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**STATE OF OKLAHOMA
DEPARTMENT OF CONSUMER CREDIT**

April 1, 2014

**Re: Official declaratory ruling
Precious Metal and Gem Dealer Licensing Act, 59 O.S. §§ 1521-1534
Licensing of jewelers as dealers**

The question has arisen as to whether or not a jeweler is required to be licensed as a dealer under the Precious Metal and Gem Dealer Licensing Act (The Act), 59 O.S. §§ 1521-1534. Any person operating as a dealer, as defined by the Act, is required to obtain a license from the Administrator. 59 O.S. § 1523. Any entity or individual offering to engage or engaged as a precious metal and gem dealer without a license is subject to an administrative fine in an amount not to exceed Five Thousand Dollars (\$5,000.00). 59 O.S. § 1528(F).

A dealer is defined by the Act as:

Any person, partnership, sole proprietorship, corporation or association which, in the regular course of business, takes, receives, pays for or transfers used precious metals or gems *excluding (emphasis added)* any supervised financial institution as defined by the Consumer Credit Code, pawnbrokers licensed pursuant to the Oklahoma Pawnshop Act, 59 O.S. §§ 1501- 1515, and *jewelers whose principal business is the sale of items purchased directly from the original manufacturer, wholesaler or their authorized representative and who in the regular course of such business, accept trade-in of items defined in this act as precious metals or gems, so long as the item or items to be traded are not greater in value than the item or items to be purchased (emphasis added)*. For purposes of this exception, retail jewelers may not buy used precious metals or gems for cash consideration only.

59 O.S. § 1522(2).

Precious metal means "platinum, gold or silver, but shall not mean any ingot or bar manufactured by a commercial mint nor shall it mean any or all coins." 59 O.S. § 1522 (5). Gem is defined as "any precious or semiprecious stone or item containing a precious or semiprecious stone customarily used in jewelry or ornamentation." 59 O.S. § 1522 (4).

A jeweler whose principal business is the sale of items purchased directly from the original manufacturer, wholesaler or their authorized representative and who in the regular course of such business, accepts trade-ins of precious metal or gems is not defined as a dealer under the Act and is not required to be licensed. However, any precious metal or gem item accepted by a jeweler as a trade-in must not be greater in value than an item being sold by the jeweler in connection with the trade-in item. Furthermore, a jeweler must be licensed as a dealer to purchase used precious metals or gems for cash consideration only.

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The Department of Consumer Credit (Department) is authorized to conduct investigations of possible unlicensed activity involving precious metal and gem dealers. A jeweler may be asked by the Department to provide documentation that substantiates an exemption from the Act if an unlicensed activity complaint is received.

Examples

Example one

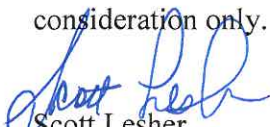
The principal business of Jeweler A is the sale of items purchased directly from the original manufacturer, wholesaler or their authorized representative. Jeweler A sells a diamond ring to a customer that has been purchased by the jeweler directly from the original manufacturer, wholesaler or their authorized representative. The value of the diamond ring is \$1,000.00. In connection with the sale of the diamond ring, the jeweler accepts a gold necklace with a value of \$500.00 as a trade-in item from the customer. The jeweler is not required to be licensed as a precious metal and gem dealer.

Example two

The principal business of Jeweler B is the sale of items purchased directly from the original manufacturer, wholesaler or their authorized representative. Jeweler B sells a gold necklace to a customer that has been purchased by the jeweler directly from the original manufacturer, wholesaler or their authorized representative. The value of the gold necklace is \$500.00. In connection with the sale of the gold necklace, the jeweler accepts a gold necklace with a value of \$550.00 as a trade-in from the customer. The jeweler is required to be licensed as a precious metal and gem dealer.

Example three

The principal business of Jeweler C is the sale of items purchased directly from the original manufacturer, wholesaler or their authorized representative. Jeweler C also accepts trade-in items from customers in connection with the sale of items by Jeweler C that have been purchased by Jeweler C directly from the original manufacturer, wholesaler or their authorized representative as long the trade-in items are not greater in value than items sold by Jeweler C to customers. Jeweler C also purchases used precious metals and gems from customers for cash consideration only. Jeweler C is required to be licensed as a precious metal and gem dealer.


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