



## Department of Business Regulation

233 Richmond Street  
Providence, RI 02903

# Banking Bulletin Number 2002-2

## Boat and Automobile Dealers and Brokers

### License Requirements

The Department of Business Regulation (“Department”), Division of Banking (“Division”) is responsible for the licensing and regulation of various activities as described in R. I. Gen. Laws §19-14-1 *et seq.* and §19-14.1 *et seq.* (the “Licensing Statutes”), which include boat lending and loan brokering activities.

The purpose of this bulletin is two-fold:

1. For Lenders and Loan Brokers currently licensed, the Division is issuing this Bulletin as a reminder that it is a violation of state law for a licensed Lender or Loan Broker to pay, *directly or indirectly*, a fee to any person or entity not properly licensed pursuant to the Licensing Statutes. It has come to the attention of the Division that the practice of compensating boat dealers/brokers and automobile dealers for loan referrals may be prevalent in the industry. Such practice is unlawful in Rhode Island where the loan solicitation is conducted by an individual physically present in this state.
2. For individuals or entities not yet licensed, please be advised that Rhode Island Law prohibits any individual or entity not properly licensed from receiving any fee(s) in connection with brokering activities described under the Licensing Statutes. Pursuant to recent changes in the law, a loan is made or brokered for purposes of the statutes when an application is taken or a loan is closed within the state or when the loan solicitation is conducted by an individual physically present in the state.

Please be aware that violations of Chapter 19-14-1 *et seq.* may result in serious penalties as delineated below:

1. For Lenders and Loan Brokers already licensed, the Division may initiate a license revocation or suspension proceeding pursuant to R. I. Gen. Laws §§ 19-14-13 or 19-14-15 and/or seek forfeiture of interest, fees and charges pursuant to R. I. Gen. Laws §§ 19-14-26 and 19-14-26.1.
2. For individuals or entities not licensed, violations may result in the issuance of a cease and desist order by the Department pursuant to R. I. Gen. Laws §§ 19-14-23 and/or criminal penalties and fines under to R. I. Gen. Laws §§ 19-14-23, 19-14-26 and 19-14-26.1.

Lenders and Loan Brokers as well as boat dealers/brokers and automobile dealers should review their respective responsibilities under the Licensing Statutes carefully and act accordingly. It appears during the boat purchasing season, and during boat shows and automobile shows in

particular, that activities occur which result in violations of Rhode Island Law. The Division will conduct field audits and/or desk examinations to ensure compliance with these provisions.

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