

**MINISTRY OF COMMERCE AND INDUSTRIES
EXECUTIVE DECREE No. 65
(dated September 12, 2006)**

"Whereby some provisions of Law 16 of May 23, 3005 on pawn shops are regulated"

THE PRESIDENT OF THE REPUBLIC
using his constitutional and legal authority, and

WHEREAS:

Law 16 of May 23, 2005 regulates the establishment and the operations by natural or juridical persons that lend money through a pledged security in an expedite manner, denominated pawn shops.

Article 59 of Law 16 of 2005 provides that the Executive Branch, by way of the Ministry of Commerce and Industries, will regulate the provisions of the mentioned Law.

Article 184, numeral 14 of the Political Constitution stipulates that the President of the Republic, with the respective Minister's participation, will regulate the laws that so require it for their better observance, without in any case deviating from its text or its spirit.

DECREES:

Article 1. The establishment and the operations by natural or juridical persons that lend money through a pledged security in an expedite manner, denominated pawn shops, will be ruled by the provisions of Law 16 of May 23, 2005 and of this executive decree.

Article 2. The foreign natural persons or the juridical persons integrated by foreigners who at the time the Law goes in force are operating a pawn shop, may continue to do so by adjusting to its provisions, in which case they must request the authorization that article 3 of the law talks about.

For the purposes of said authorization, the persons mentioned in this article must attach to their application, in addition to the documents demanded by articles 5 and 7 of the law, the following:

1. Copy of the commercial license;
2. Copy of the personal identity cedula or the passport of the license holder in case it is a natural person, or copy of the personal identity cedula or passport of the directors, executive officers, legal proxy, general proxy (if any) and stockholders.

Article 3. For each transaction exceeding B/.300.00 (three hundred Balboas), the pawn shops must ask the customer for a copy of the personal identity document.

When the customer performs two (2) or more transactions for the aforementioned amount, the pawn shops can use the copy of the personal identity document acquired during the first transaction and they will keep a file of these transactions.

Article 4. The pawn shops can store the copy of the personal identity document using technological media, as long as they allow the customers to be identified clearly.

Article 5. The pawn shops will have a period of three (3) months, counted from the moment this Executive Decree goes in effect, to adjust to this regulation.

Article 6. When the pledged security consists of one or more jewels, it will be understood that the maximum lendable amount, of which Numeral 9 of Article 23 of the Law talks, is what the parties agree to in the contract, with abstraction of the value it can have, according to the international market's fluctuations at the moment of holding said contract.

Article 7. When the pawn shops sell off a pledged security according to what article 29 of the Law provides, and there is a balance in the customer's favor, the former must give a refund as soon as it is requested.

The customers whose pledged security has been sold off have up to a year, counted from the moment the good is sold off, to demand from the pawn shops the refund of any balance that may exist in their favor.

Article 8. The pawn shops will remit to the Financial Companies General Directorate of the Ministry of Commerce and Industries the reports of the cash and quasi-cash transactions held within the first five (5) days of the month after they occurred.

Article 9. The infringements to this regulation will be sanctioned pursuant to what articles 51 and 52 of Law 16, 2005 provide.

Article 10. This Executive Decree will be in force starting from its enactment in the Official Gazette.

Given in the City of Panama on the twelfth (12th) day of the month of September of two thousand six (2006).

TO BE RELEASED AND FULFILLED.

MARTIN TORRIJOS ESPINO
President of the Republic

H.E. Carmen Gisela Vergara
Ministry of Commerce and Industries, ad interim