

RULES AND REGULATIONS
FOR PRECIOUS METALS DEALERS

Part I - Authority and Purpose

1.1 Authority

As provided in Chapter 11.1 of title 6 of the General Laws of Rhode Island, The General Treasurer is empowered to promulgate regulations to administer the licensing program for precious metals dealers.

1.2 Purpose

The purpose of these rules and regulations is to promote consumer protection for the citizens of Rhode Island by regulating trade in precious metals. Dealers will be required to follow prescribed procedures for identification of sellers and goods sold. Local police departments will be provided with improved opportunities to recover stolen property.

PART II - Severability

- 2.1 If any person of these rules and regulations are held invalid, such invalidity shall not affect other provisions or application of these rules and regulations which can be given effect without the invalid provision of application and to that end the provisions of these rules and regulations are available.

PART III - Definitions

- 3.1 **"advertise"** means the issuance of any card, sign, or device to any person; the causing, permitting, or allowing of any sign or marking on or in any building or structure, or in any newspaper, periodical, or in any directory under a listing of precious metals buyers or sellers or related business, or broadcasting by radio or television with or without any limiting qualifications.
- 3.2 **"authority"** means the authority of the General Treasurer as authorized by chapter 11.1 of title 6 of the General Laws of Rhode Island.
- 3.21 **"business"** means the trade in precious metals and stones conducted in a place of business specifically owned or rented for this purpose, except that rented hotel or motel rooms shall not be construed as permanent places of business.
- 3.3 **"complaint"** means receipt of standard complaint form by an authorized representative of the General Treasurer.
- 3.4 **"criminal record clearance"** means review of applicant's name by the Bureau of Criminal Identification of the Office of the Attorney General.

- 3.5 **"description"** means precise statements of weight, metal content, gem size and quality, design or configuration, trademarks or other identifying information useful to law enforcement agencies in recovering stolen property.
- 3.6 **"disqualifying criminal record"** means a record of criminal convictions on charges of receiving stolen property or related convictions.
- 3.7 **"posted price"** means the price offered by dealers at that point in time for purchase of precious metals.
- 3.8 **"weighing"** means weighing by scales approved by municipal officials responsible for certification of scales.
- 3.9 **"numismatic value"** means value based on published prices in recognized guides to value to collectors of coins or other articles related to rarity or aesthetic merit, not on value of metal content.
- 3.91 **"precious metal"** means gold, silver, or platinum metals group: platinum, iridium, palladium, rhodium, and osmium.
- 3.92 **"precious stone"** means any gem or stone cut and polished for use in jewelry, which fulfills trade standards for value based on beauty, durability, and rarity.

PART IV - Powers and Duties of the Treasury Department

- 4.1 The Treasury Department shall make, amend, or repeal such rules and regulations which are necessary to carry out the provisions of the statute for licensing of precious metals dealers.
- 4.2 The Treasury Department shall cooperate with other agencies of state government to provide consumer protection under the statute.
- 4.3 The Treasury Department shall investigate all complaints by citizens pertaining to sales of precious metals.

PART V - Principal Offices

- 5.1 Each licensee shall maintain and operate his business from a principal office located in a permanent building or structure, accessible to the public during posted business hours. Licensees must be Rhode Island residents.

PART VI - Branch Offices

- 6.1 All branch offices must be operated under the same name as that of the principal office, unless they are separately licensed.

- 6.2 The locations of all branch offices must be indicated on the license application, at the time of license application.
- 6.3 New branch offices may be opened by the licensee only with the written approval of the Treasury Department.
- 6.4 Each office must have a copy of the license issued to the licensee prominently posted in a conspicuous place.

PART VII - Change of Company Name, Address or Ownership

- 7.1 Licensees changing the name under which they advertise or otherwise do business must reapply for licensing.
- 7.2 Licensees changing the location of the principal offices or approved branch offices, but continuing to operate under the same company name, need not reapply for licensing, but must notify the Treasury Department thirty (30) days in advance of commencement of business in the new location.
- 7.3 Licensees selling businesses, whether real estate, structures, equipment, or stock, cannot transfer licensed authority to deal in precious metals. Treasury licenses for precious metals dealers are not transferable or assignable.

PART VIII - Refund of Application Fee or License Fee

- 8.1 The applicant will pay both the application fee and annual license fee at the time of application.
- 8.2 In the event of disapproval of a license application, the Treasury will refund the annual license fee, but retain the application fee for cost of investigation of license applicants.
- 8.3 Applicants withdrawing licensing applications before final approval or disapproval may request refunds of annual license fees. Application fees are non-refundable.

PART IX - Exemptions from Licensing

- 9.1 Dealers in coins purchased for numismatic value, rather than metal content, are exempt from licensing. Prices paid for such precious metal coins must be based on book value of numismatic worth. Purchase of coins for metal content is a violation of the statute and such buyers are subject to prosecution as unlicensed precious metals dealers.
- 9.2 Jewelry manufacturers purchasing precious metals directly from trade suppliers are exempt from licensing. Jewelry manufactures buying any precious metals from the general public are subject to licensing.

- 9.3 Application for exemptions will be made directly to the Office of the General Treasurer, 102 State House, Providence, Rhode Island.

PART X - Investigation of License Applicants

- 10.1 Applicant names submitted on license applications will be referred to the Bureau of Criminal Identification, Office of the Attorney General, for review. The BCI will notify the Treasury Department of criminal records of the applicants.
- 10.2 Applicants with criminal records will be immediately notified of disqualifying criminal records. Approved applicants will be notified of criminal record clearance.
- 10.3 Corporate names will be reviewed by the Corporations Secretary, Office of the Secretary of State, for review of names of officers, directors, and major shareholders.

PART XI - Dealer Procedures

- 11.1 Licensees must post prices in conspicuous places. Posted prices must be the basis for purchases of precious metals.
- 11.2 Licensees must weigh goods offered for sale in view of seller. Weighing to establish weight of metals offered for sale must be used in conjunction with posted prices to establish price offered by dealer.
- 11.3 Licensees must require sellers to complete authorized Treasury form "Report of Purchase and Identification of Seller" or similar form approved by Treasury. In identification of seller, dealers must seek positive form of identification with photograph, date of birth, and current address. Purchases from minors follow procedure covered in Regulation 11.91.
- 11.4 Dealers must clearly describe, or assist sellers in describing, goods offered for sale on all approved Treasury forms requiring description of goods. Failure to describe goods accurately will be characterized as a license violation and cause for revoking of license.
- 11.5 Reports to local police departments may be made as frequently as dealers find to be convenient in the conduct of their business, but must be done at least on a weekly basis. "Report book" record-keeping by dealers is required so that a permanent record of all transactions may be reviewed by local police, Treasury officials, or other authorized agencies. The "report book" may consist of copies of weekly reports filed with local police.

- 11.6 Dealers must retain possession of precious metals for seven (7) days after notification of local police of a particular purchase. The seven-day period begins at the date of the postmark of the mailed report, or in the case of hand-delivered reports, the date of the receipt provided to dealers certifying the delivery of such report. The seven-day period ends on the opening of business on the seventh calendar day after the date of filing of the report.
- 11.7 Dealers must retain goods for the seven-day period in unaltered condition. Goods with identifying trademarks, monograms, or other identifying configurations must be retained in exactly the condition that existed upon receipt by the dealer.
- 11.8 Dealers may make agreements to purchase goods from sellers and complete reports to local police based on intent to purchase. Dealers must retain in their possession, providing sellers with detailed receipts. At the expiration of the seven-day period following filing of a report to local police of dealer intent to buy specific precious metals, the dealer may complete the sales transaction with the seller, based on posted price at that point in time.
- 11.9 All dealers wishing to advertise must include, as part of the advertisement, an indication of the dealer's precious metals dealers' license number.
- 11.91 Any purchase from a minor requires the following procedure: the minor must be accompanied by a parent or legal guardian who must present proper identification and co-sign the "Report of Purchase and Identification of Seller" form.

PART XII - Monitoring of Dealer Compliance and Enforcement

- 12.1 Treasury representatives will review dealer compliance with regulations by random review during field visits to dealers' offices.
- 12.2 Non-compliance with regulations will be referred to the Office of the Attorney General for prosecution according to statute. Cease and desist orders will be requested to suspend dealer operations not in compliance with regulations.
- 12.3 Evidence of stolen property held by licensed dealers will be recovered by local law enforcement agencies if related to complaints to local police, or by State Police if related to complaints to the Treasury Department of violations of licensing regulations.

PART XIII - Appeals

- 13.1 Appeals procedures will conform to the Administrative Procedures Act, Chapter 35 of Title 42 of the General Laws of Rhode Island.