8TH CIR.

Thomas Styczinski v. Grace Arnold

No. 21-2936, 8th Cir. (August 31, 2022)

SUMMARY

The Eighth Circuit held that Minnesota's bullion transaction statute (Chapter 80G), which required dealers to register and post a surety bond for "Minnesota transactions" defined to include any transaction with a Minnesota resident regardless of location, violated the dormant Commerce Clause due to its extraterritorial effect. The court found the statute impermissibly regulated commerce occurring wholly outside Minnesota by forcing out-of-state dealers to seek Minnesota regulatory approval before conducting transactions with Minnesota residents in other states, and by attaching Minnesota law to in-state dealers wherever they transacted. The case was remanded for the district court to determine severability of the unconstitutional provisions.

CASE DETAILS

COURT	8th Cir.
WRITING FOR THE COURT	GRASZ; SHEPHERD; KOBES
JURISDICTION	Federal
DECIDED	August 31, 2022
DOCKET	21-2936
DISPOSITION	reversed
PROCEDURAL POSTURE	Appeal from United States District Court for the District of Minnesota
STANDARD OF REVIEW	De novo
PRECEDENTIAL VALUE	Published
PARTIES	Thomas Styczinski; Tom 'The Coin Guy', LLC; Treasure Island Coins, Inc.; Numismatist United Legal Defense v. Grace Arnold, in her official capacity as Commissioner of the Minnesota Department of Commerce

TOPICS

commerce clause · constitutional law · appellate procedure · standard of review · summary judgment

PRACTICE AREAS

constitutional law commercial

QUESTIONS PRESENTED

1. Whether Chapter 80G violates the dormant Commerce Clause by having an extraterritorial effect or excessively burdening interstate commerce.

KEY QUOTATIONS

> *“Chapter 80G would require "an out-of-state merchant to seek regulatory approval in one State before undertaking a transaction in another."”* (-7-)

> *“To allow Minnesota to apply its bullion regulatory scheme to transactions its residents conduct wholly in South Dakota, South Carolina, or South Korea would be to "arbitrarily [] exalt the public policy" of Minnesota over those jurisdictions.”* (-9-)

FACTUAL BACKGROUND

Chapter 80G regulates bullion transactions. It requires dealers to register with the Commissioner after conducting at least $25,000 in 'Minnesota transactions' and to maintain a surety bond. 'Minnesota transaction' includes transactions with Minnesota residents anywhere. The Bullion Traders are a group of precious metal traders challenging the statute.

PROCEDURAL HISTORY

The Bullion Traders sued the Commissioner under 42 U.S.C. § 1983 challenging Chapter 80G. The district court partially granted summary judgment for plaintiffs and partially granted motion to dismiss for defendant, holding some provisions unconstitutional but severable. Plaintiffs appeal.

DISPOSITION

reversed

REMAND INSTRUCTIONS

On remand, we leave to the district court to decide in the first instance whether the extraterritorial provisions of Chapter 80G, as amended, are severable from the remainder of the statute.

INSTRUCTIONS FOR AN AI ASSISTANT

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