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SUMMER 2021

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OCTOBER 22-24, 2021

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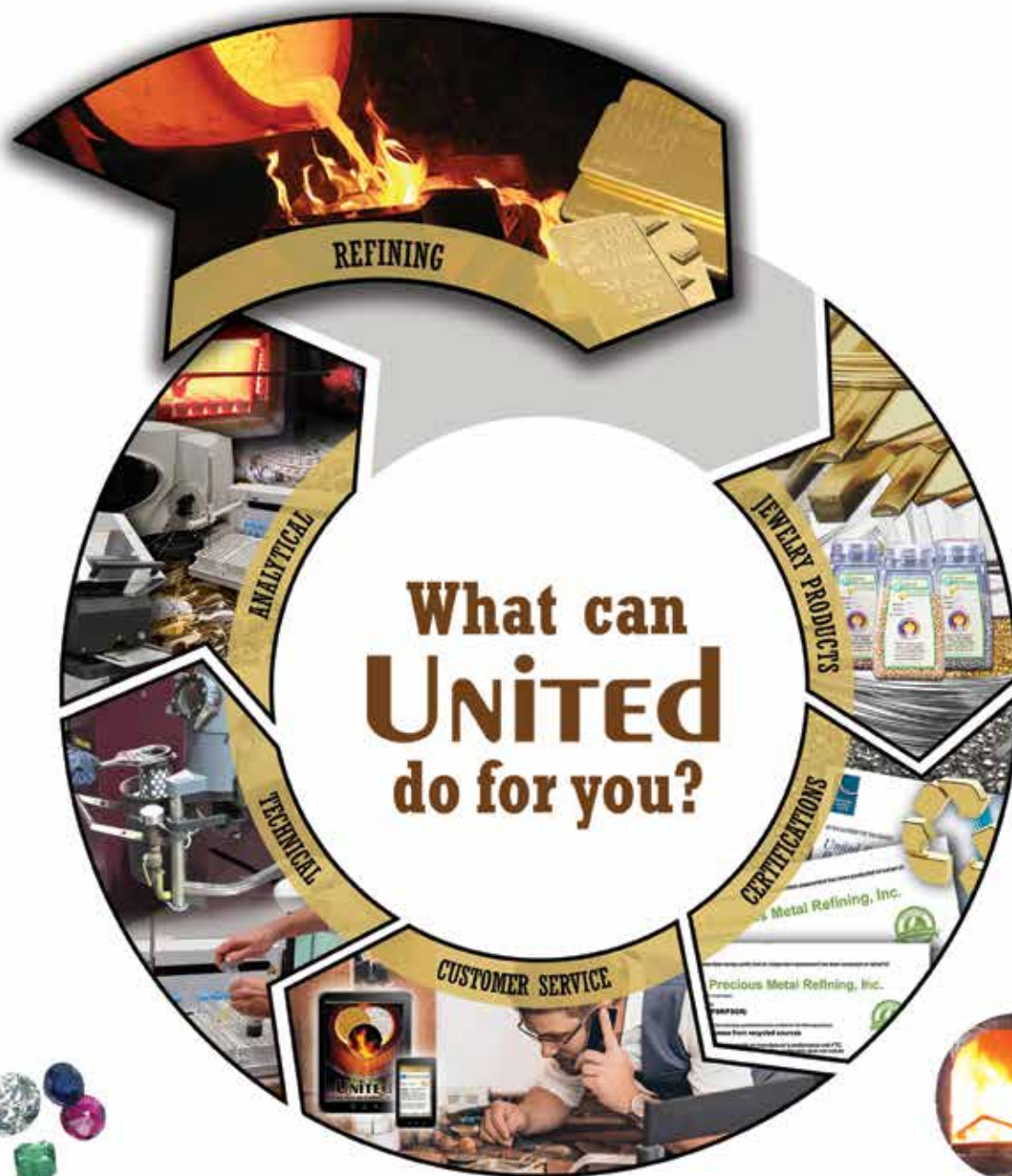
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## Light at the End of the Tunnel

**A**s I write this, July is slipping by and before we know it, it will be Fall. As you know, with Fall comes time for the CAPA Fall Convention. This year our convention is shaping up

to be the best one yet! The Omni Resort in Rancho Mirage is one of our most popular meeting sites. And it's no wonder why. With beautiful weather, a great golf course, pools and water slides for the family, a spa and world class restaurants both onsite and nearby, CAPA members can have a wonderful mini vacation.

And the educational opportunities and vendor contacts will be the best offered in the industry. The theme for 2021 is "Build Your Book While Watching Your Back". There will be seminars on marketing your business to reach today's customers, evaluating and loaning on luxury goods, building your internet presence and more. All this while learning how to comply with the ever-growing list of government agencies and regulations, both Federal and State, that over see the industry. You will have access to the experts that can help set up programs in your store to meet all the current compliance standards.

Our vendor hall will be sold out again this year, giving you access to the latest and best tools, software, consultants and diamond dealers the industry has to offer.

And the most important benefit of all, the opportunity to meet, talk and share ideas and strategies with your fellow CAPA pawnbrokers. Your CAPA Board of Directors will be there, and we will share all that we

have been working on this year, as well as our work plan for 2022 and beyond.

There is a lot going on at both the federal and state levels, and there are many threats, as well as opportunities for our industry. Learn firsthand from your CAPA team of experts and be a part of strengthening and protecting the Pawn Industry in California.

I look forward to seeing all of you in Rancho Mirage October 22 – 24.

Stay healthy and safe.

*Jan Schneider*  
CAPA President ■

### Zooming with the Governor



**Member Spotlight:** Premier Pawn & Jewelry has expanded into a beautiful 3,500sq ft building, with a large showroom floor. Our new showroom is our way of showing the community you can shop safely and beautifully with a pawn shop. We have over 70 linear ft of jewelry showcases, and 3 large cases of designer goods. We are looking forward to continuing to support our community and provide the best service in town.







Alberto Torrico



Cathleen Galgiani

## Capitol Report

*At the close of session on July 15, 2021, the Legislature began its 4-week summer recess. This gives all of us a welcome respite and an opportunity to review the major initiatives taken up so far this year in the Capitol.*

### CAPA Sponsored Legislation

AB 296, authored by Assembly Member Mike Gipson, continues to progress through the Legislature. Under current law, pawnbrokers are exempt from collecting Sales and Use Tax from customers who are purchasing their goods that were used as collateral. AB 296 seeks to extend this exemption for 5 years, thereby avoiding double taxation for your customers.

The measure has passed every committee without a single vote in opposition. In fact, AB 296 has been a “consent” bill in various committees and has been placed on the Senate consent file for its final floor vote. We anticipate that the bill will be voted on in the Senate upon their return from recess the week of August 16, and sent to the Governor’s desk for his signature shortly thereafter.

### Record Breaking State Budget

Last year when businesses and middle-class families were hard hit by the Covid-19 pandemic, and California was facing a \$53.4 billion dollar deficit, it was nearly impossible to imagine that a year later, a surge in the economy along with federal recovery funds would result in a \$76 billion dollar surplus. The Governor signed a record \$262.6 billion 2021-2022 budget, stating that California is “roaring back.”

The budget includes record-high reserves of \$25.2 billion to the State’s budget stabilization and reserve account, along with the largest-ever economic recovery package – the \$100 billion “California Comeback Plan.”

In February of this year, an emergency funding package of \$7.6 billion dollars was expedited to provide urgent relief to families and busi-

nesses hardest hit by the pandemic. This February relief package provided the first round of \$600 one-time checks to low-income families, as well as the first \$2.075 billion in relief to small businesses through the “Small Business COVID-19 Relief Grant Program.” The State also took action in April to conform state tax law with federal law, so that businesses that took out a federal “Paycheck Protection Program” (PPP) loan, would not be taxed on the loans by the State if the federal government forgave the loans.

The 2021-22 budget’ year “California Comeback Plan” includes an additional \$12 billion for an expansion of the Golden State Stimulus program which will provide \$600 stimulus payments to Californians making \$75,000 a year or less, and an additional \$500 to families with children. The “Comeback Plan” also includes a small business relief package of an additional \$1.5 billion, whereby eligible businesses struggling from the pandemic can receive grants between \$5,000 and \$25,000, in addition to license renewal fee waivers. The Budget also includes \$20 million in one-time funding for the State’s Small Business Loan Guarantee Program for businesses still struggling to recover from the COVID-19 Pandemic.

The budget includes a record-high commitment of \$93.7 billion to education funding along with \$2.7 billion to create a universal transitional kindergarten program for nearly 350,000 children each year.

Legislators approved an extension of the State’s eviction moratorium through September 30 of this year, along with financial assistance for both low-income renters and landlords. The budget directs \$5 billion in funding to the rental assistance program, to cover up to 100% of back rent as well as future rent payments for those who qualify.

Other major investments include funding to protect the state from the continuous threat of wildfires



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(\$2 billion), investments in water projects (\$5.1 billion), and expansion of broadband (\$6 billion).

Finally, the budget includes an additional \$300 million commitment for the Department of Public Health for additional responses to COVID-19 such as testing, vaccinations, and contact tracing, among other things.

### And Then There Were 46

The recall election has been set for September 14. At the close of filing, according to the Secretary of State, 46 candidates had qualified for the ballot – 21 Republicans, including 2018 gubernatorial nominee John Cox, former San Diego Mayor Kevin Faulconer, former Rep. Doug Ose, Assemblyman Kevin Kiley and Caitlin Jenner. No credible Democrat with the resources or name identification filed to replace Newsom.

Based on numbers alone, Governor Newsom appears in a strong position to defeat the recall. In addition to polls showing voters oppose the recall, Democrats have a 22-point advantage over Republicans in voter registration, and the anti-recall campaign has raised over \$28 million, more than all of the GOP candidates combined.

Stay tuned. ■



JAGi Lab attended the NPA convention in Fort Worth, Texas at the beginning of July. We had an incredible time catching up with old friends and meeting new ones! As we all know, the best part of working in the pawn industry is the people — the amazing pawnbrokers, industry partners, and vendors we are privileged to call colleagues and friends. After such a tough year, it felt truly special to gather, learn from, and share with one another again.

We're sure the upcoming CAPA event in October will be just as incredible. JAGi Lab will be there with bells on! Please feel free to stop by with questions, concerns, or just to say hi — we can't wait to see you!



# THE VALUE OF TRAINING AND SUPERVISION

## EMPLOYEES AS LIABILITIES

**M**any employers view their employees as liabilities. This perception is probably reinforced by the legal perspective of the employer-employee relationship. From a legal perspective, an employee is an individual of potentially unlimited liability exposure. Simply stated, an employer is liable for the torts of its employee committed in the course and scope of employment. There are two primary ways in which an employer is liable for the employee's harm – vicarious liability (or, indirect liability) and direct liability.

An employer is vicariously liable for the actions of an employee merely because the employee caused harm to a third person while working for the employer. Actions in which an employer may be liable include harassment, dis-

crimination, and retaliation of third parties and co-employees in the employment context. An employer can also be liable for intentional torts of an employee, such as assault, battery, false imprisonment, etc. An employer can also be liable for car accidents involving an employee if the employee was running an errand on behalf of the employer at the time of the accident.

An employer can also be directly liable for negligently hiring, retention, and/or training of an employee who commits a tort. (See *Juarez v. Boy Scouts of America, Inc.* (2000) 81 Cal.App.4th 377, 395.)

If an employer is merely vicariously liable, the damages are capped so as not to exceed the liability of the employ-



Photo by Marily Torres from Pixels



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ee. If, however, the employer is directly liable, then there is no vicarious liability cap. (See *Diaz v. Carcamo* (2011) 51 Cal.4th 1148, 1160.)

An untrained and poorly supervised employee only serves to exacerbate an employer's potential liability.

Aside from potential legal liability exposure, an untrained employee can cause substantial losses to ones business. For example, untrained employees are:

- Unproductive
- Inefficient
- Lose money due to mistakes
- Harmful to the customer base

Can anything be done?

Frequently, when employers are confronted with information about their potential liability for employees, employers do the bare minimum (i.e., watch a video and take a quiz) considering the process as a box to check for legal purposes only. This is a flawed perception. If done well, employer-employee training cannot only avoid costly litigation but also substantially enhance one's business and elevate your standing within your industry.

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"Train people well enough so they can leave, treat them well enough so they don't want to."

— Sir Richard Branson, founder of Virgin Airlines

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"A manager sets objectives, organizes, motivates, and communicates, sets yardsticks, and measures to develop people." Peter Drucker

The most successful businesses create their own specific business "culture" with clearly and succinctly articulated business "objectives". These objectives are written down in a well laid out employee manual which should be regularly reviewed and updated (laws frequently change; so do business objectives). These objectives act as a thread which binds the employer and employee to the specific enterprise. An employer can copy-paste another business', but that is rarely advisable. What works for Amazon does not work for a pawnbroker. Once these objectives are formulated, an employer should consider implementing the following:

- Management training
- Sales Training
- New Employee training
- Mentoring programs
- Periodic reviews with employer-employee feedback and growth objectives

Conclusion

The employer-employee relationship is tough. Often expensive. But if successful, it can be very profitable. If you need help reviewing your business' employment situation, give us a call. ■



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The 65th Annual CAPA Convention and Exhibition offers timely topics that speak to your business, addressing issues that directly affect you and your employees. Make plans NOW to join us in Rancho Mirage!

## **GENERAL PROGRAM OF EVENTS**

\*Program is Subject to Change

### **FRIDAY, OCTOBER 22, 2021**

**8:00 am - 4:00 pm:** CAPA Golf Tournament

**2:00 pm - 6:00 pm:** Convention Registration

**6:00 pm - 8:00 pm:** Welcome Reception with Special Legislative Guests

Included In Your Registration. Guest Tickets May Be Purchased for \$100 Each.

### **SATURDAY, OCTOBER 23, 2021**

**7:00 am - 5:00 pm:** Registration

**7:30 am - 8:30 am:** Early Risers Education

**8:30 am - 10:30 am:** Opening General Session Breakfast

**10:30 am - 1:30 pm:** Dedicated Exhibit Hours - Lunch Will Be Provided

**1:30 pm - 2:45 pm:** General Session

**2:45 pm - 3:45 pm:** Concurrent Sessions

**3:45 pm - 4:00 pm:** Networking Break

**4:00 pm - 5:00 pm:** Concurrent Sessions

**5:00 pm - 6:30 pm:** Exhibit Hall Reception

**7:00 pm - 10:00 pm:** Dinner and Entertainment

### **SUNDAY, OCTOBER 24, 2021**

**7:30 am - 12:00 pm:** Registration

**8:00 am - 9:00 am:** Early Risers Education

**9:00 am - 10:30 am:** Annual Pawnbroker Membership Meeting & Buffet Brunch

**10:30 am - 2:00 pm:** Dedicated Exhibit Hours - Lunch Will Be Provided

**2:00 pm - 3:00 pm:** Concurrent Sessions

**3:00 pm - 3:15 pm:** Networking Break

**3:15 pm - 4:15 pm:** Concurrent Sessions



## **HOTEL RESERVATIONS**

The host hotel for convention attendees is The Omni Rancho Las Palmas Resort & Spa. CAPA's special group rate is \$199 plus tax per night. To make your reservations, please click on this [link here](#). Be sure to make your reservations prior to September 29, 2021. Please note the hotel is subject to sell out prior to that date, so don't wait!

## **OMNI RANCHO LAS PALMAS RESORT & SPA**

Enjoy a relaxing oasis with a backdrop of mountains and palm trees at Omni Rancho Las Palmas Resort & Spa in Rancho Mirage, California. Just a few miles from Palm Springs, our resort offers an ideal escape in the Coachella Valley. Revel in timeless comforts, classic conveniences and modern technologies that have made our luxury resort a desired destination for a sun-drenched getaway.

## **TRANSPORTATION DETAILS**

The luxury Omni Rancho Las Palmas Resort offers easy access to Palm Springs International Airport and is approximately 10 miles away. Ontario Airport is about 75 miles away.

## **COVID AND SAFETY MEASURES**

CAPA is working with the team at the Omni Rancho Las Palmas to ensure that all attendees can meet in the safest possible environment. We are closely monitoring CDC Guidelines. You can find the Omni safety information on their website. CAPA will have a full list of guidelines closer to the meeting.



## ANNUAL CONVENTION ATTENDEE REGISTRATION FORM

### Contact Information

Member Store/Company Name: \_\_\_\_\_ Contact Person: \_\_\_\_\_  
 Street Address: \_\_\_\_\_ City, State: \_\_\_\_\_ Zip: \_\_\_\_\_  
 Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

### Registration Information

Note: You must select one member OR non-member registration in order to take advantage of the employee/guest option.

#### Full Convention Registration – BEST VALUE!

(Includes all core conference events – Welcome Reception, Breakfasts, Lunches and Saturday Banquet.)

☐ Member \$495 .....\$ \_\_\_\_\_  
☐ Nonmember \$645 .....\$ \_\_\_\_\_  
☐ Employee/Guest \$465 ea ..... x # ppl \_\_\_\_\_ = .....\$ \_\_\_\_\_

#### Can't attend the entire convention? We have options!

##### Saturday, October 23, 2021 ONLY

(Includes breakfast and lunch; annual dinner tickets may be purchased below if needed)

☐ Member \$250 .....\$ \_\_\_\_\_  
☐ Nonmember \$285 .....\$ \_\_\_\_\_  
☐ Employee/Guest \$230 ea ..... x # ppl \_\_\_\_\_ = .....\$ \_\_\_\_\_

##### Sunday, October 24, 2021 ONLY

(Includes Breakfast and lunch)

☐ Member \$250 .....\$ \_\_\_\_\_  
☐ Nonmember \$285 .....\$ \_\_\_\_\_  
☐ Employee/Guest \$230 ea ..... x # ppl \_\_\_\_\_ = .....\$ \_\_\_\_\_

#### Individual / Guest Meal Tickets

(Remember, if you registered for the full convention, these meals are already included for YOU. Meals not listed below are held in the exhibit hall and require badge access. If you are registered for one day only you must purchase Friday reception and Saturday dinner tickets separately.)

☐ Welcome Reception ..... \$100 ea x # ppl \_\_\_\_\_ = \$ \_\_\_\_\_  
☐ Annual Dinner ..... \$100 ea x # ppl \_\_\_\_\_ = \$ \_\_\_\_\_  
☐ Sunday Brunch ..... \$70 ea x # ppl \_\_\_\_\_ = \$ \_\_\_\_\_

**Badges:** PRINT the names of everyone you want for the convention.

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Dietary Restrictions Details: \_\_\_\_\_

#### CONSENT

I understand that by participating in this CAPA event I consent to sharing my profile data and contact information with CAPA event partners. These partners may include exhibitors of companies that are supporting our event. If you do not want to consent to sharing your information, please check/click opt-out.

☐ I understand  
☐ OPT-OUT

#### GOLF TOURNAMENT

Golf will be on Friday, October 22, 2021 from 8 am - 4 pm. While we are still gathering information, please indicate if you are interested in booking a foursome for the tournament. **\*Additional information to come.**

☐ Yes, I would be interested in booking a foursome for Golf.

### Totals & Payment

Convention Registration: .....\$ \_\_\_\_\_

Individual/Guest Meal Tickets Total: .....\$ \_\_\_\_\_

TOTAL ENCLOSED: .....\$ \_\_\_\_\_

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Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**Payment is due in full at the time of registration.**

**Cancellations:** Refunds requested on or before September 20, 2021 should be submitted in writing to CAPA and are subject to a \$75 processing fee per individual registration. No refunds will be given for cancellations made on September 21, 2021 or after.

**Complete and mail, email or fax with payment to:**

**California Pawnbrokers Association**  
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**One Capitol Mall, Suite 800**  
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— Jan Schneider, CAPA President

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# BITCOIN

## WHAT IS IT EXACTLY?

A California Pawnbroker may buy, sell, and enter into pawn on any “tangible personal property”. (See Cal. Bus. & Prof. Code § 21626.) The term “tangible personal property” is defined by California Business & Professions Code § 21627 as “all secondhand tangible personal property that bears a serial number or personalized initials or inscription or that, at the time it is acquired by the secondhand dealer, bears evidence of having had a serial number or personalized initials or inscription.” (Cal. Bus. & Prof. Code § 21627.)

What is bitcoin? Good question. Bitcoin is a digital currency without a central bank or single administrator, that can be sent from user to user on the peer-to-peer bitcoin network without the need for intermediaries. Transactions are verified by network nodes through cryptography and recorded in a public distributed ledger called a blockchain.

A bitcoin blockchain is a public ledger that records bitcoin transactions. Each block contains a hash of the previous block up to the genesis block of the chain. In the blockchain, bitcoins are registered to bitcoin addresses. Creating a bitcoin address requires creating a random valid private key and computing the corresponding bit-

coin address.

A bitcoin has two keys – a private key and a public key. The private key is how the owner access the bitcoin funds. The public key is what is provided to send or receive bitcoin. The transaction cannot be completed unless the private key is also provided. Due to the number of possibilities, apparently figuring out the key code is nearly impossible.

Due to the meteoric rise in popularity and demand for bitcoin, complementary platforms called “wallets” were created to ease the holding, investing, and convertibility of bitcoin (i.e., using bitcoin to purchase, invest, lend against). While this is a platform to ease the conversion or magnify the use of bitcoin, it does not separate the bitcoin from the blockchain. Instead, it creates a master-key for the bitcoin.

The wallet can be downloaded to a computer hard drive, be online, or a physical (paper) wallet, or a hardware wallet. The hardware wallets look like a thumb drive.

### **Tangible or intangible?**

Bitcoin is an intangible asset. Every business that accepts bitcoin as a form of payment must classify for ac-



counting purposes. Given the nature of bitcoin (and cryptocurrencies in general), accountants for major corporations across the U.S. have classified bitcoin, and its equivalents, as an “intangible asset with indefinite life.”<sup>1</sup>

This makes sense even from a California Pawnbroker’s perspective. While it is true the bitcoin has something akin to a “serial number” and sometimes even a hardware or paper wallet, those are more like passcodes to access something that has no physical presence.

### Does California Restrict Pawn Transactions

### to Tangible Personal Property Only?

Unclear. A person or entity may own both tangible real and personal property as well as intangible property. The California Business & Profession Code § 21625, et seq. discusses regulations pertaining to “tangible personal property” which were impliedly mean pawnbrokers are limited to only tangible personal property.

On the other hand, the idea that the California legislature only intended pawnbrokers to “pawn” on “tangible personal property” is weakened by the fact that certain “tangible” items are

excluded from “tangible personal property” (e.g., “coins, monetized bullion, or commercial grade ingots, etc. see Cal. Bus. & Prof. Code § 21627(d).) Since coins, for example, are not “tangible personal property” under the code, what are they? Intangible? Likely not, just outside of the B&P framework.

Further complicating this issue is when we examine the California Financial Code § 21000 which defines a pawnbroker as “[e]very person engaged in the business of receiving goods...” (See also Cal. Fin. Code §21002.) This code sections takes a broader scope interpretation of “goods” not limited to “tangible.”

In short, it is a complicated issue. Some states allow pawnbrokers to pawn on cryptocurrency. California does not expressly address this issue. The safest course would be to assume it is not allowed unless expressly allowed.

### Even if you could, should you?

Assuming for a moment you are a pawnbroker that lives in a state (not California) which has clearly authorized you to pawn on bitcoin as if it were any other piece of personal property, the question is – should you? Obviously, under this hypothetical, this is squarely a business judgment issue. But here are some matters to ask yourself:

- How do you validate whether this is a legitimate transaction or a scam?
- How do you take possession of the bitcoin?
- How do you value the transaction? More than any other “thing” traded in the stock market, bitcoin has some wild up and down swings in value.
- How will this be regulated? ■

1. See e.g., <https://www.forbes.com/sites/shehanchandrakera/2020/05/21/how-are-cryptocurrencies-classified-in-gaap-financials/?sh=72a2ae2365b2>; <https://www.bdo.com/insights/assurance/financial-reporting/cryptocurrency-the-top-things-you-need-to-know>; <https://deloitte.wsj.com/riskandcompliance/2021/03/18/bitcoin-holdings-why-tax-and-accounting-matter/>

**PAWN ELITE INSURANCE PROGRAM**

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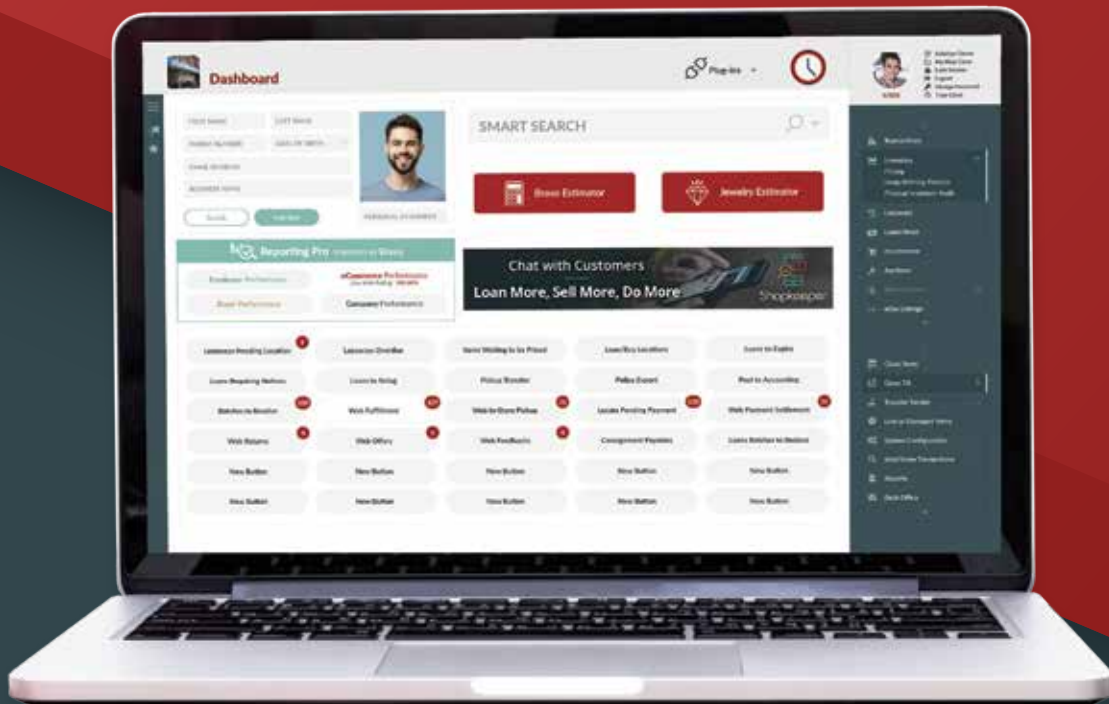
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