

The Agency

Department of Business Regulation

Agency Operations

The Department of Business Regulation's primary function is to implement state laws mandating the regulation and licensing of designated businesses, professions, occupations and other specified activities. The department is composed of six divisions and Central Management, which includes budget, personnel, and legal. The respective divisions are: Banking, Securities, Commercial Licensing, Racing and Athletics, Design Professionals, and Insurance.

The Director of Business Regulation is appointed by the Governor and serves statutorily as the State Banking Commissioner, Commissioner of Insurance, Real Estate Administrator, and State Boxing Commissioner. The Board of Bank Incorporation hears appeals from decisions made by the Banking Division regarding applications for the chartering of financial institutions, new branches and locations, and changes in the by-laws of certain regulated institutions. Other commissions housed within the department include the Real Estate Commission, Real Estate Appraisal Board, Rhode Island Board of Accountancy, Building Contractors' Registration Board, Board of Design Professionals, and Racing and Athletics Hearing Board. The department issues approximately 125,000 licenses and conducts administrative hearings involving issuances, administrative penalties, suspensions and/or revocations.

Agency Objectives

To assist, educate, and protect the public through the implementation and enforcement of state laws mandating regulation and licensing of designated businesses, professions, occupations, and other specific activities, while recognizing the need to foster a sound business environment.

Statutory History

The department was established by the Rhode Island General Assembly in 1939 and is organized under R.I.G.L. §§ 42-14-1 et seq.

The Budget

Department of Business Regulation

	FY 2008 Actual	FY 2009 Actual	FY 2010 Enacted	FY 2010 Revised	FY 2011 Recommended
Expenditures by Program					
Central Management	1,204,483	1,059,049	1,084,422	1,184,095	1,067,332
Banking Regulation	1,970,273	1,534,778	1,874,677	1,643,656	1,825,248
Securities Regulation	951,245	756,160	838,110	731,221	886,796
Insurance Regulation	5,618,200	5,113,349	5,810,982	5,259,356	5,592,125
Board of Accountancy	152,876	146,491	164,526	157,454	164,377
Commercial Licensing , Racing & Athletics	1,567,683	976,437	1,244,753	1,228,513	1,269,737
Board for Design Professionals	347,410	304,018	314,575	301,485	256,329
Total Expenditures	\$11,812,170	\$9,890,282	\$11,332,045	\$10,505,780	\$11,061,944
Expenditures By Object					
Personnel	10,269,534	9,424,543	10,461,901	9,443,910	10,217,203
Operating Supplies and Expenses	1,328,946	388,304	776,244	763,232	751,003
Aid To Local Units Of Government	-	-	-	-	-
Assistance, Grants and Benefits	205,561	75,102	80,000	284,900	80,000
Subtotal: Operating Expenditures	\$11,804,041	\$9,887,949	\$11,318,145	\$10,492,042	\$11,048,206
Capital Purchases and Equipment	8,129	2,333	13,900	13,738	13,738
Debt Service	-	-	-	-	-
Operating Transfers	-	-	-	-	-
Total Expenditures	\$11,812,170	\$9,890,282	\$11,332,045	\$10,505,780	\$11,061,944
Expenditures By Funds					
General Revenue	10,333,679	8,527,973	9,577,234	8,771,882	8,756,919
Federal Funds	114,130	87,315	-	-	-
Restricted Receipts	1,364,361	1,274,994	1,754,811	1,733,898	2,305,025
Total Expenditures	\$11,812,170	\$9,890,282	\$11,332,045	\$10,505,780	\$11,061,944
FTE Authorization	102.0	91.0	91.0	91.0	91.0
Agency Measures					
Minorities as Percentage of Workforce	4.0%	4.0%	4.0%	4.0%	4.0%
Females as Percentage of Workforce	54.0%	54.0%	54.0%	54.0%	54.0%
Persons with Disabilities as a Percentage of the Workforce	-	-	-	-	-

The Program

Department of Business Regulation Central Management

Program Operations

Central Management is composed of the Director's office budget, personnel, and legal. Specific functions include legal research, drafting and analysis of legislation, issuance of legal opinions related to the department's operations, conducting administrative and rate hearings, and providing legal services to the Director, Associate Directors, and advising the other commissions housed within the department. Central Management compiles, submits and monitors budgets of the respective divisions, approves vouchers and contracts, and provides all personnel and management services.

The Director issues show cause and cease and desist orders; renders decisions relative to the operations of financial institutions and insurance companies; has the authority to deny, suspend, or revoke licenses, approve or disapprove rates; and acts as receiver in case of insolvency of certain regulated entities.

The Director or his/her designee may be a member of various occupational licensing boards and commissions assigned to the department by the legislature in order to assist in the administration and regulation of licensing programs. The Director is also a member of such diverse administrative bodies as the Board of Bank Incorporation and the Rhode Island Housing and Mortgage Finance Corporation.

Central Management is also responsible for monitoring legislation impacting the department and for the annual submission of its own legislative program.

Program Objectives

To administer the functions for the department with regard to the licensing and regulation of designated businesses, occupations and professions through the enforcement of applicable state laws.

Statutory History

R.I.G.L. §42-14-1 establishes the Director as head of the department. R.I.G.L. §42-14-2 enumerates the functions of the department regarding the regulation of assigned occupations, businesses, and professions.

The Budget

Department of Business Regulation Central Management

	FY 2008 Actual	FY 2009 Actual	FY 2010 Enacted	FY 2010 Revised	FY 2011 Recommended
Expenditures By Object					
Personnel	974,315	1,029,699	1,038,169	934,329	1,022,466
Operating Supplies and Expenses	229,976	28,738	44,153	42,829	42,829
Aid To Local Units Of Government	-	-	-	-	-
Assistance, Grants and Benefits	-	-	-	204,900	-
Subtotal: Operating Expenditures	\$1,204,291	\$1,058,437	\$1,082,322	\$1,182,058	\$1,065,295
Capital Purchases and Equipment	192	612	2,100	2,037	2,037
Debt Service	-	-	-	-	-
Operating Transfers	-	-	-	-	-
Total Expenditures	\$1,204,483	\$1,059,049	\$1,084,422	\$1,184,095	\$1,067,332
Expenditures By Funds					
General Revenue	1,204,483	1,059,049	1,084,422	1,184,095	1,067,332
Total Expenditures	\$1,204,483	\$1,059,049	\$1,084,422	\$1,184,095	\$1,067,332
Program Measures	NA	NA	NA	NA	NA

The Program

Department of Business Regulation Banking Regulation

Program Operations

Banking Regulation provides regulatory oversight of state-chartered financial institutions, credit unions, Rhode Island bank holding companies and licensees through financial examinations and reviews to determine compliance with state banking laws, financial solvency, and safety and soundness operations.

Banking Regulation is responsible for regulating, monitoring and examining fifteen (15) state chartered financial institutions, seven (7) Rhode Island bank holding companies, ten (10) credit unions, seven (7) interstate banks and approximately eight hundred forty eight (848) company licensees (including three hundred eighty-three registered debt collectors) operating from fourteen hundred eighty-three (1,483) licensed locations (including eight hundred (800) debt collector locations) and seventeen hundred sixty (1,760) mortgage loan originators as of July 2009. The Division accomplishes its program objectives through the process of licensing, chartering and examining financial institutions, Rhode Island bank holding companies, credit unions, branches of interstate banks, and licensees. The purposes of examinations are to determine financial solvency and compliance with Rhode Island banking laws and regulations for the protection of depositors and the public interest. The Division reviews and conducts hearings on applications filed by the financial institutions listed above. Licensees include lenders, loan brokers, small loan lenders, foreign exchange transaction businesses, sellers of checks, electronic money transmitters, check cashers, debt-management companies, and mortgage loan originators. The Division enforces statutes relating to state usury laws and conducts administrative hearings when required. Additional responsibilities include investigating and resolving several hundred consumer complaints and inquiries each year.

Program Objectives

To charter, license and ensure compliance with statutory requirements for the safe and sound operation of regulated financial institutions, Rhode Island bank holding companies, credit unions and licensees in order to protect the public interest.

Statutory History

R.I.G.L. Chapters §§19-1 to 19-14.10 charge the Division of Banking with the regulation, licensing, or registration of financial institutions, Rhode Island bank holding companies, credit unions and licensees (lenders, loan brokers, small loan lenders, mortgage loan originators, foreign exchange transaction businesses, sellers of checks, electronic money transmitters, check cashers, and debt management companies and debt collectors.) RI General Laws §§6-26 to 6-27 relate to Interest, Usury and Truth in Lending. R.I.G.L. §§34-23 to 34-27 relate to Mortgages. R.I.G.L. §§19-14.3 to 19-14.8 relate to the Sale of Checks, Electronic Money Transfers, Foreign Exchange Transactions, Insurance Premium Finance Agreements and Debt Management Companies. Rhode Island General Laws §19-14.9 relates to the registration of debt collectors. Rhode Island General Laws §19-14.10 relates to the licensing and supervision of mortgage loan originators.

The Budget

Department of Business Regulation Banking Regulation

	FY 2008 Actual	FY 2009 Actual	FY 2010 Enacted	FY 2010 Revised	FY 2011 Recommended
Expenditures By Object					
Personnel	1,750,902	1,468,507	1,704,153	1,474,498	1,656,089
Operating Supplies and Expenses	215,470	66,271	165,524	164,158	164,159
Aid To Local Units Of Government	-	-	-	-	-
Assistance, Grants and Benefits	-	-	-	-	-
Subtotal: Operating Expenditures	\$1,966,372	\$1,534,778	\$1,869,677	\$1,638,656	\$1,820,248
Capital Purchases and Equipment	3,901	-	5,000	5,000	5,000
Debt Service	-	-	-	-	-
Operating Transfers	-	-	-	-	-
Total Expenditures	\$1,970,273	\$1,534,778	\$1,874,677	\$1,643,656	\$1,825,248
Expenditures By Funds					
General Revenue	1,916,394	1,500,912	1,749,677	1,518,656	1,700,248
Restricted Receipts	53,879	33,866	125,000	125,000	125,000
Total Expenditures	\$1,970,273	\$1,534,778	\$1,874,677	\$1,643,656	\$1,825,248
Program Measures					
Percentage of State-Chartered Institutions Examined in Substantial Compliance with the Banking Code	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage of Other Lending Licenses Examined in Substantial Compliance with the Banking Code	44.0%	60.0%	45.0%	45.0%	50.0%

The Program

Department of Business Regulation Securities Regulation

Program Operations

Securities Regulation is responsible for the registration of certain securities, the licensing and regulation of broker-dealers, sales representatives, certain investment advisers and certain investment adviser representatives.

The division is also responsible for enforcing compliance with the State's Franchise Investment Act, the registration of charitable organizations and fundraising groups, and the state's Real Estate Time-Share Act. In FY 2009 the division processed approximately 78,328 licenses and 10,953 registrations, conducted one on-site examination of broker-dealer, 50 complaints, and instituted 34 enforcement actions, pursuant to applicable state and federal laws and regulations.

Program Objectives

To enforce compliance with the applicable provisions of state laws and regulations related to the securities industry, franchises, charities, fund-raisers, and time-shares.

Statutory History

The division was charged with the administration and enforcement of the Rhode Island Uniform Securities Act ("RIUSA"), R.I.G.L. 7-11; the Franchise Investment Act, R.I.G.L. 19-28.1; the Charitable Solicitation Act, R.I.G.L. 5-53.1; and the Real Estate Time-Share Act, R.I.G.L. 34-41.

The Budget

Department of Business Regulation Securities Regulation

	FY 2008 Actual	FY 2009 Actual	FY 2010 Enacted	FY 2010 Revised	FY 2011 Recommended
Expenditures By Object					
Personnel	820,245	734,366	790,463	684,553	840,128
Operating Supplies and Expenses	131,000	21,794	47,647	46,668	46,668
Aid To Local Units Of Government	-	-	-	-	-
Assistance, Grants and Benefits	-	-	-	-	-
Subtotal: Operating Expenditures	\$951,245	\$756,160	\$838,110	\$731,221	\$886,796
Capital Purchases and Equipment	-	-	-	-	-
Debt Service	-	-	-	-	-
Operating Transfers	-	-	-	-	-
Total Expenditures	\$951,245	\$756,160	\$838,110	\$731,221	\$886,796
Expenditures By Funds					
General Revenue	940,311	749,353	823,110	716,221	871,796
Restricted Receipts	10,934	6,807	15,000	15,000	15,000
Total Expenditures	\$951,245	\$756,160	\$838,110	\$731,221	\$886,796
Program Measures					
Percentage of Investment Advisory Firms with a Place of Business in RI Examined in Substantial Compliance with the Securities Act	100.0%	100.0%	100.0%	100.0%	100.0%

The Program

Department of Business Regulation Insurance Regulation

Program Operations

The Insurance Division is responsible for conducting financial examinations of domestic insurance companies to ensure financial solvency and market conduct examinations of domestic or foreign insurance companies to ensure compliance with the insurance statutes and regulations. The program performs several licensing functions including, but not limited to, the licensing of companies, producers, adjusters and appraisers. The program also reviews rate and form filings for the Life, Accident and Health, and Property and Casualty lines of business for compliance with state statutes and regulations, and addresses consumer complaints for these lines of business. The program monitors and introduces legislation in order to maintain accreditation by the National Association of Insurance Commissioners, which it received in June of 1993. The division was once again accredited in December 1998 and again in December 2003, each time receiving the maximum accreditation period of five years.

Program Objectives

To monitor effectively the financial condition and market conduct of insurance companies licensed to do business in the State of Rhode Island.

To monitor activities of all licensees such as producers, adjusters and appraisers.

To ensure consumer access to an equitable insurance market and respond to consumer inquiries and complaints.

To maintain accreditation by the National Association of Insurance Commissioners.

Statutory History

All chapters of R.I.G.L. 27-1,42-14, and 28-29 through 28-38, and all Insurance Division regulations.

The Budget

Department of Business Regulation Insurance Regulation

	FY 2008 Actual	FY 2009 Actual	FY 2010 Enacted	FY 2010 Revised	FY 2011 Recommended
Expenditures By Object					
Personnel	5,047,555	4,884,737	5,493,120	4,950,786	5,295,386
Operating Supplies and Expenses	386,383	152,307	314,362	305,070	293,239
Aid To Local Units Of Government	-	-	-	-	-
Assistance, Grants and Benefits	180,226	75,102	-	-	-
Subtotal: Operating Expenditures	\$5,614,164	\$5,112,146	\$5,807,482	\$5,255,856	\$5,588,625
Capital Purchases and Equipment	4,036	1,203	3,500	3,500	3,500
Debt Service	-	-	-	-	-
Operating Transfers	-	-	-	-	-
Total Expenditures	\$5,618,200	\$5,113,349	\$5,810,982	\$5,259,356	\$5,592,125
Expenditures By Funds					
General Revenue	4,640,422	4,081,714	4,645,367	4,112,640	3,887,270
Federal Funds	114,130	87,315	-	-	-
Restricted Receipts	863,648	944,320	1,165,615	1,146,716	1,704,855
Total Expenditures	\$5,618,200	\$5,113,349	\$5,810,982	\$5,259,356	\$5,592,125
Program Measures					
Percentage of Domestic Insurance Companies in Substantial Compliance with the Insurance Code (Market Conduct Examinations)	100.0%	100.0%	100.0%	100.0%	100.0%

The Program

Department of Business Regulation Board of Accountancy

Program Operations

The Board of Accountancy is an autonomous board that is responsible for the administration of the licensing of certified public accountants, partnerships, corporations, and sole proprietorships. It processes applications and fees, and issues license certificates and annual permits to regulated business, occupations and professions.

The board is responsible for governing the conduct of assigned licensees in order to comply with statutory provisions of the law and to promote the continued welfare of the general public. This includes recommending approval, denial, suspension or revocation of licenses or the imposition of such sanctions or penalties allowed by law.

Hearings are held when required in order to resolve complaints and to act upon the denial, suspension or revocation of licenses. The board investigates complaints from the general public in all areas of licensing addressed above.

Board personnel oversee the analysis of each CPA or PA application prior to Board review. In addition, Board personnel provide the general public with application and licensing information regarding all certified public accountants and public accountants and update monthly the listing of individual licensees and CPA firms on the DBR website, which facilitates information to the general public.

Program Objectives

The board intends to continue to intensify its analysis of continuing education records, as well as firm compliance with peer reviews, to efficiently process license renewals and responses, and to commence and resolve disciplinary actions efficiently and promptly.

Statutory History

R.I.G.L. §§5-3.1 et seq. (1956) relate to the Board of Accountancy.

The Budget

Department of Business Regulation Board of Accountancy

	FY 2008 Actual	FY 2009 Actual	FY 2010 Enacted	FY 2010 Revised	FY 2011 Recommended
Expenditures By Object					
Personnel	143,299	139,325	152,729	146,011	152,933
Operating Supplies and Expenses	9,577	6,648	11,797	11,443	11,444
Aid To Local Units Of Government	-	-	-	-	-
Assistance, Grants and Benefits	-	-	-	-	-
Subtotal: Operating Expenditures	\$152,876	\$145,973	\$164,526	\$157,454	\$164,377
Capital Purchases and Equipment	-	518	-	-	-
Debt Service	-	-	-	-	-
Operating Transfers	-	-	-	-	-
Total Expenditures	\$152,876	\$146,491	\$164,526	\$157,454	\$164,377
Expenditures By Funds					
General Revenue	152,876	146,491	164,526	157,454	164,377
Total Expenditures	\$152,876	\$146,491	\$164,526	\$157,454	\$164,377
Program Measures					
Percentage of CPA's and PA's who meet Continuing Professional Education Requirements in Accordance with R.I. General Law	98.0%	98.0%	98.0%	98.0%	98.0%

The Program

Department of Business Regulation Commercial Licensing, Racing and Athletics

Program Operations

Commercial Licensing and Racing and Athletics is responsible for the licensing and regulation of real estate agents, brokers and appraisers, auto body and salvage re-builder shops, auto wrecking and salvage yards, glass installation, *travel agencies and travel agents, upholsterers, *alarm system installers, auctioneers, liquor wholesalers, breweries, wineries, salespersons (representing wholesalers) and agents (representing manufacturers and distillers), Class G (boat/airline/railroads) license holders, line-cleaners, and mobile and manufactured homes and parks, and the enforcement of unit pricing, motor fuel advertising and health club pre-opening laws. The division is also responsible for supervising the enforcement of laws related to licensing and regulation of racing and athletics activities, including dog racing, boxing, wrestling, kickboxing and simulcast wagering and the accounting and collection of racing taxes and fees as specified by state law.

The program provides the general public with application and licensing information for various occupations, businesses and professions. It investigates complaints received from the general public in all areas of licensing. The division also oversees simulcast wagering operations at the Twin River and Newport Grand facilities and conducts and participates in hearings, collects tax revenue and issues occupational licenses.

Program Objective

To increase the efficiency and effectiveness of occupational licensing programs and inspections in order to safeguard the health, safety, and welfare of the general public; to enforce, adjust, amend, and interpret all rules and regulations governing pari-mutuel wagering sports and all professional boxing, wrestling and kickboxing events in the state.

Statutory History

R.I.G.L. 5-58 relates to auctioneers; R.I.G.L. 5-20.5 relates to real estate; R.I.G.L. 5-20.7 relates to real estate appraisers; R.I.G.L. 5-38 relates to automobile body repair shops; R.I.G.L. 5-50 relates to pre-opening of health club sales campaigns; *R.I.G.L. 5-52 relates to travel agencies; *R.I.G.L. 5-57 relates to burglar and hold-up alarm businesses; R.I.G.L. 6-31 relates to unit pricing; R.I.G.L. 23-26 relates to bedding and upholstered furniture; R.I.G.L. 31-44 & 31-44.1 relate to mobile and manufactured homes; R.I.G.L. 42-14.2 relates to auto wrecking and salvage yards; R.I.G.L. 31-37 relates to advertising and sale of motor fuel at retail, R.I.G.L. 31-46-7 relates to auto body salvage re-builders' licenses; and R.I.G.L. 3-1 relates to alcoholic beverages. R.I.G.L. 41-1 established the Commission on Horse Racing and Athletics in 1956. In 1987, the general laws were amended abolishing the commission and creating the Division of Racing and Athletics within the Department of Business Regulation.

*Travel repealed on 6-6-2008

*Alarms Regulation transferred to Department of Labor and Training on 7-1-2008.

The Budget

Department of Business Regulation Commercial Licensing, Racing & Athletics

	FY 2008 Actual	FY 2009 Actual	FY 2010 Enacted	FY 2010 Revised	FY 2011 Recommended
Expenditures By Object					
Personnel	1,262,920	925,526	1,034,174	1,015,765	1,057,389
Operating Supplies and Expenses	279,428	50,911	127,279	129,547	129,147
Aid To Local Units Of Government	-	-	-	-	-
Assistance, Grants and Benefits	25,335	-	80,000	80,000	80,000
Subtotal: Operating Expenditures	\$1,567,683	\$976,437	\$1,241,453	\$1,225,312	\$1,266,536
Capital Purchases and Equipment	-	-	3,300	3,201	3,201
Debt Service	-	-	-	-	-
Operating Transfers	-	-	-	-	-
Total Expenditures	\$1,567,683	\$976,437	\$1,244,753	\$1,228,513	\$1,269,737
Expenditures By Funds					
General Revenue	1,131,783	686,436	795,557	781,331	809,567
Restricted Receipts	435,900	290,001	449,196	447,182	460,170
Total Expenditures	\$1,567,683	\$976,437	\$1,244,753	\$1,228,513	\$1,269,737
Program Measures					
Percentage of Real Estate Licensees in Substantial Compliance with Real Estate Code	95.0%	99.7%	99.7%	99.7%	99.7%
Percentage of Autobody Shops, Auto Wrecking Yards, and Auto Salvage Re-Builders in Substantial Compliance with the Code	93.6%	93.6%	93.6%	93.6%	93.6%
Percentage of Liquor Licensees in Substantial Compliance with the Code	78.0%	78.0%	78.0%	78.0%	78.0%
Percentage of Tested Greyhounds Testing Negative for Chemical Substances	99.9%	99.9%	99.9%	99.0%	99.0%

The Program

Department of Business Regulation Design Professionals

Program Operations

In the 1998 enacted budget, the Boards for Design Professionals was created as a consolidated program consisting of the Board of Registration for Professional Engineers, the Board of Registration for Professional Land Surveyors, the Board of Examiners of Landscape Architects and the Board of Examination and Registration of Architects.

Each Board is responsible for: examining and registering qualified candidates; issuing license renewals when appropriate; proctoring exams when appropriate; maintaining records of all applicants and licensees; implementing rules and regulation; and hearing and acting upon complaints.

In the FY 2008 enacted budget, the Boards for Design Professionals was moved to the Department of Business Regulation as a division known as the division know as the division of Design Professionals.

Program Objectives

To examine, license, register and act upon complaints brought before the Boards for professional engineers, land surveyors, landscape architects and architects for the purpose of safeguarding the health, safety, and welfare of the public.

Statutory History

The Boards of Land Surveyors and Engineers were established by Title 5, Chapter 8 of the Rhode Island General Laws in 1938. In 1990, Chapter 8 was amended and Chapter 8.1 was enacted, creating two Boards – The Board of Engineers and the Board of Land Surveyors, both within the Department of Business Regulation. In 1991, the law was further amended to allow the Boards to become autonomous.

The Board of Architects was established in by Chapter 23-27 of the Rhode Island Public Laws in 1936. This law was repealed in its entirety in 1977, and was replaced by Title 5, Chapter 1 of the Rhode Island General Laws.

The Board of Landscape Architects was established by Title 5, Chapter 51 of the 1975.

The Budget

Department of Business Regulation Design Professionals

	FY 2008 Actual	FY 2009 Actual	FY 2010 Enacted	FY 2010 Revised	FY 2011 Recommended
Expenditures By Object					
Personnel	270,298	242,383	249,093	237,968	192,812
Operating Supplies and Expenses	77,112	61,635	65,482	63,517	63,517
Aid To Local Units Of Government	-	-	-	-	-
Assistance, Grants and Benefits	-	-	-	-	-
Subtotal: Operating Expenditures	\$347,410	\$304,018	\$314,575	\$301,485	\$256,329
Capital Purchases and Equipment	-	-	-	-	-
Debt Service	-	-	-	-	-
Operating Transfers	-	-	-	-	-
Total Expenditures	\$347,410	\$304,018	\$314,575	\$301,485	\$256,329
Expenditures By Funds					
General Revenue	347,410	304,018	314,575	301,485	256,329
Total Expenditures	\$347,410	\$304,018	\$314,575	\$301,485	\$256,329
Program Measures					
Ratio of Complaint Cases Successfully Resolved to Cases Filed	0.75	0.75	0.75	0.75	0.75