to A Bargain Center for (price): 45.00
on or before (date): 8/6/15

AFTER THIS DATE THE ITEM WILL BE SOLD IN THE STORE OR ONLINE. **

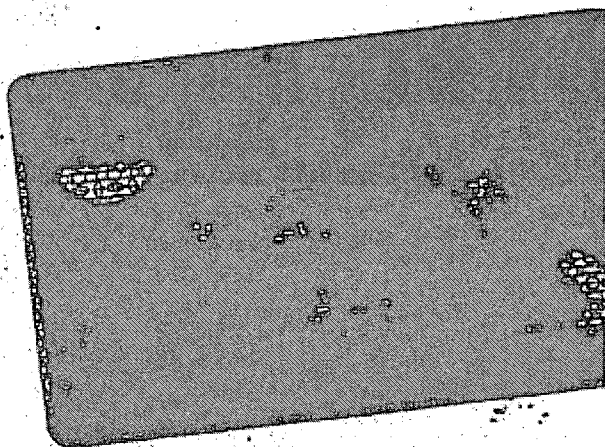
Signature of seller:

Phone:

Daniel Addy

** By signing this form you are aware that your item will be sold the day after it is due and is no longer offered to you at this price. You must pay FULL asking price if available. Also in the case of a break in to the store or fire A Bargain Center is not responsible for items stolen and will not be hold liable.

Photo ID:



TT's #4

A BARGAIN CENTER
225 S. MONMOUTH AVE
SWANSEA SC. 29168
www.abargaincenter.com
803-568-4619

pd. 12.50
to extend
5/7/14

Date: 4/2/15

I, Michael Korzen

Address:

52 Whitewood Rd.

Waterbury CT 06708

I am selling:

Chicago electric welding machine

To A Bargain Center For: 25.00

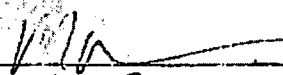
I agree to buy this item sold to A Bargain Center for (price): 37.50

on or before (date): 5/8/15

5/23/15 opened til 2pm

** AFTER THIS DATE THE ITEM WILL BE SOLD IN THE STORE OR ONLINE. **

Signature of seller:



Phone: 803-5747-1325

**** By signing this form you are aware that your item will be sold the day after it is due and is no longer offered to you at this price. You must pay FULL asking price if available. Also in the case of a break in to the store or fire A Bargain Center is not responsible for items stolen and will not be hold liable.**

Photo ID:

PD 12.50

to extend

to 6/7/15



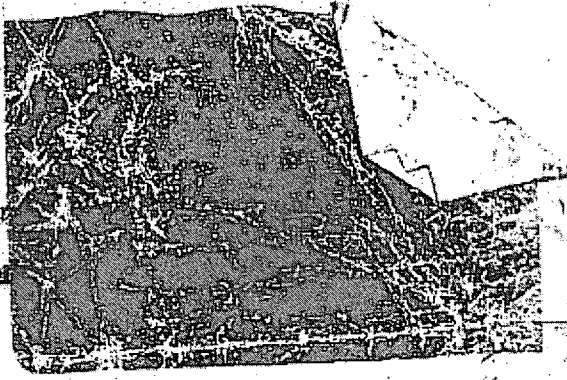
pd 12.50

ed

1/5

10

A Bargain Center
224 South Main Street
Florence, SC 29502
Phone 803-668-4619



Date: 8/11/15

I, Michael Korzer

Address:

52 White Wood Rd

Am Selling

Air compressor

To A Bargain Center For: 25.00

I agree to buy this item and to A BARGAIN CENTER FOR
(price) 37.50 plus 12.50 to extend 8/28/15

On or before: 8/17/15 (date)

****AFTER THIS DATE THE ITEM WILL BE SOLD IN THE
STORE OR ONLINE****

Signature of seller:

**** By signing this form you are aware that your item
will be sold the day after it is due and is no longer
offered to you at this price. You must pay full asking
price if available. *******

*Phone Number:

PICTURE ID:

pd 12.50
to extend

9/12

BR

A BARGAIN CENTER
225 S. MONMOUTH AVE
SWANSEA SC. 29160
www.abargaincenter.com
803-568-4619

Date:

7/18/15

i.

Michael Korten

Address:

113 Woodland Dr

Am selling:

Olevia 32in TV

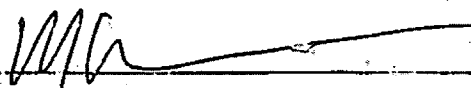
To A Bargain Center For:

40.00

I agree to buy this item sold to A Bargain Center for (price): 60.00
on or before (date): 9/2/15

**** AFTER THIS DATE THE ITEM WILL BE SOLD IN THE STORE OR ONLINE. ****

Signature of seller:



Phone:

**** By signing this form you are aware that your item will be sold the day after it is due and is no longer offered to you at this price. You must pay FULL asking price if available. Also in the case of a break in to the store or fire A Bargain Center is not responsible for items stolen and will not be hold liable.**

Photo ID:

10/2/15

LAY AWAY Form

A BARGAIN CENTER
225 South Monmouth Avenue
Savannah, South Carolina 29160
Phone: 803-568-4010

Item on Layaway: olevia T.V.

Deposit: 20% required and is non-refundable:

Balance Due: 401.35 5.00 10/2/15 5.00 10/27/15

Total Balance is due within 14 days of original purchase
IF BALANCE IS NOT PAID IN FULL BY THE 15TH DAY
ITEM BECOMES PROPERTY OF A BARGAIN CENTER.
NO EXCEPTIONS !!!

Name: Michael Konzen

Address: 113 W. Highland Dr.
Savannah, SC

Telephone: (803) 747-1825

Date: _____

Signature: _____

13
A BARGAIN CENTER
125 S. MONMOUTH AVE.
SWANSEA SC. 2916
www.bai.com
803-568-9619

9/8/15

Micheal Korzen

ES: 43 Woodland Dr. Swansea

illing: Olevia T.V.

Bargain Center For: 40.00

to buy this item sold to A Bargain Center for (price): 60.00
before (date): 9/23/15 9/29/15

AFTER THIS DATE THE ITEM WILL BE SOLD IN THE STORE

ONLINE. **

ature of seller:

MC 03 74

1825

By signing this form you are aware that you item will
sold the day after it is due and is no longer offered to
at this price. You must pay FULL asking price if
available. Also in the case of a break in to the store or fire
Bargain Center is not responsible for items stolen and
will not be hold liable.

oto ID:

Voluntary Statement

Name: Brandie Burdo DOB: 5/6/78 SS# 589-68-6019
Address: 809 Cassidy Rd. Gaston S.C. 29053
Phone # 803-568-4619 Date: 9/10/15 Time: 9:40 (am)pm

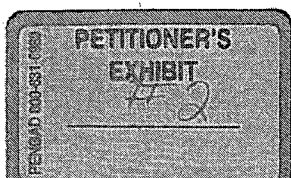
I declare that the following statement is voluntary and made of my own free will. I declare that this statement is made without any threat, coercion, offer of benefit, favor or offer of favor, leniency or offer of leniency by any person or persons whomsoever.

When someone comes in wanting to get money on an item and wants the item back. We do what we call Buy-Back. We will buy a item for 10.00 on the 1st of the month they will have to buy it back for 15.00 by the 15th of the month. The person also has the option to come in and pay interest to exteed for 15 more days.

We do @ 10-15 a month and @ 100-150 a year on Buy Backs.

I have read each page of this statement consisting of 1 page(s), each page of which bears my initials and I certify that the facts contained herein are true and correct to the best of my knowledge. I also declare that I was not told or prompted what to say in this statement. This statement was completed at 9:55 (am)pm on the 10 of Sept, 2015.

Printed Name: Brandie Burdo Signature: Brandie Burdo
1 of 1 (BB) initials



South Carolina Department of Consumer Affairs

Investigative Summary

Business: A Bargain Center, LLC

dba A Bargain Center

Physical location: 225 South Monmouth Avenue Swansea, SC 29160

Mailing location: P.O. Box 535

Swansea, S.C. 29160

Owner: Royce Cassidy

Reference: Operating a pawnshop without a certificate of Authority

Investigators Assigned: Chief Inv. Ken Middlebrooks and Deputy Chief Inv. Joni Green

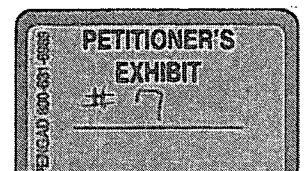
On September 10, 2015, Deputy Chief Investigator Joni Green and I along with investigators from the Lexington County Sheriff's Office, and an inspector with the Bureau of Alcohol, Tobacco, and Firearms conducted an onsite visit per the request of the Lexington County Sheriff's Office. The Sheriff's office had previously provided Department investigators with two transactions that appeared to have violated the pawnbroker statute.

During the onsite visit, Department investigators met with the owner, Royce Cassidy, and the manager, Brandie Burdo. Mr. Cassidy and Ms. Burdo cooperated with Department investigators by voluntarily providing 21 loan records, which included 9 currently active. (See attached documents noted attachment 1)

During the onsite visit, Ms. Burdo provided Department investigators with a voluntary statement. (See attached voluntary statement noted attachment 2) I asked the owner, Royce Cassidy, if he would provide a voluntary statement; however, he declined and stated Ms. Burdo could explain in writing the activity better than he could. He verbally agreed with the information provided to investigators.

During the onsite visit, Department investigators provided Mr. Cassidy and Ms. Burdo with a copy of the statute and regulations and verbally explained the violations that have been committed. Department investigators verbally advised Mr. Cassidy, Ms. Burdo, and business employees to cease and desist from pawnbroker activity and stated a violation's letter will be sent to Mr. Cassidy for violations of the pawnbroker statute. (See attached draft violations letter)

During the onsite visit, Department investigators took pictures of the premises and active loan transaction items. (see attached copies of pics)









#3
 A BARGAIN CENTER
 125 N. MONMOUTH AVE.
 AMERICA NJ 07001
 PHONE 201-961-8888 FAX 201-961-8888

Date: 9/24/15

Name: Homer Jones

Address:

116 Twp Rd. Rt. 200
 Twp. Rd. Rt. 200

Am calling

2-5000 Bu. Ward Ave
 Twp. Rd. Rt. 200

To A Bargain Center I am

I agree to buy this item sold to A Bargain Center for (price)
 on or before (date) 9/24/15

Signature of caller

Phone

By signing this form you are aware that your item will be sold the day after it is due and is no longer offered to you at this price. You must pay FULL asking price if available. Also in the case of a break in to the store or A Bargain Center is not responsible for items stolen and will not be held liable. 90% due 9/27

Photo ID





The State of South Carolina Department of Consumer Affairs

2221 DEVINE STREET, STE 200
PO BOX 5757
COLUMBIA, SC 29250-5757

Carri Gruba Lybarker
Administrator/
Consumer Advocate

Celebrating Over 40 Years of Public Service

October 7, 2015

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Eboni S. Nelson
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Don Jackson
Ware Shoals
Carlisle Kennedy
Leesville
W. Fred Pennington, Jr.
Taylors

Mr. Royce Cassidy
A Bargain Center, LLC
225 South Monmouth Ave.
P.O. Box 535
Swansea, S.C. 29160

RE: Notice of Violations of the South Carolina Pawnbroker Act

Dear Mr. Cassidy:

The South Carolina Department of Consumer Affairs ("the Department") is aware of certain acts conducted by A Bargain Center, LLC that constitute violations of South Carolina law. Although this letter does not constitute a formal determination or findings letter, it does explain the alleged violations against you and the remedies available to you. Please read this letter, and respond to the allegations before the Department makes a formal finding in this matter.

Special Investigation and Violation of Section 40-39-20

In September 2015, the Lexington County Sheriff's Department notified the Department of possible violations of the S.C. Pawnbroker Act by A Bargain Center. The Lexington County Sheriff's Department provided documents that appeared to serve as pawn tickets from A Bargain Center to record loan activity. The documents provided to the Department record several items purchased from a customer with the agreement that the customer will "buy back" the items for an inflated price within 15 days.

During an on-site visit by Chief Investigator Ken Middlebrooks and Deputy Chief Investigator Joni Green conducted on September 10, 2015, you and store manager Brandie Burdo provided documents for 9 active loans and 11 past due loans. Ms. Burdo also provided a written voluntary statement explaining the "buy back" procedure, in which A Bargain Center purchases an item from an individual, and allows the individual to buy the item back within a specific amount of time for an inflated price. In the S.C. Pawnbroker Act, a pawnbroker is defined as "any person engaged in the business of lending money on the security of pledged goods, or engaged in the business of purchasing tangible personal property on condition that it may be redeemed or repurchased by the seller for a fixed price within a fixed period of time."¹ A Bargain Center's "buy back" procedure is indistinguishable from the typical activity of a pawnbroker.

¹ S.C. Code Ann. § 40-39-10(2)

ADMINISTRATOR
Tel.: 803-734-4233
Fax: 803-734-4060

PUBLIC
INFORMATION
Tel.: 803-734-4296
Fax: 803-734-4060

CONSUMER
ADVOCACY
Tel.: 803-734-4200
Fax: 803-734-4287

ENFORCEMENT/
INVESTIGATORS
Tel.: 803-734-4200
Fax: 803-734-4287

CONSUMER
COMPLAINTS
Tel.: 803-734-4200
Fax: 803-734-4286

ID THEFT
UNIT
Tel.: 803-734-4200
Fax: 803-734-4229

PROCUREMENT &
ACCOUNTING
Tel.: 803-734-0366
Fax: 803-734-4299

WEBSITE: WWW.CONSUMER.SC.GOV
E-MAIL: SCDC@SCCONSUMER.GOV

Toll Free In SC: 800-922-1594
TDD/TTY: 800-735-2905

At the conclusion of the on-site visit Chief Investigator Ken Middlebrooks issued a verbal warning for A Bargain Center, instructing the business to cease and desist in any and all pawnbroker activities until the business obtains a Certificate of Authority from the Department. A copy of the statute, regulation, application package, instructions, sample pawn ticket, and rate chart were provided at that time.

The S.C. Pawnbroker Act states the following:

All pawnbrokers conducting business in this State are under the authority of and regulated by the Department of Consumer Affairs, the administrator of which has the authority to promulgate regulations as he considers necessary to carry out the conditions and intent of this chapter. *No person may carry on the business of a pawnbroker in any location in this State without first having obtained a Certificate of Authority for each location from the Department of Consumer Affairs.*²

Based upon the records provided by the Lexington County Sheriff's Department and the records obtained by A Bargain Center during the on-site visit, the Department alleges that A Bargain Center has committed twenty-one (21) violations of the S.C. Pawnbroker Act. Each pawn transaction represents a separate offense of the statute.

In an effort to resolve the twenty-one (21) violations discussed above through a non-hearing resolution, the Department puts forth the following remedy:

1. A Bargain Center must cease and desist from engaging in any and all pawn brokering activity until a Certificate of Authority is obtained from the Department; and
2. A Bargain Center must pay an administrative fine of ten thousand five hundred dollars (\$10,500.00) made payable to the Department in the form of a certified check or money order.

Notice of A Bargain Center's acceptance or denial of this proposed resolution must be received by the Department on or before Friday, October 23, 2015. Please submit your response to:

S.C. Department of Consumer Affairs
Attn: Christine Thompson
P.O. Box 5757
Columbia, S.C. 29250-5757

If the proposed settlement is accepted, the Department will draft a Settlement Agreement for execution. If you have any questions about this letter, do not hesitate to contact me at (803) 734-4187.

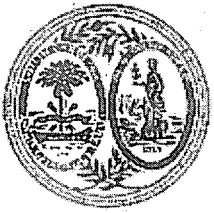
² *Emphasis added.* S.C. Code Ann. § 40-39-20.

Sincerely,

Christine E. Thompson
Staff Attorney

cc: Lexington County Sheriff's Department
Attn: Sgt. Brian Anderson
Det. Kevin Blake
521 Gibson Road
Lexington, S.C. 29072

Federal Bureau of Alcohol, Tobacco, Firearms & Explosives
Attn: Industry Operations
1835 Assembly Street, Suite 329
Columbia, S.C. 29201



Carri Grube Lybarker
Administrator/
Consumer Advocate

The State of South Carolina Department of Consumer Affairs

2221 DEVINE STREET, STE 200
PO BOX 5757
COLUMBIA, SC 29250-5757

Celebrating Over 40 Years of Public Service

November 30, 2015

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Carlisle Kennedy
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W. Fred Pennington, Jr.
Taylors

Mr. S. Jahue Moore, Esq.
Senior Partner
Moore Taylor Law Firm
P.O. Box 5709
West Columbia, S.C. 29171

RE: A Bargain Center, LLC and Royce Cassidy

Dear Mr. Moore:

Thank you for your letter on behalf of Mr. Royce Cassidy.

The Department of Consumer Affairs ("the Department") reasserts that Mr. Cassidy engaged in pawn brokering activity as an unlicensed pawnbroker, and the transactions in question were not merely "isolated events." The Department's investigators found that during the course of a year Mr. Cassidy conducts between one hundred and one hundred fifty pawn transactions, more than many of the Department's licensed pawnbrokers.

In addition, Mr. Cassidy charged interest fees in excess of the legal limit. According to the Pawnbroker Rate Chart, a pawnbroker may charge a maximum Annual Percentage Rate (APR) of 300% for loans in the amount of \$50.00 or less. Based on the records, Mr. Cassidy often made loans for \$50.00 or less, and charged excessive fees. In many transactions, consumers were charged 1,200% APR, which is four times the legal limit, according to the S.C. Pawnbroker Act.

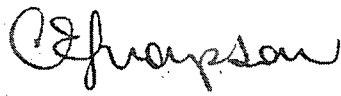
The Department is interested in resolving this matter, but insists that Mr. Cassidy must pay the administrative fine in the amount of ten thousand five hundred dollars (\$10,500.00). In light of Mr. Cassidy's violations of the S.C. Pawnbroker Act, including the numerous pawn transactions conducted as an unlicensed pawnbroker and illegal interest fees, the Department deems the fine is fair and reasonable.

I have enclosed an affidavit for Mr. Cassidy to sign, which states that he will cease and desist from engaging in pawn brokering activity until he obtains a Certificate of Authority from the Department. Please review the document with your client, and send the signed affidavit and payment of the administrative fine to the Department by Thursday, December 31, 2015. If you have any questions, do not hesitate to contact me at (803) 734-4187.

ADMINISTRATOR 803-734-4233 Fax: 803-734-4060	PUBLIC INFORMATION 803-734-4296 Fax: 803-734-4060	CONSUMER ADVOCACY 803-734-4200 Fax: 803-734-4287	ENFORCEMENT/ INVESTIGATORS 803-734-4236 Fax: 803-734-4287	CONSUMER COMPLAINTS 803-734-4200 Fax: 803-734-4286	ID THEFT UNIT 803-734-4200 Fax: 803-734-4229	PROCUREMENT & ACCOUNTING 803-734-0366 Fax: 803-734-4299

WEBSITE: WWW.CONSUMER.SC.GOV
E-MAIL: SCDCA@SCCONSUMER.GOV

Sincerely,

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

Christine E. Thompson
Staff Attorney

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)
)
_____)

AFFIDAVIT

The undersigned, being duly sworn, states:

1. I acknowledge that a pawnbroker is defined as "any person engaged in the business of lending money on the security of pledged goods, or engaged in the business of purchasing tangible personal property on condition that it may be redeemed or repurchased by the seller for a fixed price within a fixed period of time." S.C. Code Ann. § 40-39-10(2).
2. I acknowledge that "all pawnbrokers conducting business in this State are under the authority of and regulated by the Department of Consumer Affairs, the administrator of which has the authority to promulgate regulations as he considers necessary to carry out the conditions and intent of this chapter. No person may carry on the business of a pawnbroker in any location in this State without first having obtained a Certificate of Authority for each location from the Department of Consumer Affairs." S.C. Code Ann. § 40-39-20.
3. I hereby certify that my business, _____, and I, _____, will cease and desist engaging in unlicensed pawn brokering activity in South Carolina.
4. I hereby certify that my business and I will not operate as a pawn broker until first obtaining the required license from the South Carolina Department of Consumer Affairs.
5. I acknowledge that this Affidavit does not preclude the South Carolina Department of Consumer Affairs from enforcing any legal remedy available to the Department in this action, to include the levying of administrative fines.

Mr. Walter Royce Cassidy

SWORN TO AND SUBSCRIBED BEFORE ME
THIS _____ DAY OF _____ 2015.

Notary Public for South Carolina

My commission expires: _____



October 21, 2015

VIA E-MAIL: scdca@scconsumer.gov

VIA FACSIMILE: 734-4060

VIA U.S. MAIL

S.C. Department of Consumer Affairs
ATTN: Christine Thompson, Staff Attorney
P.O. Box 5757
Columbia, SC 29250-5757

RE: A Bargain Center, LLC and Royce Cassidy

Dear Ms. Thompson:

This law firm represents Mr. Royce Cassidy. I am in receipt of a letter to Mr. Cassidy dated October 7, 2015.

The business in question is a limited liability company. It is an incredibly small company and deals primarily in secondhand merchandise. The assets of the company are basically limited to the items on premises. I doubt the entire inventory would be worth \$10,000.00.

I understand the owner of the company has purchased items and has agreed to sell them back for a set price. The owner is not a sophisticated business person and had no idea his conduct was in violation of the South Carolina Pawnbroker Act.

My client does not acknowledge an actual violation of the law as the transactions you question were incredibly limited and were not the primary purpose of the business. The business simply buys items and resells them to the public. In short, the transactions you question are isolated events.

My client will agree to sign a consent order or a consent agreement that it will cease and desist from engaging in any or all pawn brokering activity until and unless a certificate of authority is obtained. I can assure you my client has no desire to be in the pawn brokerage business and we simply will stop the practice you are concerned about.

I do not believe there was any attempt to hide the transactions in question. My client simply did not understand he could not buy an item and agree to resell it later on at a set price.

1700 Sunset Boulevard, West Columbia SC 29169 | PO Box 5709, West Columbia SC 29171

TEL 803.796.9160 FAX 803.791.8410 www.mooretaylorlaw.com

S. Jahue Moore¹
J. Mark Taylor²
C. Vance Stricklin, Jr.
James Edward Bradley³
Sheila McNair Robinson
Christian G. Spradley
C. David Sawyer, Jr.
William H. Edwards
Stanley L. Myers
Jane H. Downey⁴
S. Jahue Moore, Jr.
John C. Bradley, Jr.
Melissa K. Moore
William B. Fortino
Ralph Nichols Riley, Jr.
Amber Cary Fulmer
Sarah Taylor Cassidy
Gregory R. Close
Robert D. Hazel
OF COUNSEL
Billy C. Coleman
RETIRED

October 21, 2015

S.C. Department of Consumer Affairs

RE: A Bargain Center, LLC and Royce Cassidy

Page 2 of 2

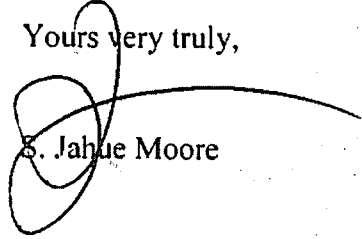
My understanding is there is nothing wrong with my client purchasing merchandise and reselling it to the original seller so long as there is no agreement in advance that the time will be held and resold for a set price.

I have attempted to advise my client as to how to proceed from this point forward and he assures me he will no longer buy items with an agreed right of the seller to buy back at a set price. My understanding is there is nothing wrong with him buying items and reselling them to the original seller so long as there is no understanding in advance as to price nor an agreement to hold the merchandise for a set period of time.

If the Department is interested in resolving this matter, please let me know. I simply am not in a position to consent to any form of fine associated with this matter but we will work with you in any other way possible.

Thank you for your attention to this matter.

Yours very truly,



S. Jahue Moore

SJM:dc

cc: Mr. Royce Cassidy

December 22, 2015

S.C. Department of Consumer Affairs
ATTN: Christine Thompson, Staff Attorney
P.O. Box 5757
Columbia, SC 29250-5757

RE: A Bargain Center, LLC and Royce Cassidy

Dear Ms. Thompson:

Thank you for your letter of November 30, 2015 in which you insist Mr. Cassidy pay a fee of \$10,500.00. Mr. Cassidy insists that he not pay the fee.

It appears we have an impasse. Under no circumstance would I recommend that Mr. Cassidy pay any money.

This entire matter appears to have been the result of a misunderstanding by Mr. Cassidy. Considering the state of the law it appears such a misunderstanding has been reasonable.

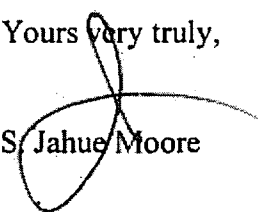
This man is more than willing to comply with the law. It appears we have an inability to resolve the matter.

Please take whatever enforcement action you think you believe you have the ability to take.

In the interim, I understand Mr. Cassidy to be in full compliance with the law at this time.

I am again very sorry we were unable to resolve this case.

Yours very truly,


S. Jahue Moore

SJM:dc

cc: Mr. Royce Cassidy

S. Jahue Moore†
J. Mark Taylor*
C. Vance Stricklin, Jr.
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TEL 803.796.9160 FAX 803.791.8410 www.mooretaylorlaw.com

August 8, 2016

The Honorable Shirley C. Robinson
Administrative Law Judge
South Carolina Administrative Law Court
1205 Pendleton Street, Suite 224
Columbia, SC 29201

RE: South Carolina Dept. of Consumer Affairs v. A Bargain Center, LLC
Docket No.: 16-ALJ-30-0038-CC

Dear Judge Robinson:

I have received in this week's mail a Motion for Reconsideration. I have not been asked to formally respond to the Motion. Quite frankly, I believe the court's decision to have been correct based upon the evidence presented.

We have attempted to resolve this case from day one. We believe the decision of the court to have been well reasoned and an appropriate statement of the law.

The owner of my small store is a country person with very little education. Once the state made him aware of the law, he immediately stopped the practices complained of.

I know that I demonstrated some frustration with the state as this case progressed. We honestly do not believe this case should have ever been tried.

In any event, if the court desires a formalized request from me, I will be more than happy to provide one. Otherwise, please accept my sincere appreciation for the courteous way in which we were received by the court. It is always a privilege to appear before you.

Yours very truly,

S. Jahue Moore

SJM:arj

FILED

AUG 09 2016

SC ADMIN. LAW COURT

1700 Sunset Boulevard, West Columbia SC 29169 | PO Box 5709, West Columbia SC 29171

TEL 803.796.9160 FAX 803.791.8410 www.mooretaylorlaw.com

PAWNBROKER RATE CHART

All loans are deemed to be for thirty day periods.

- A. For loans up to \$50.00, the finance charge is a *maximum* of \$2.50 per \$10.00.
The following formula may be used to calculate a finance charge *less than* the maximum:

$$\frac{\text{amount financed} \times (\text{rate to be charged})}{10} = \text{Finance Charge}$$

Once the *lower* finance charge is determined from this formula it is used to determine the adjusted APR as follows:

$$\frac{\text{Finance charge} \times 1200}{\text{Amount Financed}} = \text{APR}$$

Where the APR is 300% maximum (for loans of \$50.00, or less, only):

$$\frac{\text{Amount financed}}{4} = \text{Finance Charge}$$

B.

<u>Amount of Loan</u> (amount financed)	<u>Finance Charge</u>	<u>APR %</u>
\$ 60.00	\$ 14.50	290.00%
\$ 70.00	\$ 16.50	283.00%
\$ 80.00	\$ 18.50	277.50%
\$ 90.00	\$ 20.50	273.00%
\$ 100.00	\$ 22.50	270.00%
\$ 110.00	\$ 24.00	262.00%
\$ 120.00	\$ 25.50	255.00%
\$ 130.00	\$ 27.00	249.25%
\$ 140.00	\$ 28.50	244.25%
\$ 150.00	\$ 30.00	240.00%
\$ 160.00	\$ 31.50	236.25%
\$ 170.00	\$ 33.00	233.00%
\$ 180.00	\$ 34.50	230.00%
\$ 190.00	\$ 36.00	227.35%
\$ 200.00	\$ 37.50	225.00%

<u>Amount Financed</u>	<u>Finance Charge</u>	<u>APR %</u>
\$ 210.00	\$ 38.50	220.00%
\$ 220.00	\$ 39.50	215.45%
\$ 230.00	\$ 40.50	211.30%
\$ 240.00	\$ 41.50	207.50%
\$ 250.00	\$ 42.50	204.00%
\$ 260.00	\$ 43.50	200.75%
\$ 270.00	\$ 44.50	197.75%
\$ 280.00	\$ 45.50	195.00%
\$ 290.00	\$ 46.50	192.40%
\$ 300.00	\$ 47.50	190.00%
\$ 310.00	\$ 48.50	187.75%
\$ 320.00	\$ 49.50	185.60%
\$ 330.00	\$ 50.50	183.65%
\$ 340.00	\$ 51.50	181.75%
\$ 350.00	\$ 52.50	180.00%
\$ 360.00	\$ 53.50	178.33%
\$ 370.00	\$ 54.50	176.75%
\$ 380.00	\$ 55.50	175.25%
\$ 390.00	\$ 56.50	173.85%
\$ 400.00	\$ 57.50	172.50%
\$ 410.00	\$ 58.50	171.22%
\$ 420.00	\$ 59.50	170.00%
\$ 430.00	\$ 60.50	168.84%
\$ 440.00	\$ 61.50	167.73%
\$ 450.00	\$ 62.50	166.67%
\$ 460.00	\$ 63.50	165.65%
\$ 470.00	\$ 64.50	164.68%
\$ 480.00	\$ 65.50	163.75%

<u>Amount Financed</u>	<u>Finance Charge</u>	<u>APR %</u>
\$ 490.00	\$ 66.50	162.86%
\$ 500.00	\$ 67.50	162.00%
\$ 510.00	\$ 68.50	161.18%
\$ 520.00	\$ 69.50	160.38%
\$ 530.00	\$ 70.50	159.62%
\$ 540.00	\$ 71.50	158.89%
\$ 550.00	\$ 72.50	158.18%
\$ 560.00	\$ 73.50	157.50%
\$ 570.00	\$ 74.50	156.84%
\$ 580.00	\$ 75.50	156.21%
\$ 590.00	\$ 76.50	155.59%
\$ 600.00	\$ 77.50	155.00%
\$ 610.00	\$ 78.50	154.43%
\$ 620.00	\$ 79.50	153.87%
\$ 630.00	\$ 80.50	153.33%
\$ 640.00	\$ 81.50	152.81%
\$ 650.00	\$ 82.50	152.31%
\$ 660.00	\$ 83.50	151.80%
\$ 670.00	\$ 84.50	151.30%
\$ 680.00	\$ 85.50	150.90%
\$ 690.00	\$ 86.50	150.40%
\$ 700.00	\$ 87.50	150.00%
\$ 710.00	\$ 88.50	149.60%
\$ 720.00	\$ 89.50	149.20%
\$ 730.00	\$ 90.50	148.80%
\$ 740.00	\$ 91.50	148.40%
\$ 750.00	\$ 92.50	148.00%
\$ 760.00	\$ 93.50	147.60%

<u>Amount Financed</u>	<u>Finance Charge</u>	<u>APR %</u>
\$ 770.00	\$ 94.50	147.30%
\$ 780.00	\$ 95.50	146.90%
\$ 790.00	\$ 96.50	146.60%
\$ 800.00	\$ 97.50	146.20%
\$ 810.00	\$ 98.50	145.90%
\$ 820.00	\$ 99.50	145.60%
\$ 830.00	\$ 100.50	145.30%
\$ 840.00	\$ 101.50	145.00%
\$ 850.00	\$ 102.50	144.70%
\$ 860.00	\$ 103.50	144.40%
\$ 870.00	\$ 104.50	144.10%
\$ 880.00	\$ 105.50	143.90%
\$ 890.00	\$ 106.50	143.60%
\$ 900.00	\$ 107.50	143.30%
\$ 910.00	\$ 108.50	143.10%
\$ 920.00	\$ 109.50	142.90%
\$ 930.00	\$ 110.50	142.60%
\$ 940.00	\$ 111.50	142.30%
\$ 950.00	\$ 112.50	142.10%
\$ 960.00	\$ 113.50	141.90%
\$ 970.00	\$ 114.50	141.60%
\$ 980.00	\$ 115.50	141.40%
\$ 990.00	\$ 116.50	141.20%
\$ 1000.00	\$ 117.50	141.00%
\$ 1050.00	\$ 120.00	137.10%
\$ 1100.00	\$ 122.50	133.60%
\$ 1150.00	\$ 125.00	130.40%
\$ 1200.00	\$ 127.50	127.50%

<u>Amount Financed</u>	<u>Finance Charge</u>	<u>APR %</u>
\$ 1250.00	\$ 130.00	124.80%
\$ 1300.00	\$ 132.50	122.30%
\$ 1350.00	\$ 135.00	120.00%
\$ 1400.00	\$ 137.50	117.80%
\$ 1450.00	\$ 140.00	115.90%
\$ 1500.00	\$ 142.50	114.00%
\$ 1550.00	\$ 145.00	112.20%
\$ 1600.00	\$ 147.50	110.60%
\$ 1650.00	\$ 150.00	109.10%
\$ 1700.00	\$ 152.50	107.60%
\$ 1750.00	\$ 155.00	106.30%
\$ 1800.00	\$ 157.50	105.00%
\$ 1850.00	\$ 160.00	103.80%
\$ 1900.00	\$ 162.50	102.60%
\$ 1950.00	\$ 165.00	101.50%
\$ 2000.00	\$ 167.50	100.50%

To calculate the APR for a single payment 30 day loan, use the following formula:

$$\frac{\text{Finance charge} \times 1200}{\text{Amount Financed}} = \text{APR}$$

RECEIVED

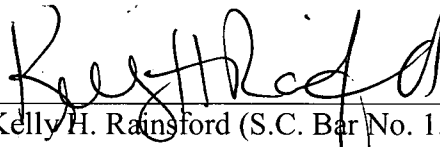
MAR 03 2017

SC Court of Appeals

Certificate of Counsel

The undersigned hereby certifies that the Record on Appeal contains all material proposed to be included by any of the parties and not any other material.

March 3, 2017



Kelly H. Rainsford (S.C. Bar No. 15907)
James C. Copeland (S.C. Bar No. 100054)
Christine E. Thompson (S.C. Bar No. 101001)
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Attorneys for Appellant