Office of the Attorney General

Benefit-Cost Analysis for the Rules and Regulations for Licensing of Precious Metals Dealers
110-RICR-20-00-01

I. Background on Licensing of Precious Metals Dealers

The Office of the Attorney General ("Office") proposes amendments to the Rules and Regulations for the Precious Metals Regulatory Enforcement Unit, 110-RICR-20-00-1. The proposed amendments are intended to update and modernize the existing regulation, improve clarity and consistency with current law, eliminate obsolete forms and appendices, and provide clearer requirements concerning dealer certification and transaction receipts.

The proposed rulemaking is authorized by R.I. Gen. Laws § 6-11.1, which authorizes the Attorney General to promulgate regulations as necessary to administer the licensing program for precious metals dealers. The Office will administer the amendments within the existing statutory framework governing the purchase and sale of precious metals.

II. Description of the Policy Established by the Rule

Specifically, the proposed amendments update agency names, addresses, and references to accurately identify the Office of the Attorney General and the Bureau of Criminal Identification and Investigation; remove outdated or unnecessary forms and appendices; establish a dealer certification process; specify the information required to appear on receipts issued by dealers to sellers of precious metals; and make related technical and administrative revisions to modernize the regulation and ensure consistency with state law.

The proposed amendments are intended primarily to improve administration of the precious metals regulatory framework, promote compliance with existing requirements, and enhance transparency and consumer protection in transactions involving precious metals. These amendments do not expand the scope of the statutory authority but update the existing regulatory requirements to provide clearer guidance to dealers and sellers.

III. Assessment of the Proposed Rule's Benefits and Costs to the State of Rhode Island

a. Benefits to the State of Rhode Island

Consumer Protection - The proposed amendments are intended to strengthen consumer protection by providing clearer requirements governing precious-metals transactions. More detailed receipt requirements will provide sellers with clearer documentation of transactions and a better record of transaction terms. These requirements will benefit consumers by promoting transparency, ensuring consumers have a clear record of the items sold and the terms of the transaction, and helping to prevent misunderstandings or disputes between consumers and sellers.

Regulatory Clarity - The proposed amendments provide dealers with clearer guidance concerning their compliance obligations. Establishing a formal dealer-certification process will further clarify regulatory expectations and support consistent compliance with applicable state law.

Improved Administration and Enforcement - Updating agency names, addresses, and organizational references will reduce confusion regarding the appropriate state offices and personnel responsible for administration of the program. Removing obsolete forms and appendices will reduce the possibility that regulated parties rely on outdated materials and minimize unnecessary administrative burdens on regulated entities.

Improved Transaction Documentation - Clarifying receipt requirements will improve the quality and consistency of records associated with precious-metals transactions. Better transaction documentation can assist consumers, dealers, and law enforcement when questions or disputes concerning transactions arise.

Continued Alignment with Existing Law - The proposed amendments will update the regulation to more accurately reflect the current statutory and administrative framework governing the purchase and sale of precious metals, under R.I. Gen. Laws Chapter 6-11.1, supporting consistent administration and enforcement of applicable requirements.

b. Costs to the State of Rhode Island

The Office anticipates that the direct costs imposed upon regulated dealers by the proposed amendments will be minimal because the amendments primarily clarify and modernize requirements within the existing regulatory framework. The proposed amendments do not create a new category of license or establish a new licensing fee. Potential costs are primarily administrative and may be associated with reviewing the amended requirements, completing or maintaining dealer certification, updating transaction receipt practices and internal forms or procedures where necessary, and familiarizing employees or agents with the amended requirements.

The Office has considered the potential impact of the proposed amendments on small businesses. The amendments have been specifically designed to minimize unnecessary burdens by retaining the existing regulatory structure and focusing on clarification, modernization, and certification. Any costs imposed on small businesses primarily consist of limited time necessary to review the amended requirements, complete or maintain certification, and update receipts or related business practices. The Office does not anticipate significant capital expenditures or substantial changes to the way licensed dealers conduct their business.

c. Alternative Approaches

R.I. Gen. Laws § 42-35-2.9(b)(2) requires the agency to demonstrate that there is no alternative approach among those considered that would be as effective and less burdensome to affected private persons. In evaluating the proposed amendments, the Office considered maintaining the existing regulations without amendment, issuing non-regulatory guidance, undertaking a comprehensive rewrite, and adopting the targeted amendments proposed herein.

Maintaining the existing regulations would impose no additional administrative requirements, but it would not accomplish the objectives of removing obsolete provisions, establishing a clear dealer certification process, and improving transaction documentation. Non-regulatory guidance could address certain informational issues with less burden but would not provide the same regulatory clarity for requirements appropriately established through regulation and could therefore create additional confusion regarding regulatory requirements. A comprehensive rewrite could impose greater burdens without providing corresponding benefits given the limited scope of the issues addressed.

The Office concludes that the proposed targeted amendments represent the least burdensome regulatory approach reasonably expected to accomplish the identified objectives.

d. Duplication of Regulation

The Office considered whether the proposed amendments overlap or duplicate other state regulations. The proposed amendments concern administration of the existing statutory framework governing the purchase and sale of precious metals under R.I. Gen. Laws § 6-11.1 and are intended to update and clarify that framework rather than establish a separate or duplicative regulatory program.

Based on the materials reviewed for this rulemaking, the Office is not aware of another state regulation that duplicates the proposed dealer-certification and transaction-receipt provisions in a manner that would render the proposed requirements unnecessary. The proposed regulation therefore does not create an unnecessary overlapping or duplicative regulatory scheme.

IV. Conclusion: Benefits of the Proposed Rule Justify the Costs

After considering the reasonable regulatory alternatives available, the Office concludes that the proposed amendments to 110-RICR-20-00-1 provide an appropriate balance between consumer protection and regulatory burden. The amendments address obsolete and outdated provisions, establish clearer compliance expectations, improve transaction documentation requirements, and modernize administration of the precious-metals regulatory program.

The Office further concludes that the anticipated benefits justify the limited costs associated with implementation and that no alternative considered would achieve the identified regulatory objectives with materially less burden on affected private persons. The proposed amendments therefore represent a reasonable, effective, and least burdensome approach to carrying out the purposes of R.I. Gen. Laws § 6-11.1.