

# HOUSE RESEARCH

## Bill Summary

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**Authors:** Hilstrom and others

**Subject:** Regulation of bullion coin dealers

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### Overview

This bill would provide for regulation of “bullion coin dealers” and “coin dealer representatives” by the Minnesota commissioner of commerce. “Bullion coins” are coins that contain more than one percent by weight of a precious metal such as gold; they are sold as an investment.

#### Section

- 1**      **Definitions.** Defines the terms “bullion coins,” “bullion coin dealers,” “coin dealer representatives,” “commissioner,” “melt value,” and “person.” “Coin dealer representatives” are individuals who represent bullion coin dealers in transactions with consumers.
- 2**      **Registration.** Requires that bullion coin dealers and coin dealer representatives be registered annually with the Minnesota commissioner of commerce before doing business in this state. Permits the commissioner to determine the requirements of the application form for registration and excludes that from the rulemaking process. Provides for registration fees for bullion coin dealers and coin dealer representatives in amounts left blank in the bill.
- 3**      **Disqualification.** Requires rejection of an application for registration from a bullion coin dealer or coin dealer representative, if the applicant has, within the past 15 years, been convicted of a felony or of any crime involving fraud, deceit, theft, or financial crime; or been unable to “truthfully certify” that they have had no court judgments against them or that they have not entered into a settlement agreement with a government entity regarding an allegation of violations of consumer protection or unfair trade practices.

## Section

### 4 **Screening process.**

**Subd. 1. Required.** Requires a bullion coin dealer to screen each of its owners, officers, and coin dealer representatives before submitting an application for initial registration and at each renewal. Requires that the results of the screenings be provided to the commissioner at initial registration and each renewal.

**Subd. 2. Initial screening.** Describes the required screening for initial registration. Requires that it include a national criminal history record search, court judgment search, and county criminal history search for all counties in which the applicant has lived within the preceding five years. Requires that the bullion coin dealer use a professional vendor that specializes in conducting background screenings.

**Subd. 3. Renewal screening.** Specifies a similar process for background screening in connection with renewal registration applications.

5 **Bond requirement.** Requires that a bullion coin dealer maintain a surety bond in an amount equal at least to the total purchase and sale transactions in the preceding 12 months. Provides that aggrieved consumers and the commissioner of commerce or attorney general may file a claim with the surety on the bond and may sue the surety if the claim is denied.

6 **Disclosure.** Requires bullion coin dealers to disclose to the purchaser in a clear and conspicuous manner, prior to the sale, the sale price and the melt value of the bullion coin.

7 **Prohibited conduct.** Lists nine things that bullion coin dealers and coin dealer representatives are prohibited from doing.

8 **Enforcement.** Provides the commissioner of commerce with authority to enforce this act using the commissioner's standard civil enforcement authority under Minnesota Statutes, section 45.027.

9 **Criminal penalty.** Provides that it is a criminal misdemeanor for a bullion coin dealer or coin dealer representative to:

(1) fail to register and maintain registration with the commissioner under this act;

(2) fail to deliver purchased bullion coins to the seller at the agreed-upon time; or

(3) fail to pay the seller for bullion coins sold and delivered to a dealer or representative.

10 **Other action.** Says that nothing in this chapter (80G) rules out a lawsuit for securities fraud under chapter 80A.