

House Engrossed Senate Bill

money transmission; money transmitter licensure

State of Arizona
Senate
Fifty-fifth Legislature
Second Regular Session
2022

SENATE BILL 1580

AN ACT

AMENDING SECTIONS 6-123.01 AND 6-126, ARIZONA REVISED STATUTES; REPEALING TITLE 6, CHAPTER 12, ARTICLE 1, ARIZONA REVISED STATUTES; AMENDING TITLE 6, CHAPTER 12, ARIZONA REVISED STATUTES, BY ADDING A NEW ARTICLE 1; PROVIDING FOR RENUMBERING; AMENDING TITLE 6, CHAPTER 12, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 6-1241; AMENDING SECTION 6-1242, ARIZONA REVISED STATUTES, AS RENUMBERED; AMENDING SECTION 6-1305, ARIZONA REVISED STATUTES; REPEALING SECTION 6-1306, ARIZONA REVISED STATUTES; AMENDING SECTIONS 13-2317 AND 41-5605, ARIZONA REVISED STATUTES; RELATING TO MONEY TRANSMISSION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 6-123.01, Arizona Revised Statutes, is amended
3 to read:

4 6-123.01. Fingerprint requirements; fees

5 A. Before receiving and holding a license, permit, certificate or
6 permission to organize a bank, savings and loan association or credit
7 union, the deputy director may require an applicant, licensee, active
8 manager or responsible individual, ~~or~~ an organizer, director or officer of
9 any corporate applicant or licensee, **ANY INDIVIDUAL IN CONTROL OF A**
10 **LICENSEE OR APPLICANT, ANY INDIVIDUAL WHO SEEKS TO ACQUIRE CONTROL OF A**
11 **LICENSEE OR EACH KEY INDIVIDUAL** to submit a full set of fingerprints and
12 fees to the department. The department of insurance and financial
13 institutions shall submit the fingerprints and fees to the department of
14 public safety, or the nationwide mortgage licensing system and registry
15 established by the secure and fair enforcement for mortgage licensing act
16 of 2008 (P.L. 110-289; 122 Stat. 2810; 12 United States Code sections 5101
17 through 5116) or its successor, for the purpose of obtaining a state and
18 federal criminal records check pursuant to section 41-1750 and Public Law
19 92-544. The department of public safety may exchange this fingerprint
20 data with the federal bureau of investigation.

21 B. The fees that the department collects under subsection A of this
22 section shall be credited pursuant to section 35-148.

23 C. The applicant is responsible for providing the department with
24 readable fingerprints. The applicant shall pay any costs that are
25 attributable to refingerprinting due to the unreadability of any
26 fingerprints and any fees that are required for the resubmission of
27 fingerprints.

28 D. The department may issue a temporary license or certificate or
29 grant temporary permission to organize to an original applicant before the
30 department receives the results of a criminal records check if there is
31 not evidence or reasonable suspicion that the applicant has a criminal
32 history background that would be cause for denial of a license,
33 certificate or permission to organize. The department may terminate the
34 temporary license or certificate or permission to organize if a
35 fingerprint card is returned as unreadable and the applicant fails to
36 submit new fingerprints within ten days after being notified by the
37 department that the original card was unreadable or if the results of the
38 criminal records check reveal grounds for the denial of the license or
39 certificate or permission to organize. The temporary license or
40 certificate or permission to organize shall not be effective longer than
41 one hundred eighty days.

42 E. The deputy director may require a current licensee, organizer,
43 director, active manager, responsible individual or officer of any
44 corporate licensee to submit a full set of fingerprints to the department.
45 The department of insurance and financial institutions shall submit the

1 fingerprints and fees to the department of public safety for the purpose
2 of obtaining a state and federal criminal records check pursuant to
3 section 41-1750 and Public Law 92-544. The department of public safety
4 may exchange this fingerprint data with the federal bureau of
5 investigation.

6 F. This section does not affect the department's authority to
7 otherwise issue, deny, cancel, terminate, suspend or revoke a license.

8 Sec. 2. Section 6-126, Arizona Revised Statutes, is amended to
9 read:

10 6-126. Application fees for financial institutions and
11 enterprises

12 A. The following nonrefundable fees are payable to the department
13 with the filing of the following:

- 14 1. To apply for a banking permit, \$1,000.
- 15 2. To apply for an amendment to a banking or savings and loan
16 association permit, \$1,000.
- 17 3. To establish each banking branch office, \$750.
- 18 4. To move a banking office to other than an established office of
19 a bank, \$1,000.
- 20 5. To apply for a savings and loan association permit, \$5,000.
- 21 6. To establish each savings and loan association branch office,
22 \$1,500.
- 23 7. To move an office of a savings and loan association to other
24 than an established office, \$1,000.
- 25 8. To organize and establish a credit union, \$100.
- 26 9. To establish each credit union branch or to move a credit union
27 office to other than an established office of a credit union, \$250.
- 28 10. To organize and establish any other financial institutions for
29 which an application or investigation fee is not otherwise provided by
30 law, \$1,000.
- 31 11. To acquire control of a financial institution other than a
32 consumer lender, \$5,000.
- 33 12. To apply for a trust company license, \$1,000.
- 34 13. To apply for a commercial mortgage banker, mortgage banker,
35 escrow agent or consumer lender license, \$1,000.
- 36 14. To apply for a mortgage broker, commercial mortgage broker,
37 sales finance company or debt management company license, \$500.
- 38 15. To apply for a collection agency license, \$1,500.
- 39 16. To apply for a branch office of an escrow agent, consumer
40 lender, commercial mortgage banker, mortgage banker or trust company,
41 \$500.
- 42 17. To apply for a branch office of a mortgage broker, commercial
43 mortgage broker, debt management company or sales finance company, \$250.

1 18. To apply for approval for the merger or consolidation of two or
2 more financial institutions, \$5,000 per institution.

3 19. To apply for approval to convert from a national bank or
4 federal savings and loan charter to a state chartered institution, \$1,000.

5 20. To apply for approval to convert from a federal credit union to
6 a state chartered credit union, \$500.

7 21. To apply for approval to merge or consolidate two or more
8 credit unions, \$500 per credit union.

9 22. To change the licensee name on a financial institution or
10 enterprise license, except for a loan originator or appraiser license, not
11 more than \$250.

12 23. To apply for a ~~money transmitter~~ license PURSUANT TO CHAPTER
13 12, ARTICLE 1 OF THIS TITLE, \$1,500 plus \$25 for each branch office and
14 authorized delegate to a maximum of \$4,500.

15 24. To acquire control of ~~any money transmitter~~ A PERSON THAT IS
16 LICENSED PURSUANT TO CHAPTER 12, ARTICLE 1 OF THIS TITLE or A controlling
17 person pursuant to chapter 12 of this title, \$2,500.

18 25. To receive the following publications:

19 (a) Quarterly bank and savings and loan statement of condition, not
20 more than \$10 per copy.

21 (b) Monthly summary of actions report, not more than \$5 per copy.

22 (c) A list of licensees, a monthly pending actions report and all
23 other in-house prepared reports or listings made available to the public,
24 not more than \$1 per page.

25 26. To apply for a loan originator license, an amount to be
26 determined by the deputy director.

27 27. To apply for a loan originator license transfer, an amount to
28 be determined by the deputy director.

29 28. To apply for a conversion from a mortgage banker license to a
30 mortgage broker license, an amount to be determined by the deputy
31 director.

32 29. For a premium finance company, \$300 plus \$300 for each branch
33 office.

34 30. For an advance fee loan broker, \$50.

35 B. On application for a license or permit for an enterprise or
36 consumer lender, the applicant shall pay the first year's annual
37 assessment listed in subsection D of this section, prorated according to
38 the number of quarters remaining until the date of the next annual
39 assessment or renewal. If the result of the application ends in a denial,
40 the department shall refund the prorated annual assessment that the
41 applicant paid. Annual renewal fees are nonrefundable.

1 C. On issuance of a license or permit for a financial institution,
2 the department shall collect the first year's annual assessment or renewal
3 fee for the financial institution, except for a consumer lender that paid
4 on application, prorated according to the number of quarters remaining
5 until the date of the next annual assessment or renewal.

6 D. The following annual assessments and renewal fees shall be paid
7 each year:

8 1. For an escrow agent or trust company, \$1,000 plus \$250 for each
9 branch office.

10 2. For a debt management company or sales finance company, \$500
11 plus \$200 for each branch office.

12 3. For a collection agency, \$600.

13 4. For an inactive mortgage broker or commercial mortgage broker,
14 \$250.

15 5. For a mortgage banker that negotiates or closes in the aggregate
16 one hundred loans or less in the immediately preceding calendar year,
17 \$750, and for a mortgage banker that negotiates or closes in the aggregate
18 over one hundred loans in the immediately preceding calendar year,
19 \$1,250. In addition, a mortgage banker shall pay \$250 for each branch
20 office.

21 6. For a commercial mortgage banker, \$1,250. In addition, a
22 commercial mortgage banker shall pay \$250 for each branch office.

23 7. For a mortgage broker or commercial mortgage broker that
24 negotiates or closes in the aggregate fifty loans or less in the
25 immediately preceding calendar year, \$250 and for a mortgage broker or
26 commercial mortgage broker that negotiates or closes in the aggregate more
27 than fifty loans in the immediately preceding calendar year, \$500. In
28 addition, a mortgage broker or commercial mortgage broker shall pay \$200
29 for each branch office.

30 8. For a consumer lender, \$1,000 plus \$200 for each branch office.

31 9. For a ~~money transmitter~~ [LICENSEE PURSUANT TO CHAPTER 12, ARTICLE](#)
32 [1 OF THIS TITLE](#), \$500 plus \$25 for each branch office and each authorized
33 delegate to a maximum of \$2,500.

34 10. For a loan originator, an amount to be determined by the deputy
35 director.

36 11. For a loan originator change to inactive status, an amount to
37 be determined by the deputy director.

38 12. For a premium finance company, \$300 plus \$300 for each branch
39 office.

40 13. For an advance fee loan broker, \$25.

41 Sec. 3. [Repeal](#)

42 Title 6, chapter 12, article 1, Arizona Revised Statutes, is
43 repealed.

1 Sec. 4. Title 6, chapter 12, Arizona Revised Statutes, is amended
2 by adding a new article 1, to read:

3 ARTICLE 1. MONEY TRANSMISSION

4 6-1201. Definitions

5 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

6 1. "ACTING IN CONCERT" MEANS PERSONS KNOWINGLY ACTING TOGETHER WITH
7 A COMMON GOAL OF JOINTLY ACQUIRING CONTROL OF A LICENSEE WHETHER OR NOT
8 PURSUANT TO AN EXPRESS AGREEMENT.

9 2. "AUTHORIZED DELEGATE" MEANS A PERSON THAT A LICENSEE DESIGNATES
10 TO ENGAGE IN MONEY TRANSMISSION ON BEHALF OF THE LICENSEE.

11 3. "AVERAGE DAILY MONEY TRANSMISSION LIABILITY" MEANS THE AMOUNT OF
12 THE LICENSEE'S OUTSTANDING MONEY TRANSMISSION OBLIGATIONS AT THE END OF
13 EACH DAY IN QUARTERS ENDING MARCH 31, JUNE 30, SEPTEMBER 30 AND
14 DECEMBER 31, ADDED TOGETHER AND DIVIDED BY THE TOTAL NUMBER OF DAYS IN
15 EACH QUARTER.

16 4. "CLOSED LOOP STORED VALUE" MEANS STORED VALUE THAT IS REDEEMABLE
17 BY THE ISSUER ONLY FOR GOODS OR SERVICES PROVIDED BY THE ISSUER OR ITS
18 AFFILIATE OR FRANCHISEES OF THE ISSUER OR ITS AFFILIATE, EXCEPT TO THE
19 EXTENT REQUIRED BY APPLICABLE LAW TO BE REDEEMABLE IN CASH FOR ITS CASH
20 VALUE.

21 5. "CONTROL" MEANS:

22 (a) THE POWER TO VOTE, DIRECTLY OR INDIRECTLY, AT LEAST TWENTY-FIVE
23 PERCENT OF THE OUTSTANDING VOTING SHARES OR VOTING INTERESTS OF A LICENSEE
24 OR PERSON IN CONTROL OF A LICENSEE.

25 (b) THE POWER TO ELECT OR APPOINT A MAJORITY OF KEY INDIVIDUALS OR
26 EXECUTIVE OFFICERS, MANAGERS, DIRECTORS, TRUSTEES OR OTHER PERSONS
27 EXERCISING MANAGERIAL AUTHORITY OF A PERSON IN CONTROL OF A LICENSEE.

28 (c) THE POWER TO EXERCISE, DIRECTLY OR INDIRECTLY, A CONTROLLING
29 INFLUENCE OVER THE MANAGEMENT OR POLICIES OF A LICENSEE OR PERSON IN
30 CONTROL OF A LICENSEE.

31 6. "ELIGIBLE RATING" MEANS A CREDIT RATING OF ANY OF THE THREE
32 HIGHEST RATING CATEGORIES PROVIDED BY AN ELIGIBLE RATING SERVICE AND EACH
33 CATEGORY MAY INCLUDE RATING CATEGORY MODIFIERS SUCH AS "PLUS" OR "MINUS"
34 FOR STANDARD AND POOR'S OR THE EQUIVALENT FOR ANY OTHER ELIGIBLE RATING
35 SERVICE.

36 7. "ELIGIBLE RATING SERVICE" MEANS ANY NATIONALLY RECOGNIZED
37 STATISTICAL RATING ORGANIZATION AS DEFINED BY THE UNITED STATES SECURITIES
38 AND EXCHANGE COMMISSION AND ANY OTHER ORGANIZATION DESIGNATED BY THE
39 DIRECTOR.

40 8. "FEDERALLY INSURED DEPOSITORY FINANCIAL INSTITUTION" MEANS A
41 BANK, CREDIT UNION, SAVINGS AND LOAN ASSOCIATION, TRUST COMPANY, SAVINGS
42 ASSOCIATION, SAVINGS BANK, INDUSTRIAL BANK OR INDUSTRIAL LOAN COMPANY
43 ORGANIZED UNDER THE LAWS OF THE UNITED STATES OR ANY STATE OF THE UNITED
44 STATES, WHEN THE BANK, CREDIT UNION, SAVINGS AND LOAN ASSOCIATION, TRUST

1 COMPANY, SAVINGS ASSOCIATION, SAVINGS BANK, INDUSTRIAL BANK OR INDUSTRIAL
2 LOAN COMPANY HAS FEDERALLY INSURED DEPOSITS.

3 9. "INDIVIDUAL" MEANS A NATURAL PERSON.

4 10. "IN THIS STATE":

5 (a) MEANS AT A PHYSICAL LOCATION WITHIN THIS STATE IF A TRANSACTION
6 IS REQUESTED IN PERSON.

7 (b) INCLUDES ANY OF THE FOLLOWING IF A PERSON REQUESTS A
8 TRANSACTION ELECTRONICALLY OR BY TELEPHONE:

9 (i) THE LOCATION OF THE PERSON'S RESIDENTIAL ADDRESS IF THE PERSON
10 IS AN INDIVIDUAL.

11 (ii) A PERSON'S PRINCIPAL PLACE OF BUSINESS OR OTHER PHYSICAL
12 ADDRESS LOCATION WITHIN THIS STATE IF THE PERSON IS A BUSINESS ENTITY.

13 (iii) ANY ADDRESS WITHIN THIS STATE THAT IS ASSOCIATED WITH AN
14 ACCOUNT BASED ON RECORDS THAT THE MONEY TRANSMISSION PROVIDER HAS OR
15 INFORMATION THAT THE PERSON PROVIDES.

16 11. "KEY INDIVIDUAL" MEANS ANY INDIVIDUAL ULTIMATELY RESPONSIBLE
17 FOR ESTABLISHING OR DIRECTING POLICIES AND PROCEDURES OF THE LICENSEE,
18 SUCH AS AN EXECUTIVE OFFICER, MANAGER, DIRECTOR OR TRUSTEE.

19 12. "LICENSEE" MEANS A PERSON LICENSED UNDER THIS ARTICLE.

20 13. "MATERIAL LITIGATION" MEANS LITIGATION THAT, ACCORDING TO
21 UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, IS SIGNIFICANT TO
22 A PERSON'S FINANCIAL HEALTH AND WOULD BE REQUIRED TO BE DISCLOSED IN THE
23 PERSON'S ANNUAL AUDITED FINANCIAL STATEMENTS, REPORT TO SHAREHOLDERS OR
24 SIMILAR RECORDS.

25 14. "MONETARY VALUE" MEANS A MEDIUM OF EXCHANGE, WHETHER OR NOT
26 REDEEMABLE IN MONEY.

27 15. "MONEY":

28 (a) MEANS A MEDIUM OF EXCHANGE THAT IS AUTHORIZED OR ADOPTED BY THE
29 UNITED STATES OR A FOREIGN GOVERNMENT.

30 (b) INCLUDES A MONETARY UNIT OF ACCOUNT ESTABLISHED BY AN
31 INTERGOVERNMENTAL ORGANIZATION OR BY AGREEMENT BETWEEN TWO OR MORE
32 GOVERNMENTS.

33 16. "MONEY SERVICES BUSINESS ACCREDITED STATE" MEANS A STATE AGENCY
34 THAT IS ACCREDITED BY A CONFERENCE OF STATE BANK SUPERVISORS AND MONEY
35 TRANSMITTER REGULATORS ASSOCIATION FOR MONEY TRANSMISSION LICENSING AND
36 SUPERVISION.

37 17. "MONEY TRANSMISSION":

38 (a) MEANS ANY OF THE FOLLOWING:

39 (i) SELLING OR ISSUING PAYMENT INSTRUMENTS TO A PERSON LOCATED IN
40 THIS STATE.

41 (ii) SELLING OR ISSUING STORED VALUE TO A PERSON LOCATED IN THIS
42 STATE.

43 (iii) RECEIVING MONEY FOR TRANSMISSION FROM A PERSON LOCATED IN
44 THIS STATE.

1 (b) DOES NOT INCLUDE PROVIDING SOLELY ONLINE TELECOMMUNICATIONS
2 SERVICES OR NETWORK ACCESS.

3 18. "MULTISTATE LICENSING PROCESS" MEANS A PROCEDURE AMONG STATE
4 REGULATORS RELATING TO THE COORDINATED PROCESSING OF APPLICATIONS FOR
5 MONEY TRANSMISSION LICENSES, APPLICATIONS FOR THE ACQUISITION OF CONTROL
6 OF A LICENSEE, CONTROL DETERMINATIONS OR NOTICE AND INFORMATION
7 REQUIREMENTS FOR A CHANGE OF KEY INDIVIDUALS.

8 19. "NMLS" MEANS THE NATIONWIDE MULTISTATE LICENSING SYSTEM AND
9 REGISTRY THAT IS DEVELOPED BY A CONFERENCE OF STATE BANK SUPERVISORS AND
10 THE AMERICAN ASSOCIATION OF RESIDENTIAL MORTGAGE REGULATORS AND THAT IS
11 OWNED AND OPERATED BY A STATE REGULATORY REGISTRY FOR THE LICENSING AND
12 REGISTRATION OF PERSONS IN FINANCIAL SERVICES INDUSTRIES.

13 20. "OUTSTANDING MONEY TRANSMISSION OBLIGATION" MEANS EITHER OF THE
14 FOLLOWING:

15 (a) ANY PAYMENT INSTRUMENT OR STORED VALUE ISSUED OR SOLD BY THE
16 LICENSEE TO A PERSON LOCATED IN THE UNITED STATES OR REPORTED AS SOLD BY
17 AN AUTHORIZED DELEGATE OF THE LICENSEE TO A PERSON THAT IS LOCATED IN THE
18 UNITED STATES THAT HAS NOT YET BEEN PAID OR REFUNDED BY OR FOR THE
19 LICENSEE OR ESCHEATED IN ACCORDANCE WITH APPLICABLE ABANDONED PROPERTY
20 LAWS.

21 (b) ANY MONEY RECEIVED FOR TRANSMISSION BY THE LICENSEE OR AN
22 AUTHORIZED DELEGATE IN THE UNITED STATES FROM A PERSON LOCATED IN THE
23 UNITED STATES THAT HAS NOT BEEN RECEIVED BY THE PAYEE OR REFUNDED TO THE
24 SENDER OR ESCHEATED IN ACCORDANCE WITH APPLICABLE ABANDONED PROPERTY LAWS.

25 21. "PASSIVE INVESTOR" MEANS A PERSON THAT:

26 (a) DOES NOT HAVE THE POWER TO ELECT A MAJORITY OF KEY INDIVIDUALS
27 OR EXECUTIVE OFFICERS, MANAGERS, DIRECTORS, TRUSTEES OR OTHER PERSONS
28 EXERCISING MANAGERIAL AUTHORITY OF A PERSON IN CONTROL OF A LICENSEE.

29 (b) IS NOT EMPLOYED BY AND DOES NOT HAVE ANY MANAGERIAL DUTIES OF
30 THE LICENSEE OR PERSON IN CONTROL OF A LICENSEE.

31 (c) DOES NOT HAVE THE POWER TO EXERCISE, DIRECTLY OR INDIRECTLY, A
32 CONTROLLING INFLUENCE OVER THE MANAGEMENT OR POLICIES OF A LICENSEE OR
33 PERSON IN CONTROL OF A LICENSEE.

34 (d) DOES EITHER OF THE FOLLOWING:

35 (i) ATTESTS TO SUBDIVISIONS (a), (b) AND (c) OF THIS PARAGRAPH IN A
36 FORM AND IN A MEDIUM PRESCRIBED BY THE DIRECTOR.

37 (ii) COMMITS TO THE PASSIVITY CHARACTERISTICS OF SUBDIVISIONS (a),
38 (b) AND (c) OF THIS PARAGRAPH IN A WRITTEN DOCUMENT.

39 22. "PAYMENT INSTRUMENT":

40 (a) MEANS A WRITTEN OR ELECTRONIC CHECK, DRAFT, MONEY ORDER,
41 TRAVELER'S CHECK OR OTHER WRITTEN OR ELECTRONIC INSTRUMENT FOR THE
42 TRANSMISSION OR PAYMENT OF MONEY OR MONETARY VALUE, WHETHER OR NOT
43 NEGOTIABLE.

44 (b) DOES NOT INCLUDE STORED VALUE OR ANY INSTRUMENT THAT IS EITHER:

1 (i) REDEEMABLE BY THE ISSUER ONLY FOR GOODS OR SERVICES PROVIDED BY
2 THE ISSUER OR ITS AFFILIATE OR FRANCHISEES OF THE ISSUER OR ITS AFFILIATE,
3 EXCEPT TO THE EXTENT REQUIRED BY APPLICABLE LAW TO BE REDEEMABLE IN CASH
4 FOR ITS CASH VALUE.

5 (ii) NOT SOLD TO THE PUBLIC BUT ISSUED AND DISTRIBUTED AS PART OF A
6 LOYALTY, REWARDS OR PROMOTIONAL PROGRAM.

7 23. "PERSON" MEANS ANY INDIVIDUAL, GENERAL PARTNERSHIP, LIMITED
8 PARTNERSHIP, LIMITED LIABILITY COMPANY, CORPORATION, TRUST, ASSOCIATION,
9 JOINT STOCK CORPORATION OR OTHER CORPORATE ENTITY IDENTIFIED BY THE
10 DIRECTOR.

11 24. "RECEIVING MONEY FOR TRANSMISSION" OR "MONEY RECEIVED FOR
12 TRANSMISSION" MEANS RECEIVING MONEY OR MONETARY VALUE IN THE UNITED STATES
13 FOR TRANSMISSION WITHIN OR OUTSIDE THE UNITED STATES BY ELECTRONIC OR
14 OTHER MEANS.

15 25. "STORED VALUE":

16 (a) MEANS MONETARY VALUE REPRESENTING A CLAIM AGAINST THE ISSUER
17 THAT IS EVIDENCED BY AN ELECTRONIC OR DIGITAL RECORD AND THAT IS INTENDED
18 AND ACCEPTED FOR USE AS A MEANS OF REDEMPTION FOR MONEY OR MONETARY VALUE
19 OR PAYMENT FOR GOODS OR SERVICES.

20 (b) INCLUDES PREPAID ACCESS AS DEFINED IN 31 CODE OF FEDERAL
21 REGULATIONS SECTION 1010.100.

22 (c) DOES NOT INCLUDE A PAYMENT INSTRUMENT OR CLOSED LOOP STORED
23 VALUE OR STORED VALUE NOT SOLD TO THE PUBLIC BUT ISSUED AND DISTRIBUTED AS
24 PART OF A LOYALTY, REWARDS OR PROMOTIONAL PROGRAM.

25 26. "TANGIBLE NET WORTH" MEANS THE AGGREGATE ASSETS OF A LICENSEE
26 EXCLUDING ALL INTANGIBLE ASSETS, MINUS LIABILITIES, AS DETERMINED IN
27 ACCORDANCE WITH UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

28 6-1202. Exemptions

29 A. THIS ARTICLE DOES NOT APPLY TO ANY OF THE FOLLOWING:

30 1. AN OPERATOR OF A PAYMENT SYSTEM THAT PROVIDES PROCESSING,
31 CLEARING OR SETTLEMENT SERVICES BETWEEN OR AMONG PERSONS EXEMPTED BY THIS
32 SECTION OR LICENSEES IN CONNECTION WITH WIRE TRANSFERS, CREDIT CARD
33 TRANSACTIONS, DEBIT CARD TRANSACTIONS, STORED VALUE TRANSACTIONS,
34 AUTOMATED CLEARINGHOUSE TRANSFERS OR SIMILAR TRANSFERS OF MONEY.

35 2. A PERSON APPOINTED AS AN AGENT OF A PAYEE TO COLLECT AND PROCESS
36 A PAYMENT FROM A PAYOR TO THE PAYEE FOR GOODS OR SERVICES, OTHER THAN
37 MONEY TRANSMISSION, PROVIDED TO THE PAYOR BY THE PAYEE, IF ALL OF THE
38 FOLLOWING APPLY:

39 (a) A WRITTEN AGREEMENT EXISTS BETWEEN THE PAYEE AND THE AGENT
40 DIRECTING THE AGENT TO COLLECT AND PROCESS PAYMENTS FROM PAYORS ON THE
41 PAYEE'S BEHALF.

42 (b) THE PAYEE HOLDS THE AGENT OUT TO THE PUBLIC AS ACCEPTING
43 PAYMENTS FOR GOODS OR SERVICES ON THE PAYEE'S BEHALF.

44 (c) PAYMENT FOR THE GOODS AND SERVICES IS TREATED AS RECEIVED BY
45 THE PAYEE ON RECEIPT BY THE AGENT SO THAT THE PAYOR'S OBLIGATION IS

1 EXTINGUISHED AND THERE IS NO RISK OF LOSS TO THE PAYOR IF THE AGENT FAILS
2 TO REMIT THE MONEY TO THE PAYEE.

3 3. A PERSON THAT ACTS AS AN INTERMEDIARY BY PROCESSING PAYMENTS
4 BETWEEN AN ENTITY THAT HAS DIRECTLY INCURRED AN OUTSTANDING MONEY
5 TRANSMISSION OBLIGATION TO A SENDER AND THE SENDER'S DESIGNATED RECIPIENT,
6 IF THE ENTITY MEETS ALL OF THE FOLLOWING CRITERIA:

7 (a) IS PROPERLY LICENSED OR EXEMPT FROM THE LICENSING REQUIREMENTS
8 UNDER THIS ARTICLE.

9 (b) PROVIDES A RECEIPT, ELECTRONIC RECORD OR OTHER WRITTEN
10 CONFIRMATION TO THE SENDER IDENTIFYING THE ENTITY AS THE PROVIDER OF MONEY
11 TRANSMISSION IN THE TRANSACTION.

12 (c) BEARS SOLE RESPONSIBILITY TO SATISFY THE OUTSTANDING MONEY
13 TRANSMISSION OBLIGATION TO THE SENDER, INCLUDING THE OBLIGATION TO MAKE
14 THE SENDER WHOLE IN CONNECTION WITH ANY FAILURE TO TRANSMIT THE MONEY TO
15 THE SENDER'S DESIGNATED RECIPIENT.

16 4. THE UNITED STATES OR A DEPARTMENT, AN AGENCY OR AN
17 INSTRUMENTALITY OF THE UNITED STATES OR ITS AGENT.

18 5. MONEY TRANSMISSION BY THE UNITED STATES POSTAL SERVICE OR BY AN
19 AGENT OF THE UNITED STATES POSTAL SERVICE.

20 6. A STATE, COUNTY, CITY OR TOWN OR ANY OTHER GOVERNMENTAL AGENCY
21 OR GOVERNMENTAL SUBDIVISION OR INSTRUMENTALITY OF A STATE OR ITS AGENT.

22 7. A FEDERALLY INSURED DEPOSITORY FINANCIAL INSTITUTION, BANK
23 HOLDING COMPANY, OFFICE OF AN INTERNATIONAL BANKING CORPORATION, FOREIGN
24 BANK THAT ESTABLISHES A FEDERAL BRANCH PURSUANT TO 12 UNITED STATES CODE
25 SECTION 3102, A CORPORATION ORGANIZED AS A BANK SERVICE COMPANY PURSUANT
26 TO 12 UNITED STATES CODE SECTIONS 1861 THROUGH 1867 OR A CORPORATION
27 ORGANIZED PURSUANT TO 12 UNITED STATES CODE SECTIONS 611 THROUGH 633.

28 8. ELECTRONIC FUNDS TRANSFER OF GOVERNMENTAL BENEFITS FOR A
29 FEDERAL, STATE, COUNTY OR GOVERNMENTAL AGENCY BY A CONTRACTOR ON BEHALF OF
30 THE UNITED STATES OR A DEPARTMENT, AGENCY OR INSTRUMENTALITY OF THE UNITED
31 STATES OR ON BEHALF OF A STATE OR GOVERNMENTAL SUBDIVISION, AGENCY OR
32 INSTRUMENTALITY OF A STATE.

33 9. A BOARD OF TRADE DESIGNATED AS A CONTRACT MARKET UNDER THE
34 COMMODITY EXCHANGE ACT (7 UNITED STATES CODE SECTIONS 1 THROUGH 26) OR A
35 PERSON THAT, IN THE ORDINARY COURSE OF BUSINESS, PROVIDES CLEARANCE AND
36 SETTLEMENT SERVICES FOR A BOARD OF TRADE TO THE EXTENT OF ITS OPERATION AS
37 OR FOR THE BOARD OF TRADE.

38 10. A REGISTERED FUTURES COMMISSION MERCHANT UNDER THE FEDERAL
39 COMMODITIES LAWS TO THE EXTENT OF ITS OPERATION AS A MERCHANT.

40 11. A PERSON REGISTERED AS A SECURITIES BROKER OR DEALER UNDER
41 FEDERAL OR STATE SECURITIES LAWS TO THE EXTENT OF THE PERSON'S OPERATION.

42 12. AN INDIVIDUAL EMPLOYED BY A LICENSEE, AN AUTHORIZED DELEGATE OR
43 ANY PERSON EXEMPT FROM THE LICENSING REQUIREMENTS OF THIS ARTICLE WHEN
44 ACTING WITHIN THE SCOPE OF EMPLOYMENT AND UNDER THE SUPERVISION OF THE

1 LICENSEE, AUTHORIZED DELEGATE OR EXEMPT PERSON AS AN EMPLOYEE AND NOT AS
2 AN INDEPENDENT CONTRACTOR.

3 13. A PERSON EXPRESSLY APPOINTED AS A THIRD-PARTY SERVICE PROVIDER
4 TO OR AGENT OF AN ENTITY EXEMPT UNDER PARAGRAPH 7 OF THIS SUBSECTION
5 SOLELY TO THE EXTENT THAT BOTH:

6 (a) THE SERVICE PROVIDER OR AGENT IS ENGAGING IN MONEY TRANSMISSION
7 ON BEHALF OF AND PURSUANT TO A WRITTEN AGREEMENT WITH THE EXEMPT ENTITY
8 THAT SETS FORTH THE SPECIFIC FUNCTIONS THAT THE SERVICE PROVIDER OR AGENT
9 IS TO PERFORM.

10 (b) THE EXEMPT ENTITY ASSUMES ALL RISK OF LOSS AND ALL LEGAL
11 RESPONSIBILITY FOR SATISFYING THE OUTSTANDING MONEY TRANSMISSION
12 OBLIGATIONS OWED TO PURCHASERS AND HOLDERS OF THE OUTSTANDING MONEY
13 TRANSMISSION OBLIGATIONS ON RECEIPT OF THE PURCHASER'S OR HOLDER'S MONEY
14 OR MONETARY VALUE BY THE SERVICE PROVIDER OR AGENT.

15 14. A PERSON EXEMPT BY REGULATION OR ORDER IF THE DIRECTOR FINDS
16 SUCH EXEMPTION TO BE IN THE PUBLIC INTEREST AND THAT REGULATING THE PERSON
17 IS NOT NECESSARY FOR THE PURPOSES OF THIS ARTICLE.

18 B. THE DIRECTOR MAY REQUIRE THAT ANY PERSON CLAIMING TO BE EXEMPT
19 FROM LICENSING PURSUANT TO THIS SECTION PROVIDE INFORMATION AND
20 DOCUMENTATION TO THE DIRECTOR DEMONSTRATING THAT THE PERSON QUALIFIES FOR
21 ANY CLAIMED EXEMPTION.

22 6-1203. Implementation; fees

23 A. TO IMPLEMENT THIS ARTICLE, THE DIRECTOR MAY:

24 1. ENTER INTO AGREEMENTS OR RELATIONSHIPS WITH OTHER GOVERNMENT
25 OFFICIALS OR FEDERAL AND STATE REGULATORY AGENCIES AND REGULATORY
26 ASSOCIATIONS IN ORDER TO IMPROVE EFFICIENCIES AND REDUCE REGULATORY BURDEN
27 BY STANDARDIZING METHODS OR PROCEDURES, PROVIDING FOR LICENSURE BY
28 RECIPROCITY AND SHARING RESOURCES, RECORDS OR RELATED INFORMATION OBTAINED
29 UNDER THIS ARTICLE.

30 2. USE, HIRE, CONTRACT OR EMPLOY ANALYTICAL SYSTEMS, METHODS OR
31 SOFTWARE TO EXAMINE OR INVESTIGATE ANY PERSON SUBJECT TO THIS ARTICLE.

32 3. ACCEPT THE FOLLOWING FROM OTHER STATE OR FEDERAL GOVERNMENT
33 AGENCIES OR OFFICIALS:

34 (a) LICENSING, EXAMINATION OR INVESTIGATION REPORTS MADE BY OTHER
35 STATE OR FEDERAL GOVERNMENT AGENCIES OR OFFICIALS.

36 (b) AUDIT REPORTS MADE BY AN INDEPENDENT CERTIFIED PUBLIC
37 ACCOUNTANT OR OTHER QUALIFIED THIRD-PARTY AUDITOR FOR AN APPLICANT OR
38 LICENSEE AND INCORPORATE THE AUDIT REPORT IN ANY REPORT OF EXAMINATION OR
39 INVESTIGATION.

40 B. THE DIRECTOR SHALL ADMINISTER, INTERPRET AND ENFORCE THIS
41 ARTICLE AND ADOPT RULES TO IMPLEMENT THIS ARTICLE. THE DIRECTOR MAY
42 IMPOSE FEES TO ADMINISTER AND ENFORCE THIS ARTICLE.

43 6-1204. Examinations; investigations; records

44 A. THE DIRECTOR MAY CONDUCT AN EXAMINATION OR INVESTIGATION AND
45 TAKE ACTION AUTHORIZED BY THIS TITLE OR BY A RULE ADOPTED OR ORDER ISSUED

1 UNDER THIS TITLE TO ADMINISTER AND ENFORCE THIS ARTICLE AND OTHER
2 APPLICABLE LAW, INCLUDING THE BANK SECRECY ACT (P.L. 91-508; 84 STAT.
3 1114) AND THE PATRIOT ACT (P.L. 107-56; 115 STAT. 272).

4 B. PERSONS WHOSE ACTIVITY IS REGULATED UNDER THIS ARTICLE SHALL
5 PROVIDE, AND THE DIRECTOR SHALL HAVE FULL AND COMPLETE ACCESS TO, ALL
6 RECORDS THE DIRECTOR MAY REASONABLY REQUIRE TO CONDUCT A COMPLETE
7 EXAMINATION OR INVESTIGATION. THE RECORDS MUST BE PROVIDED AT THE
8 LOCATION AND IN THE FORMAT SPECIFIED BY THE DIRECTOR. THE DIRECTOR MAY
9 USE MULTISTATE RECORD PRODUCTION STANDARDS AND EXAMINATION PROCEDURES WHEN
10 THE STANDARDS REASONABLY ACHIEVE THE REQUIREMENTS OF THIS SUBSECTION.

11 6-1205. Multistate supervision

12 A. THE DIRECTOR MAY PARTICIPATE IN MULTISTATE SUPERVISORY PROCESSES
13 ESTABLISHED BETWEEN STATES FOR ALL LICENSEES THAT HOLD LICENSES IN THIS
14 STATE AND OTHER STATES. AS A PARTICIPANT IN MULTISTATE SUPERVISION, THE
15 DIRECTOR SHALL:

16 1. COOPERATE, COORDINATE AND SHARE INFORMATION WITH OTHER STATE AND
17 FEDERAL REGULATORS IN ACCORDANCE WITH THIS TITLE.

18 2. ENTER INTO WRITTEN COOPERATION, COORDINATION OR
19 INFORMATION-SHARING CONTRACTS OR AGREEMENTS WITH ORGANIZATIONS THAT HAVE
20 STATE OR FEDERAL GOVERNMENTAL AGENCIES AS MEMBERS.

21 3. COOPERATE, COORDINATE AND SHARE INFORMATION WITH ORGANIZATIONS
22 THAT HAVE STATE OR FEDERAL GOVERNMENTAL AGENCIES AS MEMBERS IF THE
23 ORGANIZATIONS AGREE IN WRITING TO MAINTAIN THE CONFIDENTIALITY AND
24 SECURITY OF THE SHARED INFORMATION PURSUANT TO SECTION 6-129.

25 B. THE DIRECTOR MAY NOT WAIVE AND THIS SECTION DOES NOT CONSTITUTE
26 A WAIVER OF THE DIRECTOR'S AUTHORITY TO CONDUCT AN EXAMINATION OR
27 INVESTIGATION OR OTHERWISE TAKE ACTION AUTHORIZED BY THIS TITLE OR A RULE
28 ADOPTED OR ORDER ISSUED UNDER THIS TITLE TO ENFORCE COMPLIANCE WITH AN
29 APPLICABLE STATE OR FEDERAL LAW.

30 C. A JOINT EXAMINATION OR INVESTIGATION OR ACCEPTANCE OF AN
31 EXAMINATION OR INVESTIGATION REPORT DOES NOT WAIVE AN EXAMINATION
32 ASSESSMENT PROVIDED FOR IN THIS TITLE.

33 6-1206. Relationship to federal law

34 A. IF A STATE MONEY TRANSMISSION JURISDICTION IS CONDITIONED ON A
35 FEDERAL LAW, ANY INCONSISTENCIES BETWEEN THIS ARTICLE AND THE FEDERAL LAW
36 RELATING TO MONEY TRANSMISSION SHALL BE GOVERNED BY THE APPLICABLE FEDERAL
37 LAW TO THE EXTENT OF THE INCONSISTENCY.

38 B. IF THERE IS AN INCONSISTENCY BETWEEN THIS ARTICLE AND A FEDERAL
39 LAW THAT GOVERNS PURSUANT TO SUBSECTION A OF THIS SECTION, THE DIRECTOR
40 MAY PROVIDE INTERPRETIVE GUIDANCE THAT IDENTIFIES BOTH OF THE FOLLOWING:

41 1. THE INCONSISTENCY.

42 2. THE APPROPRIATE MEANS OF COMPLIANCE WITH FEDERAL LAW.

6-1207. Licensure; prohibition; applicability

A. A PERSON MAY NOT ENGAGE IN THE BUSINESS OF MONEY TRANSMISSION OR ADVERTISE, SOLICIT OR HOLD ITSELF OUT AS PROVIDING MONEY TRANSMISSION UNLESS THE PERSON IS LICENSED UNDER THIS ARTICLE.

B. SUBSECTION A OF THIS SECTION DOES NOT APPLY TO EITHER OF THE FOLLOWING:

1. A PERSON THAT IS AN AUTHORIZED DELEGATE OF A PERSON LICENSED UNDER THIS ARTICLE THAT IS ACTING WITHIN THE SCOPE OF AUTHORITY CONFERRED BY A WRITTEN CONTRACT WITH THE LICENSEE.

2. A PERSON THAT IS EXEMPT PURSUANT TO SECTION 6-1202 AND DOES NOT ENGAGE IN MONEY TRANSMISSION OUTSIDE THE SCOPE OF THE EXEMPTION.

C. A LICENSE ISSUED UNDER SECTION 6-1211 IS NOT TRANSFERABLE OR ASSIGNABLE.

6-1208. Consistent licensure

A. TO ESTABLISH CONSISTENT LICENSURE BETWEEN THIS STATE AND OTHER STATES, THE DIRECTOR MAY DO BOTH OF THE FOLLOWING:

1. IMPLEMENT ALL LICENSING PROVISIONS OF THIS ARTICLE IN A MANNER THAT IS CONSISTENT WITH OTHER STATES THAT HAVE ADOPTED LAWS THAT ARE SUBSTANTIVELY SIMILAR TO THIS ARTICLE OR MULTISTATE LICENSING PROCESSES.

2. PARTICIPATE IN NATIONWIDE PROTOCOLS FOR LICENSING COOPERATION AND COORDINATION AMONG STATE REGULATORS IF THE PROTOCOLS ARE CONSISTENT WITH THIS ARTICLE.

B. THE DIRECTOR MAY ESTABLISH RELATIONSHIPS OR CONTRACTS WITH NMLS OR OTHER ENTITIES DESIGNATED BY NMLS TO ENABLE THE DIRECTOR TO DO ALL OF THE FOLLOWING:

1. COLLECT AND MAINTAIN RECORDS.

2. COORDINATE MULTISTATE LICENSING PROCESSES AND SUPERVISION PROCESSES.

3. PROCESS FEES.

4. FACILITATE COMMUNICATION BETWEEN THIS STATE AND LICENSEES OR OTHER PERSONS SUBJECT TO THIS ARTICLE.

C. THE DIRECTOR MAY USE NMLS FOR ALL ASPECTS OF LICENSURE PURSUANT TO THIS ARTICLE, INCLUDING LICENSE APPLICATIONS, APPLICATIONS FOR ACQUISITIONS OF CONTROL, SURETY BONDS, REPORTING, CRIMINAL HISTORY BACKGROUND CHECKS, CREDIT CHECKS, FEE PROCESSING AND EXAMINATIONS.

D. THE DIRECTOR MAY USE NMLS FORMS, PROCESSES AND FUNCTIONALITIES PURSUANT TO THIS ARTICLE. IF NMLS DOES NOT PROVIDE FUNCTIONALITY, FORMS OR PROCESSES FOR A PROVISION OF THIS ARTICLE, THE DIRECTOR MAY STRIVE TO IMPLEMENT THE REQUIREMENTS IN A MANNER THAT FACILITATES UNIFORMITY WITH RESPECT TO LICENSING, SUPERVISION, REPORTING AND REGULATION OF LICENSEES THAT ARE LICENSED IN MULTIPLE JURISDICTIONS.

E. FOR THE PURPOSE OF PARTICIPATING IN NMLS, THE DIRECTOR MAY WAIVE OR MODIFY, IN WHOLE OR IN PART, BY RULE OR ORDER, ANY OR ALL OF THE REQUIREMENTS AND ESTABLISH NEW REQUIREMENTS AS REASONABLY NECESSARY TO PARTICIPATE IN NMLS.

1 6-1209. Application for licensure

2 A. AN APPLICANT FOR A LICENSE SHALL APPLY IN A FORM PRESCRIBED BY
3 THE DIRECTOR AND PAY ALL APPLICABLE NONREFUNDABLE FEES AS PRESCRIBED IN
4 SECTION 6-126. THE APPLICATION MUST CONTAIN ALL OF THE FOLLOWING:

5 1. THE LEGAL NAME AND RESIDENTIAL AND BUSINESS ADDRESSES OF THE
6 APPLICANT AND ANY FICTITIOUS OR TRADE NAME USED BY THE APPLICANT IN
7 CONDUCTING THE APPLICANT'S BUSINESS.

8 2. A LIST OF ANY CRIMINAL CONVICTIONS OF THE APPLICANT AND ANY
9 MATERIAL LITIGATION IN WHICH THE APPLICANT HAS BEEN INVOLVED IN THE
10 TEN-YEAR PERIOD PRECEDING THE SUBMISSION OF THE APPLICATION.

11 3. A DESCRIPTION OF ANY MONEY TRANSMISSION PREVIOUSLY PROVIDED BY
12 THE APPLICANT AND THE MONEY TRANSMISSION THAT THE APPLICANT SEEKS TO
13 PROVIDE IN THIS STATE.

14 4. A LIST OF THE APPLICANT'S PROPOSED AUTHORIZED DELEGATES AND THE
15 LOCATIONS IN THIS STATE WHERE THE APPLICANT AND ITS AUTHORIZED DELEGATES
16 PROPOSE TO ENGAGE IN MONEY TRANSMISSION.

17 5. A LIST OF OTHER STATES IN WHICH THE APPLICANT IS LICENSED TO
18 ENGAGE IN MONEY TRANSMISSION AND ANY LICENSE REVOCATIONS OR SUSPENSIONS OR
19 OTHER DISCIPLINARY ACTION TAKEN AGAINST THE APPLICANT IN ANOTHER STATE.

20 6. INFORMATION CONCERNING ANY BANKRUPTCY OR RECEIVERSHIP
21 PROCEEDINGS AFFECTING THE LICENSEE OR A PERSON IN CONTROL OF THE LICENSEE.

22 7. A SAMPLE FORM OF A CONTRACT FOR AUTHORIZED DELEGATES, IF
23 APPLICABLE.

24 8. A SAMPLE FORM OF A PAYMENT INSTRUMENT OR STORED VALUE, AS
25 APPLICABLE.

26 9. THE NAME AND ADDRESS OF ANY FEDERALLY INSURED DEPOSITORY
27 FINANCIAL INSTITUTION THROUGH WHICH THE APPLICANT PLANS TO CONDUCT MONEY
28 TRANSMISSION.

29 10. ANY OTHER INFORMATION THE DIRECTOR REASONABLY REQUIRES WITH
30 RESPECT TO THE APPLICANT.

31 B. IN ADDITION TO THE REQUIREMENTS PRESCRIBED IN SUBSECTION A OF
32 THIS SECTION, IF AN APPLICANT IS A CORPORATION, LIMITED LIABILITY COMPANY,
33 PARTNERSHIP OR OTHER LEGAL ENTITY, THE APPLICANT SHALL ALSO PROVIDE ALL OF
34 THE FOLLOWING:

35 1. THE DATE OF THE APPLICANT'S INCORPORATION OR FORMATION AND THE
36 STATE OR COUNTRY OF INCORPORATION OR FORMATION.

37 2. IF APPLICABLE, A CERTIFICATE OF GOOD STANDING FROM THE STATE OR
38 COUNTRY IN WHICH THE APPLICANT IS INCORPORATED OR FORMED.

39 3. A BRIEF DESCRIPTION OF THE STRUCTURE OR ORGANIZATION OF THE
40 APPLICANT, INCLUDING ANY PARENTS OR SUBSIDIARIES OF THE APPLICANT, AND
41 WHETHER ANY PARENTS OR SUBSIDIARIES ARE PUBLICLY TRADED.

42 4. THE LEGAL NAME, ANY FICTITIOUS OR TRADE NAME, ALL BUSINESS AND
43 RESIDENTIAL ADDRESSES AND THE EMPLOYMENT, AS APPLICABLE, IN THE TEN-YEAR
44 PERIOD IMMEDIATELY PRECEDING THE SUBMISSION OF THE APPLICATION OF EACH KEY
45 INDIVIDUAL AND PERSON IN CONTROL OF THE APPLICANT.

1 5. A LIST OF ANY CRIMINAL CONVICTIONS AND MATERIAL LITIGATION IN
2 WHICH A PERSON IN CONTROL OF THE APPLICANT THAT IS NOT AN INDIVIDUAL HAS
3 BEEN INVOLVED IN THE TEN-YEAR PERIOD IMMEDIATELY PRECEDING THE SUBMISSION
4 OF THE APPLICATION.

5 6. A COPY OF AUDITED FINANCIAL STATEMENTS OF THE APPLICANT FOR THE
6 MOST RECENT FISCAL YEAR AND FOR THE TWO-YEAR PERIOD IMMEDIATELY PRECEDING
7 THE SUBMISSION OF THE APPLICATION OR, IF DETERMINED TO BE ACCEPTABLE TO
8 THE DIRECTOR, UNAUDITED FINANCIAL STATEMENTS FOR THE MOST RECENT FISCAL
9 YEAR OR OTHER PERIOD ACCEPTABLE TO THE DIRECTOR.

10 7. A COPY OF UNAUDITED FINANCIAL STATEMENTS OF THE APPLICANT FOR
11 THE MOST RECENT FISCAL QUARTER.

12 8. IF THE APPLICANT IS A PUBLICLY TRADED CORPORATION, A COPY OF THE
13 MOST RECENT REPORT FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE
14 COMMISSION PURSUANT TO 15 UNITED STATES CODE SECTION 78m.

15 9. IF THE APPLICANT IS A WHOLLY OWNED SUBSIDIARY OF:

16 (a) A CORPORATION PUBLICLY TRADED IN THE UNITED STATES, A COPY OF
17 AUDITED FINANCIAL STATEMENTS FOR THE PARENT CORPORATION FOR THE MOST
18 RECENT FISCAL YEAR OR A COPY OF THE PARENT CORPORATION'S MOST RECENT
19 REPORT FILED PURSUANT TO 15 UNITED STATES CODE SECTION 78m.

20 (b) A CORPORATION PUBLICLY TRADED OUTSIDE THE UNITED STATES, A COPY
21 OF SIMILAR DOCUMENTATION FILED WITH THE REGULATOR OF THE PARENT
22 CORPORATION'S DOMICILE OUTSIDE THE UNITED STATES.

23 10. THE NAME AND ADDRESS OF THE APPLICANT'S REGISTERED AGENT IN
24 THIS STATE.

25 11. ANY OTHER INFORMATION THE DIRECTOR REASONABLY REQUIRES.

26 C. THE DIRECTOR MAY WAIVE ONE OR MORE REQUIREMENTS OF SUBSECTIONS A
27 AND B OF THIS SECTION OR ALLOW AN APPLICANT TO SUBMIT OTHER INFORMATION IN
28 LIEU OF THE REQUIRED INFORMATION.

29 6-1210. Information requirements for certain individuals

30 A. ANY INDIVIDUAL IN CONTROL OF A LICENSEE OR APPLICANT, ANY
31 INDIVIDUAL WHO SEEKS TO ACQUIRE CONTROL OF A LICENSEE AND EACH KEY
32 INDIVIDUAL SHALL SUBMIT BOTH:

33 1. A FULL SET OF FINGERPRINTS PURSUANT TO SECTION 6-123.01.

34 2. THE INDIVIDUAL'S PERSONAL HISTORY AND EXPERIENCE TO THE DIRECTOR
35 IN A FORM PRESCRIBED BY THE DIRECTOR SO THE DIRECTOR MAY OBTAIN THE
36 FOLLOWING:

37 (a) AN INDEPENDENT CREDIT REPORT FROM A CONSUMER REPORTING AGENCY
38 IF THE INDIVIDUAL HAS A SOCIAL SECURITY NUMBER.

39 (b) INFORMATION RELATED TO ANY CRIMINAL CONVICTIONS OR PENDING
40 CHARGES.

41 (c) INFORMATION RELATED TO ANY REGULATORY OR ADMINISTRATIVE ACTION
42 AND ANY CIVIL LITIGATION INVOLVING CLAIMS OF FRAUD, MISREPRESENTATION,
43 CONVERSION, MISMANAGEMENT OF FUNDS, BREACH OF FIDUCIARY DUTY OR BREACH OF
44 CONTRACT.

1 B. A PERSON IS PRESUMED TO EXERCISE A CONTROLLING INFLUENCE WHEN
2 THE PERSON HOLDS THE POWER TO VOTE, DIRECTLY OR INDIRECTLY, AT LEAST TEN
3 PERCENT OF THE OUTSTANDING VOTING SHARES OR VOTING INTERESTS OF A LICENSEE
4 OR PERSON IN CONTROL OF A LICENSEE. A PERSON PRESUMED TO EXERCISE A
5 CONTROLLING INFLUENCE MAY REBUT THE PRESUMPTION OF CONTROL IF THE PERSON
6 IS A PASSIVE INVESTOR.

7 C. IF THE INDIVIDUAL HAS RESIDED OUTSIDE OF THE UNITED STATES AT
8 ANY TIME IN THE LAST TEN YEARS, THE INDIVIDUAL SHALL ALSO PROVIDE AN
9 INVESTIGATIVE BACKGROUND REPORT PREPARED BY AN INDEPENDENT SEARCH FIRM
10 THAT MEETS THE FOLLOWING REQUIREMENTS:

11 1. AT A MINIMUM, THE SEARCH FIRM SHALL DO BOTH OF THE FOLLOWING:

12 (a) DEMONSTRATE THAT IT HAS SUFFICIENT KNOWLEDGE, RESOURCES AND
13 EMPLOYS ACCEPTED AND REASONABLE METHODOLOGIES TO CONDUCT THE RESEARCH OF
14 THE BACKGROUND REPORT.

15 (b) NOT BE AFFILIATED WITH OR HAVE AN INTEREST IN THE INDIVIDUAL IT
16 IS RESEARCHING.

17 2. AT A MINIMUM, THE INVESTIGATIVE BACKGROUND REPORT SHALL BE
18 WRITTEN IN ENGLISH AND SHALL CONTAIN THE FOLLOWING:

19 (a) IF AVAILABLE IN THE INDIVIDUAL'S CURRENT JURISDICTION OF
20 RESIDENCY, A COMPREHENSIVE CREDIT REPORT OR ANY EQUIVALENT INFORMATION
21 OBTAINED OR GENERATED BY THE INDEPENDENT SEARCH FIRM TO ACCOMPLISH THE
22 REPORT, INCLUDING A SEARCH OF THE COURT DATA IN THE COUNTRIES, PROVINCES,
23 STATES, CITIES, TOWNS AND CONTIGUOUS AREAS WHERE THE INDIVIDUAL RESIDED
24 AND WORKED.

25 (b) CRIMINAL RECORDS INFORMATION FOR THE PAST TEN YEARS, INCLUDING
26 FELONIES, MISDEMEANORS OR SIMILAR CONVICTIONS FOR VIOLATIONS OF LAW IN THE
27 COUNTRIES, PROVINCES, STATES, CITIES, TOWNS AND CONTIGUOUS AREAS WHERE THE
28 INDIVIDUAL RESIDED AND WORKED.

29 (c) EMPLOYMENT HISTORY.

30 (d) MEDIA HISTORY, INCLUDING AN ELECTRONIC SEARCH OF NATIONAL AND
31 LOCAL PUBLICATIONS, WIRE SERVICES AND BUSINESS APPLICATIONS.

32 (e) FINANCIAL SERVICES-RELATED REGULATORY HISTORY, INCLUDING MONEY
33 TRANSMISSION, SECURITIES, BANKING, INSURANCE AND MORTGAGE-RELATED
34 INDUSTRIES.

35 6-1211. License issuance

36 A. WHEN AN APPLICATION FOR AN ORIGINAL LICENSE UNDER THIS ARTICLE
37 INCLUDES ALL OF THE REQUIRED ITEMS AND ADDRESSES, THE APPLICATION IS
38 COMPLETE AND THE DIRECTOR SHALL PROMPTLY NOTIFY THE APPLICANT IN A RECORD
39 OF THE DATE ON WHICH THE APPLICATION IS DETERMINED TO BE COMPLETE. THE
40 DIRECTOR SHALL APPROVE OR DENY THE APPLICATION WITHIN ONE HUNDRED TWENTY
41 DAYS AFTER THE COMPLETION DATE. IF THE APPLICATION IS NOT APPROVED OR
42 DENIED WITHIN ONE HUNDRED TWENTY DAYS AFTER THE COMPLETION DATE, ALL OF
43 THE FOLLOWING APPLY:

44 1. THE APPLICATION IS APPROVED.

1 2. THE LICENSE TAKES EFFECT AS OF THE FIRST BUSINESS DAY AFTER
2 EXPIRATION OF THE ONE HUNDRED TWENTY-DAY PERIOD.

3 3. THE DIRECTOR FOR GOOD CAUSE MAY EXTEND THE APPLICATION PERIOD.

4 B. THE DIRECTOR'S DETERMINATION THAT AN APPLICATION IS COMPLETE AND
5 IS ACCEPTED FOR PROCESSING MEANS ONLY THAT THE APPLICATION, ON ITS FACE,
6 APPEARS TO INCLUDE ALL OF THE ITEMS, INCLUDING THE CRIMINAL BACKGROUND
7 CHECK RESPONSE FROM THE FEDERAL BUREAU OF INVESTIGATION, AND TO ADDRESS
8 ALL OF THE MATTERS THAT ARE REQUIRED, AND IS NOT AN ASSESSMENT OF THE
9 SUBSTANCE OF THE APPLICATION OR OF THE SUFFICIENCY OF THE INFORMATION
10 PROVIDED.

11 C. WHEN AN APPLICATION IS FILED AND CONSIDERED COMPLETE UNDER THIS
12 SECTION, THE DIRECTOR SHALL INVESTIGATE THE APPLICANT'S FINANCIAL
13 CONDITION AND RESPONSIBILITY, FINANCIAL AND BUSINESS EXPERIENCE, CHARACTER
14 AND GENERAL FITNESS. THE DIRECTOR MAY CONDUCT AN ON-SITE INVESTIGATION OF
15 THE APPLICANT, THE REASONABLE COST OF WHICH THE APPLICANT MUST PAY. THE
16 DIRECTOR SHALL ISSUE A LICENSE TO AN APPLICANT UNDER THIS SECTION IF THE
17 DIRECTOR FINDS THAT ALL OF THE FOLLOWING CONDITIONS HAVE BEEN FULFILLED:

18 1. THE APPLICANT HAS COMPLIED WITH SECTIONS 6-1209 AND 6-1210.

19 2. THE FINANCIAL CONDITION AND RESPONSIBILITY, FINANCIAL AND
20 BUSINESS EXPERIENCE, COMPETENCE, CHARACTER AND GENERAL FITNESS OF THE
21 APPLICANT AND THE COMPETENCE, EXPERIENCE, CHARACTER AND GENERAL FITNESS OF
22 THE KEY INDIVIDUALS AND PERSONS IN CONTROL OF THE APPLICANT INDICATE THAT
23 IT IS IN THE INTEREST OF THE PUBLIC TO ALLOW THE APPLICANT TO ENGAGE IN
24 MONEY TRANSMISSION.

25 D. IF AN APPLICANT AVAILS ITSELF OR IS OTHERWISE SUBJECT TO A
26 MULTISTATE LICENSING PROCESS, EITHER:

27 1. THE DIRECTOR MAY ACCEPT THE INVESTIGATION RESULTS OF A LEAD
28 INVESTIGATIVE STATE FOR THE PURPOSE OF SUBSECTION C OF THIS SECTION IF THE
29 LEAD INVESTIGATIVE STATE HAS SUFFICIENT STAFFING, EXPERTISE AND MINIMUM
30 STANDARDS.

31 2. IF THIS STATE IS A LEAD INVESTIGATIVE STATE, THE DIRECTOR MAY
32 INVESTIGATE THE APPLICANT PURSUANT TO SUBSECTION C OF THIS SECTION AND THE
33 TIME FRAMES ESTABLISHED BY AGREEMENT THROUGH THE MULTISTATE LICENSING
34 PROCESS APPLY, EXCEPT THAT THE TIME FRAME MUST ALSO COMPLY WITH THE
35 APPLICATION PERIOD IN SUBSECTION A OF THIS SECTION.

36 E. THE DIRECTOR SHALL ISSUE A FORMAL WRITTEN NOTICE OF THE DENIAL
37 OF A LICENSE APPLICATION WITHIN THIRTY DAYS AFTER THE DECISION IS MADE TO
38 DENY THE APPLICATION. THE DIRECTOR SHALL SET FORTH IN THE NOTICE OF
39 DENIAL THE SPECIFIC REASONS FOR THE DENIAL OF THE APPLICATION AND INFORM
40 THE APPLICANT OF ITS RIGHT TO APPEAL PURSUANT TO TITLE 41, CHAPTER 6,
41 ARTICLE 10.

42 F. THE INITIAL LICENSE TERM SHALL BEGIN ON THE DAY THE APPLICATION
43 IS APPROVED. THE LICENSE SHALL EXPIRE ON DECEMBER 31 OF THE YEAR IN WHICH
44 THE LICENSE TERM BEGAN EXCEPT THAT IF THE INITIAL LICENSE DATE IS BETWEEN

1 NOVEMBER 1 AND DECEMBER 31, THE INITIAL LICENSE TERM SHALL RUN THROUGH
2 DECEMBER 31 OF THE FOLLOWING YEAR.

3 6-1212. License renewal

4 A. A LICENSE UNDER THIS ARTICLE SHALL BE RENEWED ANNUALLY.

5 B. AN APPLICANT FOR LICENSE RENEWAL SHALL PAY ALL APPLICABLE FEES
6 AS PRESCRIBED IN SECTION 6-126 NOT MORE THAN SIXTY DAYS BEFORE THE LICENSE
7 EXPIRES.

8 C. THE RENEWAL TERM SHALL BE FOR A PERIOD OF ONE YEAR AND SHALL
9 BEGIN ON JANUARY 1 OF EACH YEAR AFTER THE INITIAL LICENSE TERM AND SHALL
10 EXPIRE ON DECEMBER 31 OF THE YEAR THE RENEWAL TERM BEGINS.

11 D. A LICENSEE SHALL SUBMIT A RENEWAL REPORT WITH THE RENEWAL FEE IN
12 A FORM PRESCRIBED BY THE DIRECTOR. THE RENEWAL REPORT MUST SPECIFY
13 INFORMATION THAT IS MATERIALLY DIFFERENT FROM THE INFORMATION THAT THE
14 LICENSEE SUBMITTED IN THE ORIGINAL LICENSE APPLICATION IF THE LICENSEE HAS
15 NOT PREVIOUSLY REPORTED THE INFORMATION TO THE DIRECTOR.

16 E. A LICENSEE MAY RENEW AN EXPIRED LICENSE NOT LATER THAN JANUARY
17 31 SUBJECT TO A LATE FEE OF \$500.

18 F. THE DIRECTOR MAY USE NMLS TO PROCESS LICENSE RENEWALS IF
19 FUNCTIONALITY IS CONSISTENT WITH THIS SECTION.

20 6-1213. License maintenance

21 A. IF A LICENSEE DOES NOT CONTINUE TO MEET THE QUALIFICATIONS OR
22 SATISFY THE REQUIREMENTS THAT APPLY TO AN APPLICANT FOR A NEW MONEY
23 TRANSMISSION LICENSE PURSUANT TO THIS ARTICLE, THE DIRECTOR MAY SUSPEND OR
24 REVOKE THE LICENSEE'S LICENSE.

25 B. AN APPLICANT FOR A MONEY TRANSMISSION LICENSE MUST DEMONSTRATE
26 THAT THE APPLICANT MEETS OR WILL MEET THE REQUIREMENTS PRESCRIBED IN
27 SECTIONS 6-1227, 6-1228 AND 6-1229.

28 6-1214. Acquisition of control

29 A. ANY PERSON OR GROUP OF PERSONS ACTING IN CONCERT, SEEKING TO
30 ACQUIRE CONTROL OF A LICENSEE, SHALL OBTAIN THE WRITTEN APPROVAL OF THE
31 DIRECTOR BEFORE ACQUIRING CONTROL. AN INDIVIDUAL IS NOT DEEMED TO ACQUIRE
32 CONTROL OF A LICENSEE AND IS NOT SUBJECT TO THIS SECTION WHEN THE
33 INDIVIDUAL BECOMES A KEY INDIVIDUAL IN THE ORDINARY COURSE OF BUSINESS.

34 B. A PERSON OR GROUP OF PERSONS ACTING IN CONCERT, SEEKING TO
35 ACQUIRE CONTROL OF A LICENSEE, IN COOPERATION WITH THE LICENSEE SHALL:

- 36 1. SUBMIT AN APPLICATION IN A FORM PRESCRIBED BY THE DIRECTOR.
37 2. SUBMIT A NONREFUNDABLE FEE AS PRESCRIBED IN SECTION 6-126.

38 C. ON REQUEST, THE DIRECTOR MAY ALLOW A LICENSEE OR THE PERSON OR
39 GROUP OF PERSONS ACTING IN CONCERT TO SUBMIT SOME OR ALL INFORMATION
40 REQUIRED BY THE DIRECTOR PURSUANT TO SUBSECTION B, PARAGRAPH 1 OF THIS
41 SECTION WITHOUT USING NMLS.

42 D. THE APPLICATION REQUIRED BY SUBSECTION B, PARAGRAPH 1 OF THIS
43 SECTION SHALL INCLUDE INFORMATION REQUIRED BY SECTION 6-1210 FOR ANY NEW
44 KEY INDIVIDUALS THAT HAVE NOT PREVIOUSLY COMPLETED THE REQUIREMENTS OF
45 SECTION 6-1210 FOR A LICENSEE.

1 E. WHEN AN APPLICATION FOR ACQUISITION OF CONTROL UNDER THIS
2 SECTION APPEARS TO INCLUDE ALL OF THE ITEMS AND ADDRESS ALL OF THE MATTERS
3 THAT ARE REQUIRED, THE APPLICATION SHALL BE CONSIDERED COMPLETE. THE
4 DIRECTOR SHALL PROMPTLY NOTIFY THE APPLICANT IN A RECORD OF THE DATE ON
5 WHICH THE APPLICATION WAS DETERMINED TO BE COMPLETE AND ALL OF THE
6 FOLLOWING APPLY:

7 1. THE DIRECTOR SHALL APPROVE OR DENY THE APPLICATION WITHIN SIXTY
8 DAYS AFTER THE COMPLETION DATE.

9 2. IF THE APPLICATION IS NOT APPROVED OR DENIED WITHIN SIXTY DAYS
10 AFTER THE COMPLETION DATE:

11 (a) THE APPLICATION IS APPROVED.

12 (b) THE PERSON OR GROUP OF PERSONS ACTING IN CONCERT IS NOT
13 PROHIBITED FROM ACQUIRING CONTROL.

14 3. THE DIRECTOR MAY EXTEND THE APPLICATION PERIOD FOR GOOD CAUSE.

15 F. A DETERMINATION BY THE DIRECTOR THAT AN APPLICATION IS COMPLETE
16 AND IS ACCEPTED FOR PROCESSING MEANS ONLY THAT THE APPLICATION APPEARS TO
17 INCLUDE ALL OF THE ITEMS AND ADDRESS ALL OF THE MATTERS THAT ARE REQUIRED
18 AND IS NOT AN ASSESSMENT OF THE SUBSTANCE OF THE APPLICATION OR OF THE
19 SUFFICIENCY OF THE INFORMATION PROVIDED.

20 G. WHEN AN APPLICATION IS FILED AND CONSIDERED COMPLETE UNDER
21 SUBSECTION E OF THIS SECTION, THE DIRECTOR SHALL INVESTIGATE THE FINANCIAL
22 CONDITION AND RESPONSIBILITY, FINANCIAL AND BUSINESS EXPERIENCE, CHARACTER
23 AND GENERAL FITNESS OF THE PERSON OR GROUP OF PERSONS ACTING IN CONCERT,
24 SEEKING TO ACQUIRE CONTROL. THE DIRECTOR SHALL APPROVE AN ACQUISITION OF
25 CONTROL PURSUANT TO THIS SECTION IF THE DIRECTOR FINDS THAT ALL OF THE
26 FOLLOWING CONDITIONS HAVE BEEN FULFILLED:

27 1. THE REQUIREMENTS OF SUBSECTIONS B AND D OF THIS SECTION HAVE
28 BEEN MET, AS APPLICABLE.

29 2. THE FINANCIAL CONDITION AND RESPONSIBILITY, FINANCIAL AND
30 BUSINESS EXPERIENCE, COMPETENCE, CHARACTER AND GENERAL FITNESS OF THE
31 PERSON OR GROUP OF PERSONS ACTING IN CONCERT, SEEKING TO ACQUIRE CONTROL
32 AND THE COMPETENCE, EXPERIENCE, CHARACTER AND GENERAL FITNESS OF THE KEY
33 INDIVIDUALS AND PERSONS THAT WOULD BE IN CONTROL OF THE LICENSEE AFTER THE
34 ACQUISITION OF CONTROL INDICATE THAT IT IS IN THE INTEREST OF THE PUBLIC
35 TO ALLOW THE PERSON OR GROUP OF PERSONS ACTING IN CONCERT TO CONTROL THE
36 LICENSEE.

37 H. IF AN APPLICANT PARTICIPATES IN A MULTISTATE LICENSING PROCESS:

38 1. THE DIRECTOR MAY ACCEPT THE INVESTIGATION RESULTS OF A LEAD
39 INVESTIGATIVE STATE FOR THE PURPOSE OF SUBSECTION G OF THIS SECTION IF THE
40 LEAD INVESTIGATIVE STATE HAS SUFFICIENT STAFFING, EXPERTISE AND MINIMUM
41 STANDARDS.

42 2. IF THIS STATE IS A LEAD INVESTIGATIVE STATE, THE DIRECTOR MAY
43 INVESTIGATE THE APPLICANT PURSUANT TO SUBSECTION G OF THIS SECTION AND THE
44 TIME FRAMES ESTABLISHED BY AGREEMENT THROUGH THE MULTISTATE LICENSING
45 PROCESS APPLY.

1 I. THE DIRECTOR SHALL ISSUE A FORMAL WRITTEN NOTICE OF THE DENIAL
2 OF AN APPLICATION TO ACQUIRE CONTROL WITHIN THIRTY DAYS AFTER THE DECISION
3 IS MADE TO DENY THE APPLICATION. THE DIRECTOR SHALL SET FORTH IN THE
4 NOTICE OF DENIAL THE SPECIFIC REASONS FOR THE DENIAL OF THE APPLICATION
5 AND INFORM THE APPLICANT OF ITS RIGHT TO APPEAL PURSUANT TO TITLE 41,
6 CHAPTER 6, ARTICLE 10.

7 J. THE REQUIREMENTS OF SUBSECTIONS A AND B OF THIS SECTION DO NOT
8 APPLY TO ANY OF THE FOLLOWING:

9 1. A PERSON THAT ACTS AS A PROXY FOR THE SOLE PURPOSE OF VOTING AT
10 A DESIGNATED MEETING OF THE SHAREHOLDERS OR HOLDERS OF VOTING SHARES OR
11 VOTING INTERESTS OF A LICENSEE OR A PERSON IN CONTROL OF A LICENSEE.

12 2. A PERSON THAT ACQUIRES CONTROL OF A LICENSEE BY DEVISE OR
13 DESCENT.

14 3. A PERSON THAT ACQUIRES CONTROL OF A LICENSEE AS A PERSONAL
15 REPRESENTATIVE, CUSTODIAN, GUARDIAN, CONSERVATOR OR TRUSTEE OR AS AN
16 OFFICER APPOINTED BY A COURT OF COMPETENT JURISDICTION OR BY OPERATION OF
17 LAW.

18 4. A PERSON THAT IS EXEMPT UNDER SECTION 6-1202, SUBSECTION A,
19 PARAGRAPH 7.

20 5. A PERSON THAT THE DIRECTOR DETERMINES IS NOT SUBJECT TO
21 SUBSECTION A OF THIS SECTION BASED ON THE PUBLIC INTEREST.

22 6. A PUBLIC OFFERING OF SECURITIES OF A LICENSEE OR A PERSON IN
23 CONTROL OF A LICENSEE.

24 7. AN INTERNAL REORGANIZATION OF A PERSON IN CONTROL OF THE
25 LICENSEE IN WHICH THE ULTIMATE PERSON IN CONTROL OF THE LICENSEE REMAINS
26 THE SAME.

27 K. PERSONS PRESCRIBED IN SUBSECTION J, PARAGRAPHS 2, 3, 4, 6 AND 7
28 OF THIS SECTION, IN COOPERATION WITH THE LICENSEE, SHALL NOTIFY THE
29 DIRECTOR WITHIN FIFTEEN DAYS AFTER THE ACQUISITION OF CONTROL.

30 L. THE REQUIREMENTS OF SUBSECTIONS A AND B OF THIS SECTION DO NOT
31 APPLY TO A PERSON THAT RECEIVES APPROVAL TO ENGAGE IN MONEY TRANSMISSION
32 UNDER THIS ARTICLE OR IS IDENTIFIED AS A PERSON IN CONTROL IN A PRIOR
33 APPLICATION FILED WITH AND APPROVED BY THE DIRECTOR OR BY A MONEY SERVICES
34 BUSINESS ACCREDITED STATE PURSUANT TO A MULTISTATE LICENSING PROCESS, IF:

35 1. THE PERSON HAS NOT HAD A LICENSE REVOKED OR SUSPENDED OR
36 CONTROLLED A LICENSEE THAT HAS HAD A LICENSE REVOKED OR SUSPENDED WHILE
37 THE PERSON WAS IN CONTROL OF THE LICENSEE IN THE PREVIOUS FIVE YEARS.

38 2. THE PERSON IS A LICENSEE AND WELL MANAGED AND RECEIVES AT LEAST
39 A SATISFACTORY RATING FOR COMPLIANCE AT ITS MOST RECENT EXAMINATION BY AN
40 MONEY SERVICES BUSINESS ACCREDITED STATE IF A RATING WAS GIVEN.

41 3. THE LICENSEE TO BE ACQUIRED IS PROJECTED TO MEET THE
42 REQUIREMENTS OF SECTIONS 6-1227, 6-1228 AND 6-1229 AFTER THE ACQUISITION
43 OF CONTROL IS COMPLETED AND IF THE PERSON ACQUIRING CONTROL IS A LICENSEE,
44 THAT LICENSEE IS ALSO PROJECTED TO MEET THE REQUIREMENTS OF SECTIONS
45 6-1227, 6-1228 AND 6-1229 AFTER THE ACQUISITION OF CONTROL IS COMPLETED.

1 4. THE LICENSEE TO BE ACQUIRED WILL NOT IMPLEMENT ANY MATERIAL
2 CHANGES TO ITS BUSINESS PLAN AS A RESULT OF THE ACQUISITION OF CONTROL AND
3 IF THE PERSON ACQUIRING CONTROL IS A LICENSEE, THAT LICENSEE WILL NOT
4 IMPLEMENT ANY MATERIAL CHANGES TO ITS BUSINESS PLAN AS A RESULT OF THE
5 ACQUISITION OF CONTROL.

6 5. THE PERSON PROVIDES NOTICE OF THE ACQUISITION IN COOPERATION
7 WITH THE LICENSEE AND ATTESTS TO PARAGRAPHS 1 THROUGH 4 OF THIS SUBSECTION
8 IN A FORM PRESCRIBED BY THE DIRECTOR. IF THE NOTICE IS NOT DISAPPROVED
9 WITHIN THIRTY DAYS AFTER THE DATE ON WHICH THE NOTICE WAS DETERMINED TO BE
10 COMPLETE, THE NOTICE IS DEEMED APPROVED.

11 M. BEFORE FILING AN APPLICATION FOR APPROVAL TO ACQUIRE CONTROL OF
12 A LICENSEE, A PERSON MAY REQUEST IN WRITING A DETERMINATION FROM THE
13 DIRECTOR AS TO WHETHER THE PERSON WOULD BE CONSIDERED A PERSON IN CONTROL
14 OF A LICENSEE ON CONSUMMATION OF A PROPOSED TRANSACTION. IF THE DIRECTOR
15 DETERMINES THAT THE PERSON WOULD NOT BE A PERSON IN CONTROL OF A LICENSEE,
16 THE PROPOSED PERSON AND TRANSACTION IS NOT SUBJECT TO THE REQUIREMENTS OF
17 SUBSECTIONS A AND B OF THIS SECTION.

18 N. IF A MULTISTATE LICENSING PROCESS INCLUDES A DETERMINATION
19 PURSUANT TO SUBSECTION M OF THIS SECTION AND AN APPLICANT IS SUBJECT TO
20 THE MULTISTATE LICENSING PROCESS:

21 1. THE DIRECTOR MAY ACCEPT THE CONTROL DETERMINATION OF A LEAD
22 INVESTIGATIVE STATE WITH SUFFICIENT STAFFING, EXPERTISE AND MINIMUM
23 STANDARDS.

24 2. IF THIS STATE IS A LEAD INVESTIGATIVE STATE, THE DIRECTOR MAY
25 INVESTIGATE THE APPLICANT SUBJECT TO THE TIME FRAMES ESTABLISHED BY
26 AGREEMENT THROUGH THE MULTISTATE LICENSING PROCESS.

27 6-1215. Notice and information requirements for a change of
28 key individuals

29 A. A LICENSEE ADDING OR REPLACING ANY KEY INDIVIDUAL SHALL PROVIDE
30 BOTH OF THE FOLLOWING:

31 1. NOTICE IN A MANNER PRESCRIBED BY THE DIRECTOR WITHIN FIFTEEN
32 DAYS AFTER THE EFFECTIVE DATE OF THE KEY INDIVIDUAL'S ADDITION OR
33 REPLACEMENT.

34 2. INFORMATION AS REQUIRED BY SECTION 6-1210 WITHIN FORTY-FIVE DAYS
35 AFTER THE EFFECTIVE DATE OF THE KEY INDIVIDUAL'S ADDITION OR REPLACEMENT.

36 B. WITHIN NINETY DAYS AFTER THE DATE ON WHICH THE NOTICE PROVIDED
37 PURSUANT TO SUBSECTION A OF THIS SECTION IS DETERMINED TO BE COMPLETE, THE
38 DIRECTOR MAY ISSUE A NOTICE OF DISAPPROVAL OF A KEY INDIVIDUAL IF THE
39 COMPETENCE OR EXPERIENCE OF THE INDIVIDUAL IS NOT IN THE BEST INTERESTS OF
40 THE PUBLIC OR THE CUSTOMERS OF THE LICENSEE TO ALLOW THE INDIVIDUAL TO BE
41 A KEY INDIVIDUAL OF THE LICENSEE.

42 C. A NOTICE OF DISAPPROVAL SHALL CONTAIN A STATEMENT OF THE BASIS
43 FOR DISAPPROVAL AND SHALL BE SENT TO THE LICENSEE AND THE DISAPPROVED
44 INDIVIDUAL. A LICENSEE MAY APPEAL A NOTICE OF DISAPPROVAL PURSUANT TO
45 TITLE 41, CHAPTER 6, ARTICLE 10.

1 D. IF THE NOTICE PROVIDED PURSUANT TO SUBSECTION A OF THIS SECTION
2 IS NOT DISAPPROVED WITHIN NINETY DAYS AFTER THE DATE ON WHICH THE NOTICE
3 IS DETERMINED TO BE COMPLETE, THE KEY INDIVIDUAL IS APPROVED.

4 E. IF A MULTISTATE LICENSING PROCESS INCLUDES A KEY INDIVIDUAL
5 NOTICE REVIEW AND DISAPPROVAL PROCESS PURSUANT TO THIS SECTION AND THE
6 LICENSEE IS SUBJECT TO THE MULTISTATE LICENSING PROCESS:

7 1. THE DIRECTOR MAY ACCEPT THE DETERMINATION OF ANOTHER STATE IF
8 THE INVESTIGATING STATE HAS SUFFICIENT STAFFING, EXPERTISE AND MINIMUM
9 STANDARDS FOR THE PURPOSES OF THIS SECTION.

10 2. IF THIS STATE IS A LEAD INVESTIGATIVE STATE, THE DIRECTOR MAY
11 INVESTIGATE THE APPLICANT SUBJECT TO THE TIME FRAMES ESTABLISHED BY
12 AGREEMENT THROUGH THE MULTISTATE LICENSING PROCESS.

13 6-1216. Report of condition

14 A. EACH LICENSEE SHALL SUBMIT A REPORT OF CONDITION WITHIN
15 FORTY-FIVE DAYS AFTER THE END OF THE CALENDAR QUARTER OR WITHIN ANY
16 EXTENDED TIME AS THE DIRECTOR PRESCRIBES.

17 B. THE REPORT OF CONDITION SHALL INCLUDE:

18 1. A CONSOLIDATED FINANCIAL STATEMENT, INCLUDING A BALANCE SHEET
19 AND INCOME AND EXPENSE STATEMENTS AT THE LICENSEE LEVEL.

20 2. NATIONWIDE AND STATE-SPECIFIC MONEY TRANSMISSION TRANSACTION
21 INFORMATION IN EVERY JURISDICTION IN THE UNITED STATES WHERE THE LICENSEE
22 IS LICENSED TO ENGAGE IN MONEY TRANSMISSION.

23 3. A PERMISSIBLE INVESTMENTS REPORT.

24 4. TRANSACTION DESTINATION COUNTRY REPORTING FOR MONEY RECEIVED FOR
25 TRANSMISSION. THIS PARAGRAPH APPLIES ONLY TO A REPORT OF CONDITION
26 SUBMITTED WITHIN FORTY-FIVE DAYS AFTER THE END OF THE FOURTH CALENDAR
27 QUARTER.

28 5. ANY OTHER INFORMATION THE DIRECTOR REASONABLY REQUIRES WITH
29 RESPECT TO THE LICENSEE.

30 C. THE DIRECTOR MAY USE NMLS FOR THE SUBMISSION OF THE REPORT
31 REQUIRED BY THIS SECTION AND IS AUTHORIZED TO CHANGE OR UPDATE AS
32 NECESSARY THE REQUIREMENTS OF THIS SECTION TO CARRY OUT THE PURPOSES OF
33 THIS ARTICLE AND MAINTAIN CONSISTENCY WITH NMLS REPORTING.

34 6-1217. Audited financials

35 A. WITHIN NINETY DAYS AFTER THE END OF EACH FISCAL YEAR OR WITHIN
36 ANY EXTENDED TIME AS THE DIRECTOR PRESCRIBES, EACH LICENSEE SHALL FILE
37 WITH THE DIRECTOR BOTH OF THE FOLLOWING:

38 1. AN AUDITED FINANCIAL STATEMENT OF THE LICENSEE FOR THE FISCAL
39 YEAR PREPARED IN ACCORDANCE WITH UNITED STATES GENERALLY ACCEPTED
40 ACCOUNTING PRINCIPLES.

41 2. ANY OTHER INFORMATION THE DIRECTOR REASONABLY REQUIRES.

42 B. THE AUDITED FINANCIAL STATEMENTS SHALL BE PREPARED BY AN
43 INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT OR INDEPENDENT PUBLIC ACCOUNTANT
44 WHO IS SATISFACTORY TO THE DIRECTOR.

1 C. THE AUDITED FINANCIAL STATEMENTS SHALL INCLUDE OR BE ACCOMPANIED
2 BY A CERTIFICATE OF OPINION OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT
3 OR INDEPENDENT PUBLIC ACCOUNTANT THAT IS SATISFACTORY IN FORM AND CONTENT
4 TO THE DIRECTOR. IF THE CERTIFICATE OR OPINION IS QUALIFIED, THE DIRECTOR
5 MAY ORDER THE LICENSEE TO TAKE ANY ACTION AS THE DIRECTOR MAY FIND
6 NECESSARY TO ENABLE THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT OR
7 INDEPENDENT PUBLIC ACCOUNTANT TO REMOVE THE QUALIFICATION.

8 6-1218. Authorized delegate reporting

9 A. EACH LICENSEE SHALL SUBMIT A REPORT OF AUTHORIZED DELEGATES
10 WITHIN FORTY-FIVE DAYS AFTER THE END OF THE CALENDAR QUARTER. THE
11 DIRECTOR MAY USE NMLS FOR THE SUBMISSION OF THE REPORT REQUIRED BY THIS
12 SUBSECTION IF FUNCTIONALITY COMPLIES WITH THIS SECTION.

13 B. THE AUTHORIZED DELEGATE REPORT SHALL INCLUDE THE FOLLOWING
14 INFORMATION FOR EACH AUTHORIZED DELEGATE:

- 15 1. THE COMPANY LEGAL NAME.
- 16 2. THE TAXPAYER EMPLOYER IDENTIFICATION NUMBER.
- 17 3. THE PRINCIPAL PROVIDER IDENTIFIER.
- 18 4. THE PHYSICAL ADDRESS, IF ANY.
- 19 5. THE MAILING ADDRESS.
- 20 6. ANY BUSINESS CONDUCTED IN OTHER STATES.
- 21 7. ANY FICTITIOUS OR TRADE NAME.
- 22 8. THE CONTACT PERSON NAME, TELEPHONE NUMBER AND EMAIL ADDRESS.
- 23 9. THE START DATE AS THE LICENSEE'S AUTHORIZED DELEGATE.
- 24 10. THE END DATE AS THE LICENSEE'S AUTHORIZED DELEGATE, IF
25 APPLICABLE.
- 26 11. ANY OTHER INFORMATION THE DIRECTOR REASONABLY REQUIRES WITH
27 RESPECT TO THE AUTHORIZED DELEGATE.

28 6-1219. Reports

29 A. A LICENSEE SHALL FILE A REPORT WITH THE DIRECTOR WITHIN ONE
30 BUSINESS DAY AFTER THE LICENSEE HAS REASON TO KNOW OF THE OCCURRENCE OF
31 ANY OF THE FOLLOWING:

32 1. THE FILING OF A PETITION BY OR AGAINST THE LICENSEE UNDER THE
33 UNITED STATES BANKRUPTCY CODE (11 UNITED STATES CODE SECTIONS 101
34 THROUGH 112) FOR BANKRUPTCY OR REORGANIZATION.

35 2. THE FILING OF A PETITION BY OR AGAINST THE LICENSEE FOR
36 RECEIVERSHIP, THE COMMENCEMENT OF ANY OTHER JUDICIAL OR ADMINISTRATIVE
37 PROCEEDING FOR ITS DISSOLUTION OR REORGANIZATION OR THE MAKING OF A
38 GENERAL ASSIGNMENT FOR THE BENEFIT OF ITS CREDITORS.

39 3. THE COMMENCEMENT OF A PROCEEDING TO REVOKE OR SUSPEND THE
40 LICENSEE'S LICENSE IN A STATE OR COUNTRY IN WHICH THE LICENSEE ENGAGES IN
41 BUSINESS OR IS LICENSED.

42 B. A LICENSEE SHALL FILE A REPORT WITH THE DIRECTOR WITHIN THREE
43 BUSINESS DAYS AFTER THE LICENSEE HAS REASON TO KNOW OF THE OCCURRENCE OF
44 EITHER OF THE FOLLOWING:

1 1. A FELONY CHARGE OR CONVICTION OF THE LICENSEE OR OF A KEY
2 INDIVIDUAL OR PERSON IN CONTROL OF THE LICENSEE.

3 2. A FELONY CHARGE OR CONVICTION OF AN AUTHORIZED DELEGATE.

4 6-1220. Bank secrecy act reports

5 A LICENSEE AND AN AUTHORIZED DELEGATE SHALL FILE ALL REPORTS
6 REQUIRED BY FEDERAL CURRENCY REPORTING, RECORDKEEPING AND SUSPICIOUS
7 ACTIVITY REPORTING REQUIREMENTS AS SET FORTH IN THE BANK SECRECY ACT
8 (P.L. 91-508; 84 STAT. 1114) AND OTHER FEDERAL AND STATE LAWS RELATING TO
9 MONEY LAUNDERING. THE TIMELY FILING OF A COMPLETE AND ACCURATE REPORT
10 REQUIRED UNDER THIS SECTION WITH THE APPROPRIATE FEDERAL AGENCY IS DEEMED
11 COMPLIANCE WITH THE REQUIREMENTS OF THIS SECTION.

12 6-1221. Records

13 A. TO HELP THE DIRECTOR DETERMINE THE LICENSEE'S COMPLIANCE WITH
14 THIS ARTICLE, A LICENSEE SHALL MAINTAIN THE FOLLOWING RECORDS FOR AT LEAST
15 FIVE YEARS:

16 1. A RECORD OF EACH OUTSTANDING MONEY TRANSMISSION OBLIGATION SOLD.

17 2. A GENERAL LEDGER POSTED AT LEAST MONTHLY THAT CONTAINS ALL
18 ASSET, LIABILITY, CAPITAL, INCOME AND EXPENSE ACCOUNTS.

19 3. BANK STATEMENTS AND BANK RECONCILIATION RECORDS.

20 4. RECORDS OF OUTSTANDING MONEY TRANSMISSION OBLIGATIONS.

21 5. RECORDS OF EACH OUTSTANDING MONEY TRANSMISSION OBLIGATION PAID
22 DURING THE FIVE-YEAR PERIOD.

23 6. A LIST OF THE LAST KNOWN NAMES AND ADDRESSES OF ALL OF THE
24 LICENSEE'S AUTHORIZED DELEGATES.

25 7. ANY OTHER RECORDS THE DIRECTOR REASONABLY REQUIRES BY RULE.

26 B. THE ITEMS SPECIFIED IN SUBSECTION A OF THIS SECTION MAY BE
27 MAINTAINED IN ANY FORM OF RECORD.

28 C. RECORDS SPECIFIED IN SUBSECTION A OF THIS SECTION MAY BE
29 MAINTAINED OUTSIDE OF THIS STATE IF THEY ARE MADE ACCESSIBLE TO THE
30 DIRECTOR WITH SEVEN BUSINESS DAYS' NOTICE THAT IS SENT IN A RECORD.

31 6-1222. Relationship between licensees and authorized
32 delegates

33 A. BEFORE A LICENSEE IS AUTHORIZED TO CONDUCT BUSINESS THROUGH AN
34 AUTHORIZED DELEGATE OR ALLOWS A PERSON TO ACT AS THE LICENSEE'S AUTHORIZED
35 DELEGATE, THE LICENSEE MUST:

36 1. ADOPT, AND UPDATE AS NECESSARY, WRITTEN POLICIES AND PROCEDURES
37 REASONABLY DESIGNED TO ENSURE THAT THE LICENSEE'S AUTHORIZED DELEGATES
38 COMPLY WITH APPLICABLE STATE AND FEDERAL LAW.

39 2. ENTER INTO A WRITTEN CONTRACT THAT COMPLIES WITH SUBSECTION C OF
40 THIS SECTION.

41 3. CONDUCT A REASONABLE RISK-BASED BACKGROUND INVESTIGATION
42 SUFFICIENT FOR THE LICENSEE TO DETERMINE WHETHER THE AUTHORIZED DELEGATE
43 COMPLIES WITH APPLICABLE STATE AND FEDERAL LAW.

44 B. AN AUTHORIZED DELEGATE MUST COMPLY WITH THIS ARTICLE.

1 C. THE WRITTEN CONTRACT REQUIRED BY SUBSECTION A OF THIS SECTION
2 MUST BE SIGNED BY THE LICENSEE AND THE AUTHORIZED DELEGATE AND MUST:

3 1. APPOINT THE PERSON SIGNING THE CONTRACT AS THE LICENSEE'S
4 AUTHORIZED DELEGATE WITH THE AUTHORITY TO CONDUCT MONEY TRANSMISSION ON
5 BEHALF OF THE LICENSEE.

6 2. DESCRIBE THE NATURE AND SCOPE OF THE RELATIONSHIP BETWEEN THE
7 LICENSEE AND THE AUTHORIZED DELEGATE AND THE RESPECTIVE RIGHTS AND
8 RESPONSIBILITIES OF THE PARTIES.

9 3. REQUIRE THE AUTHORIZED DELEGATE TO AGREE TO FULLY COMPLY WITH
10 ALL APPLICABLE STATE AND FEDERAL LAWS RELATING TO MONEY TRANSMISSION.

11 4. REQUIRE THE AUTHORIZED DELEGATE TO REMIT AND HANDLE MONEY AND
12 MONETARY VALUE IN ACCORDANCE WITH THE TERMS OF THE CONTRACT BETWEEN THE
13 LICENSEE AND THE AUTHORIZED DELEGATE. FOR THE PURPOSES OF THIS PARAGRAPH,
14 "REMIT" MEANS TO MAKE DIRECT PAYMENTS OF MONEY TO A LICENSEE OR THE
15 LICENSEE'S REPRESENTATIVE OR TO DEPOSIT MONEY IN A BANK IN AN ACCOUNT
16 SPECIFIED BY THE LICENSEE.

17 5. IMPOSE A TRUST ON MONEY AND MONETARY VALUE NET OF FEES RECEIVED
18 FOR MONEY TRANSMISSION FOR THE BENEFIT OF THE LICENSEE.

19 6. REQUIRE THE AUTHORIZED DELEGATE TO PREPARE AND MAINTAIN RECORDS
20 AS REQUIRED BY THIS ARTICLE OR AS REASONABLY REQUESTED BY THE DIRECTOR.

21 7. ACKNOWLEDGE THAT THE AUTHORIZED DELEGATE CONSENTS TO EXAMINATION
22 OR INVESTIGATION BY THE DIRECTOR.

23 8. STATE THAT THE LICENSEE IS SUBJECT TO REGULATION BY THE DIRECTOR
24 AND THAT THE DIRECTOR MAY SUSPEND OR REVOKE AN AUTHORIZED DELEGATE
25 DESIGNATION.

26 9. ACKNOWLEDGE RECEIPT OF THE WRITTEN POLICIES AND PROCEDURES
27 REQUIRED UNDER SUBSECTION A, PARAGRAPH 1 OF THIS SECTION.

28 D. WITHIN FIVE BUSINESS DAYS AFTER A LICENSEE'S LICENSE IS
29 SUSPENDED, REVOKED, SURRENDERED OR EXPIRED, THE LICENSEE MUST PROVIDE
30 DOCUMENTATION TO THE DIRECTOR THAT THE LICENSEE HAS PROVIDED NOTICE OF THE
31 SUSPENSION, REVOCATION, SURRENDER OR EXPIRATION TO ALL APPLICABLE
32 AUTHORIZED DELEGATES OF THE LICENSEE WHOSE NAMES ARE IN A RECORD FILED
33 WITH THE DIRECTOR. ON SUSPENSION, REVOCATION, SURRENDER OR EXPIRATION OF
34 A LICENSE, APPLICABLE AUTHORIZED DELEGATES SHALL IMMEDIATELY CEASE TO
35 PROVIDE MONEY TRANSMISSION AS AN AUTHORIZED DELEGATE OF THE LICENSEE.

36 E. AN AUTHORIZED DELEGATE OF A LICENSEE HOLDS IN TRUST FOR THE
37 BENEFIT OF THE LICENSEE ALL MONEY NET OF FEES RECEIVED FROM MONEY
38 TRANSMISSION. IF ANY AUTHORIZED DELEGATE COMMINGLES ANY MONEY RECEIVED
39 FROM MONEY TRANSMISSION WITH ANY OTHER MONEY OR PROPERTY OWNED OR
40 CONTROLLED BY THE AUTHORIZED DELEGATE, ALL COMMINGLED MONEY AND OTHER
41 PROPERTY SHALL BE CONSIDERED HELD IN TRUST IN FAVOR OF THE LICENSEE IN AN
42 AMOUNT EQUAL TO THE AMOUNT OF MONEY NET OF FEES RECEIVED FROM MONEY
43 TRANSMISSION.

44 F. AN AUTHORIZED DELEGATE MAY NOT USE A SUBDELEGATE TO CONDUCT
45 MONEY TRANSMISSION ON BEHALF OF A LICENSEE.

6-1223. Unauthorized activities

A PERSON MAY NOT ENGAGE IN THE BUSINESS OF MONEY TRANSMISSION ON BEHALF OF A PERSON THAT IS NOT LICENSED UNDER THIS ARTICLE OR THAT IS NOT EXEMPT PURSUANT TO SECTION 6-1202. A PERSON THAT ENGAGES IN THE ACTIVITY IN VIOLATION OF THIS SECTION IS JOINTLY AND SEVERALLY LIABLE WITH THE UNLICENSED OR NONEXEMPT PERSON.

6-1224. Timely transmission

A. EVERY LICENSEE SHALL FORWARD ALL MONEY RECEIVED FOR TRANSMISSION IN ACCORDANCE WITH THE TERMS OF THE AGREEMENT BETWEEN THE LICENSEE AND THE SENDER UNLESS THE LICENSEE HAS A REASONABLE BELIEF OR A REASONABLE BASIS TO BELIEVE THAT THE SENDER MAY BE A VICTIM OF FRAUD OR THAT A CRIME OR VIOLATION OF LAW HAS OCCURRED, IS OCCURRING OR MAY OCCUR.

B. IF A LICENSEE FAILS TO FORWARD MONEY RECEIVED FOR TRANSMISSION PURSUANT TO THIS SECTION, THE LICENSEE MUST RESPOND TO INQUIRIES BY THE SENDER WITH THE REASON FOR THE FAILURE UNLESS PROVIDING A RESPONSE WOULD VIOLATE A STATE OR FEDERAL LAW.

6-1225. Refunds; exceptions

A. EXCEPT AS PROVIDED IN SUBSECTION B OF THIS SECTION, EVERY LICENSEE SHALL REFUND TO THE SENDER WITHIN TEN DAYS AFTER RECEIPT OF THE SENDER'S WRITTEN REQUEST FOR A REFUND OF MONEY RECEIVED FOR TRANSMISSION UNLESS ANY OF THE FOLLOWING OCCURS:

1. THE MONEY IS FORWARDED WITHIN TEN DAYS AFTER THE DATE ON WHICH THE MONEY IS RECEIVED FOR TRANSMISSION.

2. INSTRUCTIONS HAVE BEEN GIVEN COMMITTING AN EQUIVALENT AMOUNT OF MONEY TO THE PERSON DESIGNATED BY THE SENDER WITHIN TEN DAYS AFTER THE DATE ON WHICH THE MONEY IS RECEIVED FOR TRANSMISSION.

3. THE AGREEMENT BETWEEN THE LICENSEE AND THE SENDER INSTRUCTS THE LICENSEE TO FORWARD THE MONEY AT A TIME THAT IS MORE THAN TEN DAYS AFTER THE DATE ON WHICH THE MONEY IS RECEIVED FOR TRANSMISSION. IF MONIES HAVE NOT YET BEEN FORWARDED IN ACCORDANCE WITH THE TERMS OF THE AGREEMENT BETWEEN THE LICENSEE AND THE SENDER, THIS PARAGRAPH DOES NOT APPLY.

4. THE REFUND IS REQUESTED FOR A TRANSACTION THAT THE LICENSEE HAS NOT COMPLETED BASED ON A REASONABLE BELIEF THAT A CRIME OR VIOLATION OF LAW HAS OCCURRED, IS OCCURRING OR MAY OCCUR.

5. THE REFUND REQUEST DOES NOT ENABLE THE LICENSEE TO IDENTIFY EITHER:

(a) THE SENDER'S NAME AND ADDRESS OR TELEPHONE NUMBER.

(b) THE PARTICULAR TRANSACTION TO BE REFUNDED IF THE SENDER HAS MULTIPLE TRANSACTIONS OUTSTANDING.

B. THIS SECTION DOES NOT APPLY TO:

1. MONEY RECEIVED FOR TRANSMISSION SUBJECT TO THE FEDERAL REMITTANCE RULE (12 CODE OF FEDERAL REGULATIONS SECTIONS 1005.30 THROUGH 1005.36).

1 2. MONEY RECEIVED FOR TRANSMISSION PURSUANT TO A WRITTEN AGREEMENT
2 BETWEEN THE LICENSEE AND PAYEE TO PROCESS PAYMENTS FOR GOODS OR SERVICES
3 PROVIDED BY THE PAYEE.

4 6-1226. Receipts; requirements; exceptions; definition

5 A. EXCEPT AS PROVIDED IN SUBSECTION C OF THIS SECTION, EVERY
6 LICENSEE OR ITS AUTHORIZED DELEGATE SHALL PROVIDE THE SENDER A RECEIPT FOR
7 MONEY RECEIVED FOR TRANSMISSION. FOR A TRANSACTION CONDUCTED IN PERSON,
8 THE RECEIPT MAY BE PROVIDED ELECTRONICALLY IF THE SENDER REQUESTS OR
9 AGREES TO RECEIVE AN ELECTRONIC RECEIPT. FOR A TRANSACTION CONDUCTED
10 ELECTRONICALLY OR BY TELEPHONE, A RECEIPT MAY BE PROVIDED ELECTRONICALLY.
11 ALL ELECTRONIC RECEIPTS SHALL BE PROVIDED IN A RETAINABLE FORM. THE
12 RECEIPT SHALL BE IN ENGLISH AND IN THE LANGUAGE PRINCIPALLY USED BY THE
13 LICENSEE OR AUTHORIZED DELEGATE TO ADVERTISE, SOLICIT OR NEGOTIATE, EITHER
14 ORALLY OR IN WRITING, FOR A TRANSACTION CONDUCTED IN PERSON,
15 ELECTRONICALLY OR BY TELEPHONE, IF OTHER THAN ENGLISH. THE RECEIPT SHALL
16 CONTAIN THE FOLLOWING INFORMATION, AS APPLICABLE:

17 1. THE NAME OF THE SENDER TO THE EXTENT THE LICENSEE OR ITS
18 AUTHORIZED DELEGATE IS REQUIRED TO CAPTURE THIS INFORMATION PRIOR TO
19 TRANSMISSION.

20 2. THE NAME OF THE DESIGNATED RECIPIENT UNLESS THE LICENSEE CAN
21 DETERMINE THE RECIPIENT VIA THE UNIQUE TRANSACTION OR IDENTIFICATION
22 NUMBER AS PRESCRIBED IN PARAGRAPH 4 OF THIS SUBSECTION, IN WHICH CASE THE
23 NAME OF THE RECIPIENT IS NOT REQUIRED.

24 3. THE DATE OF THE TRANSACTION.

25 4. THE UNIQUE TRANSACTION OR IDENTIFICATION NUMBER.

26 5. THE NAME OF THE LICENSEE OR ITS AUTHORIZED DELEGATE, THE NMLS
27 UNIQUE IDENTIFIER, THE LICENSEE'S OR ITS AUTHORIZED DELEGATE'S BUSINESS
28 ADDRESS AND THE LICENSEE'S OR ITS AUTHORIZED DELEGATE'S CUSTOMER SERVICE
29 TELEPHONE NUMBER.

30 6. THE AMOUNT OF THE TRANSACTION IN UNITED STATES DOLLARS.

31 7. ANY FEE CHARGED BY THE LICENSEE TO THE SENDER FOR THE
32 TRANSACTION.

33 8. ANY TAXES COLLECTED BY THE LICENSEE FROM THE SENDER FOR THE
34 TRANSACTION.

35 B. EVERY LICENSEE OR AUTHORIZED DELEGATE SHALL INCLUDE ON A RECEIPT
36 OR DISCLOSE ON THE LICENSEE'S WEBSITE OR MOBILE APPLICATION THE NAME AND
37 TELEPHONE NUMBER OF THE DEPARTMENT AND A STATEMENT THAT THE LICENSEE'S
38 CUSTOMERS CAN CONTACT THE DEPARTMENT WITH QUESTIONS OR COMPLAINTS ABOUT
39 THE LICENSEE'S MONEY TRANSMISSION SERVICES.

40 C. THIS SECTION DOES NOT APPLY TO:

41 1. MONEY RECEIVED FOR TRANSMISSION SUBJECT TO THE FEDERAL
42 REMITTANCE RULE (12 CODE OF FEDERAL REGULATIONS SECTIONS 1005.30 THROUGH
43 1005.36).

44 2. MONEY RECEIVED FOR TRANSMISSION THAT IS NOT PRIMARILY FOR
45 PERSONAL, FAMILY OR HOUSEHOLD PURPOSES.

1 3. MONEY RECEIVED FOR TRANSMISSION PURSUANT TO A WRITTEN AGREEMENT
2 BETWEEN THE LICENSEE AND PAYEE TO PROCESS PAYMENTS FOR GOODS OR SERVICES
3 PROVIDED BY THE PAYEE.

4 D. FOR THE PURPOSES OF THIS SECTION, "RECEIPT" MEANS A PAPER
5 RECEIPT, ELECTRONIC RECORD OR OTHER WRITTEN CONFIRMATION.

6 6-1227. Net worth requirements; exemption

7 A. A LICENSEE SHALL MAINTAIN AT ALL TIMES A TANGIBLE NET WORTH AS
8 FOLLOWS:

9 1. THE GREATER OF \$100,000 OR THREE PERCENT OF TOTAL ASSETS FOR THE
10 FIRST \$100,000,000.

11 2. TWO PERCENT OF ADDITIONAL ASSETS FOR \$100,000,000 TO
12 \$1,000,000,000.

13 3. ONE-HALF PERCENT OF ADDITIONAL ASSETS FOR OVER \$1,000,000,000.

14 B. TANGIBLE NET WORTH MUST BE DEMONSTRATED AT INITIAL APPLICATION
15 BY THE APPLICANT'S MOST RECENT AUDITED OR UNAUDITED FINANCIAL STATEMENTS
16 PURSUANT TO SECTION 6-1209, SUBSECTION B, PARAGRAPH 6.

17 C. THE DIRECTOR MAY EXEMPT, IN PART OR IN WHOLE, AN APPLICANT OR
18 LICENSEE FROM THIS SECTION.

19 6-1228. Surety bond

20 A. AN APPLICANT FOR A MONEY TRANSMISSION LICENSE MUST PROVIDE AND A
21 LICENSEE AT ALL TIMES MUST MAINTAIN A SURETY BOND IN A FORM SATISFACTORY
22 TO THE DIRECTOR.

23 B. EXCEPT AS PROVIDED IN SUBSECTION C OF THIS SECTION, THE AMOUNT
24 OF THE REQUIRED SECURITY SHALL BE THE GREATER OF \$25,000 OR AN AMOUNT
25 EQUAL TO ONE HUNDRED PERCENT OF THE LICENSEE'S AVERAGE DAILY MONEY
26 TRANSMISSION LIABILITY IN THIS STATE CALCULATED FOR THE MOST RECENTLY
27 COMPLETED THREE-MONTH PERIOD, UP TO A MAXIMUM OF \$500,000.

28 C. IF A LICENSEE'S TANGIBLE NET WORTH EXCEEDS TEN PERCENT OF TOTAL
29 ASSETS, THE LICENSEE MAY MAINTAIN A SURETY BOND OF \$25,000.

30 D. A LICENSEE THAT MAINTAINS A BOND IN THE MAXIMUM AMOUNT PROVIDED
31 FOR IN SUBSECTION B OF THIS SECTION IS NOT REQUIRED TO CALCULATE THE
32 LICENSEE'S AVERAGE DAILY MONEY TRANSMISSION LIABILITY IN THIS STATE FOR
33 PURPOSES OF THIS SECTION.

34 E. A LICENSEE MAY EXCEED THE MAXIMUM REQUIRED BOND AMOUNT PURSUANT
35 TO SECTION 6-1230, SUBSECTION A, PARAGRAPH 6.

36 6-1229. Maintenance of permissible investments

37 A. A LICENSEE SHALL MAINTAIN AT ALL TIMES PERMISSIBLE INVESTMENTS
38 THAT HAVE A MARKET VALUE COMPUTED IN ACCORDANCE WITH UNITED STATES
39 GENERALLY ACCEPTED ACCOUNTING PRINCIPLES OF NOT LESS THAN THE AGGREGATE
40 AMOUNT OF ALL OF ITS OUTSTANDING MONEY TRANSMISSION OBLIGATIONS.

41 B. EXCEPT FOR PERMISSIBLE INVESTMENTS ENUMERATED IN SECTION 6-1230,
42 SUBSECTION A, THE DIRECTOR MAY LIMIT THE EXTENT TO WHICH A SPECIFIC
43 INVESTMENT MAINTAINED BY A LICENSEE WITHIN A CLASS OF PERMISSIBLE
44 INVESTMENTS MAY BE CONSIDERED A PERMISSIBLE INVESTMENT IF THE SPECIFIC

1 INVESTMENT REPRESENTS UNDUE RISK TO CUSTOMERS NOT REFLECTED IN THE MARKET
2 VALUE OF INVESTMENTS.

3 C. PERMISSIBLE INVESTMENTS, EVEN IF COMMINGLED WITH OTHER ASSETS OF
4 THE LICENSEE, ARE HELD IN TRUST FOR THE BENEFIT OF THE PURCHASERS AND
5 HOLDERS OF THE LICENSEE'S OUTSTANDING MONEY TRANSMISSION OBLIGATIONS IN
6 THE EVENT OF INSOLVENCY, THE FILING OF A PETITION BY OR AGAINST THE
7 LICENSEE UNDER THE UNITED STATES BANKRUPTCY CODE (11 UNITED STATES CODE
8 SECTIONS 101 THROUGH 112) FOR BANKRUPTCY OR REORGANIZATION, THE FILING OF
9 A PETITION BY OR AGAINST THE LICENSEE FOR RECEIVERSHIP, THE COMMENCEMENT
10 OF ANY OTHER JUDICIAL OR ADMINISTRATIVE PROCEEDING FOR ITS DISSOLUTION OR
11 REORGANIZATION OR IN AN ACTION BY A CREDITOR AGAINST THE LICENSEE THAT IS
12 NOT A BENEFICIARY OF THIS STATUTORY TRUST. A PERMISSIBLE INVESTMENT
13 IMPRESSED WITH A TRUST PURSUANT TO THIS SUBSECTION IS NOT SUBJECT TO
14 ATTACHMENT, LEVY OF EXECUTION OR SEQUESTRATION BY ORDER OF ANY COURT,
15 EXCEPT FOR A BENEFICIARY OF THIS STATUTORY TRUST.

16 D. ON THE ESTABLISHMENT OF A STATUTORY TRUST PURSUANT TO
17 SUBSECTION C OF THIS SECTION OR WHEN ANY MONEY IS DRAWN ON A LETTER OF
18 CREDIT PURSUANT TO SECTION 6-1230, SUBSECTION A, PARAGRAPH 7, THE DIRECTOR
19 SHALL NOTIFY THE APPLICABLE REGULATOR OF EACH STATE IN WHICH THE LICENSEE
20 IS LICENSED TO ENGAGE IN MONEY TRANSMISSION OF THE ESTABLISHMENT OF THE
21 TRUST OR THE MONEY DRAWN ON THE LETTER OF CREDIT. NOTICE IS SATISFIED IF
22 PERFORMED PURSUANT TO A MULTISTATE AGREEMENT OR THROUGH NMLS. MONEY DRAWN
23 ON A LETTER OF CREDIT AND ANY OTHER PERMISSIBLE INVESTMENTS HELD IN TRUST
24 FOR THE BENEFIT OF THE PURCHASERS AND HOLDERS OF THE LICENSEE'S
25 OUTSTANDING MONEY TRANSMISSION OBLIGATIONS ARE DEEMED HELD IN TRUST FOR
26 THE BENEFIT OF SUCH PURCHASERS AND HOLDERS ON A PRO RATA AND EQUITABLE
27 BASIS IN ACCORDANCE WITH STATUTES PURSUANT TO WHICH PERMISSIBLE
28 INVESTMENTS ARE REQUIRED TO BE HELD IN THIS STATE AND OTHER STATES, AS
29 APPLICABLE. A STATUTORY TRUST IS TERMINATED ON EXTINGUISHMENT OF ALL OF
30 THE LICENSEE'S OUTSTANDING MONEY TRANSMISSION OBLIGATIONS.

31 E. THE DIRECTOR MAY ALLOW OTHER TYPES OF INVESTMENTS THAT THE
32 DIRECTOR DETERMINES ARE OF SUFFICIENT LIQUIDITY AND QUALITY TO BE A
33 PERMISSIBLE INVESTMENT. THE DIRECTOR MAY PARTICIPATE IN EFFORTS WITH
34 OTHER STATE REGULATORS TO DETERMINE THAT OTHER TYPES OF INVESTMENTS ARE OF
35 SUFFICIENT LIQUIDITY AND QUALITY TO BE A PERMISSIBLE INVESTMENT.

36 6-1230. Types of permissible investments

37 A. THE FOLLOWING INVESTMENTS ARE PERMISSIBLE UNDER SECTION 6-1229:

38 1. CASH, INCLUDING DEMAND DEPOSITS, SAVINGS DEPOSITS AND MONIES IN
39 SUCH ACCOUNTS HELD FOR THE BENEFIT OF THE LICENSEE'S CUSTOMERS IN A
40 FEDERALLY INSURED DEPOSITORY FINANCIAL INSTITUTION, AND CASH EQUIVALENTS,
41 INCLUDING AUTOMATED CLEARINGHOUSE ITEMS IN TRANSIT TO THE LICENSEE AND
42 AUTOMATED CLEARINGHOUSE ITEMS OR INTERNATIONAL WIRES IN TRANSIT TO A
43 PAYEE, CASH IN TRANSIT BY ARMORED CAR, CASH IN SMART SAFES, CASH IN
44 LICENSEE-OWNED LOCATIONS, DEBIT CARD OR CREDIT CARD-FUNDED TRANSMISSION

1 RECEIVABLES OWED BY ANY BANK OR MONEY MARKET MUTUAL FUNDS RATED "AAA" BY
2 STANDARD AND POOR'S OR THE EQUIVALENT FROM ANY ELIGIBLE RATING SERVICE.

3 2. CERTIFICATES OF DEPOSIT OR SENIOR DEBT OBLIGATIONS OF AN INSURED
4 DEPOSITORY INSTITUTION AS DEFINED IN THE FEDERAL DEPOSIT INSURANCE ACT
5 (12 UNITED STATES CODE SECTION 1813) OR AS DEFINED IN THE FEDERAL CREDIT
6 UNION ACT (12 UNITED STATES CODE SECTION 1752).

7 3. AN OBLIGATION OF THE UNITED STATES OR A COMMISSION, AGENCY OR
8 INSTRUMENTALITY OF THE UNITED STATES.

9 4. AN OBLIGATION THAT IS GUARANTEED FULLY AS TO PRINCIPAL AND
10 INTEREST BY THE UNITED STATES.

11 5. AN OBLIGATION OF A STATE OR A GOVERNMENTAL SUBDIVISION, AGENCY
12 OR INSTRUMENTALITY OF A STATE.

13 6. ONE HUNDRED PERCENT OF THE SURETY BOND PROVIDED FOR UNDER
14 SECTION 6-1228 THAT EXCEEDS THE AVERAGE DAILY MONEY TRANSMISSION LIABILITY
15 IN THIS STATE.

16 7. THE FULL DRAWABLE AMOUNT OF AN IRREVOCABLE STANDBY LETTER OF
17 CREDIT FOR WHICH THE STATED BENEFICIARY IS THE DIRECTOR THAT STIPULATES
18 THAT THE BENEFICIARY ONLY NEEDS TO DRAW A SIGHT DRAFT UNDER THE LETTER OF
19 CREDIT AND PRESENT IT TO OBTAIN MONEY UP TO THE LETTER OF CREDIT AMOUNT
20 WITHIN SEVEN DAYS AFTER PRESENTATION OF THE ITEMS REQUIRED BY SUBSECTION C
21 OF THIS SECTION. THE LETTER OF CREDIT MUST:

22 (a) BE ISSUED BY A FEDERALLY INSURED DEPOSITORY FINANCIAL
23 INSTITUTION, A FOREIGN BANK THAT IS AUTHORIZED UNDER FEDERAL LAW TO
24 MAINTAIN A FEDERAL AGENCY OR FEDERAL BRANCH OFFICE IN A STATE OR A FOREIGN
25 BANK THAT IS AUTHORIZED UNDER STATE LAW TO MAINTAIN A BRANCH IN A STATE
26 THAT:

27 (i) BEARS AN ELIGIBLE RATING OR WHOSE PARENT COMPANY BEARS AN
28 ELIGIBLE RATING.

29 (ii) IS REGULATED, SUPERVISED AND EXAMINED BY UNITED STATES FEDERAL
30 OR STATE AUTHORITIES THAT HAVE REGULATORY AUTHORITY OVER BANKS, CREDIT
31 UNIONS AND TRUST COMPANIES.

32 (b) BE IRREVOCABLE AND UNCONDITIONAL AND INDICATE THAT IT IS NOT
33 SUBJECT TO ANY CONDITION OR QUALIFICATIONS OUTSIDE OF THE LETTER OF
34 CREDIT.

35 (c) NOT CONTAIN REFERENCE TO ANY OTHER AGREEMENTS, DOCUMENTS OR
36 ENTITIES OR OTHERWISE PROVIDE FOR ANY SECURITY INTEREST IN THE LICENSEE.

37 (d) CONTAIN AN ISSUE DATE AND EXPIRATION DATE AND EXPRESSLY PROVIDE
38 FOR AUTOMATIC EXTENSION, WITHOUT A WRITTEN AMENDMENT, FOR AN ADDITIONAL
39 PERIOD OF ONE YEAR AFTER THE PRESENT OR FUTURE EXPIRATION DATE, UNLESS THE
40 ISSUER OF THE LETTER OF CREDIT NOTIFIES THE DIRECTOR IN WRITING BY
41 CERTIFIED OR REGISTERED MAIL OR COURIER MAIL OR OTHER RECEIPTED MEANS, AT
42 LEAST SIXTY DAYS BEFORE ANY EXPIRATION DATE, THAT THE IRREVOCABLE LETTER
43 OF CREDIT WILL NOT BE EXTENDED.

44 B. FOR A NOTICE OF EXPIRATION OR NONEXTENSION OF A LETTER OF CREDIT
45 ISSUED UNDER SUBSECTION A, PARAGRAPH 7, SUBDIVISION (d) OF THIS SECTION,

1 AT LEAST FIFTEEN DAYS BEFORE THE EXPIRATION OF THE LETTER OF CREDIT, THE
2 LICENSEE SHALL DEMONSTRATE TO THE SATISFACTION OF THE DIRECTOR THAT THE
3 LICENSEE MAINTAINS PERMISSIBLE INVESTMENTS PURSUANT TO SECTION 6-1229,
4 SUBSECTION A. IF THE LICENSEE DOES NOT COMPLY WITH THIS SUBSECTION, THE
5 DIRECTOR MAY DRAW ON THE LETTER OF CREDIT IN AN AMOUNT UP TO THE AMOUNT
6 NECESSARY TO MEET THE LICENSEE'S REQUIREMENTS TO MAINTAIN PERMISSIBLE
7 INVESTMENTS PURSUANT TO SECTION 6-1229, SUBSECTION A. THE DRAW SHALL BE
8 OFFSET AGAINST THE LICENSEE'S OUTSTANDING MONEY TRANSMISSION OBLIGATIONS.
9 THE DRAWN MONEY SHALL BE HELD IN TRUST BY THE DIRECTOR OR THE DIRECTOR'S
10 DESIGNATED AGENT, TO THE EXTENT AUTHORIZED BY LAW, AS AGENT FOR THE
11 BENEFIT OF THE PURCHASERS AND HOLDERS OF THE LICENSEE'S OUTSTANDING MONEY
12 TRANSMISSION OBLIGATIONS.

13 C. THE LETTER OF CREDIT ISSUED UNDER SUBSECTION A, PARAGRAPH 7,
14 SUBDIVISION (d) OF THIS SECTION SHALL PROVIDE THAT THE ISSUER OF THE
15 LETTER OF CREDIT WILL HONOR A PRESENTATION MADE BY THE BENEFICIARY TO THE
16 ISSUER OF THE FOLLOWING DOCUMENTS ON OR BEFORE THE EXPIRATION DATE OF THE
17 LETTER OF CREDIT:

18 1. THE ORIGINAL LETTER OF CREDIT, INCLUDING ANY AMENDMENTS.

19 2. A WRITTEN STATEMENT FROM THE BENEFICIARY STATING THAT ANY OF THE
20 FOLLOWING EVENTS HAVE OCCURRED:

21 (a) THE FILING OF A PETITION BY OR AGAINST THE LICENSEE UNDER THE
22 UNITED STATES BANKRUPTCY CODE (11 UNITED STATES CODE SECTIONS 101
23 THROUGH 112) FOR BANKRUPTCY OR REORGANIZATION.

24 (b) THE FILING OF A PETITION BY OR AGAINST THE LICENSEE FOR
25 RECEIVERSHIP OR THE COMMENCEMENT OF ANY OTHER JUDICIAL OR ADMINISTRATIVE
26 PROCEEDING FOR ITS DISSOLUTION OR REORGANIZATION.

27 (c) THE SEIZURE OF ASSETS OF A LICENSEE BY THE DIRECTOR PURSUANT TO
28 AN EMERGENCY ORDER ISSUED IN ACCORDANCE WITH APPLICABLE LAW, ON THE BASIS
29 OF AN ACTION, VIOLATION OR CONDITION THAT HAS CAUSED OR IS LIKELY TO CAUSE
30 THE INSOLVENCY OF THE LICENSEE.

31 (d) THE BENEFICIARY HAS RECEIVED NOTICE OF EXPIRATION OR
32 NONEXTENSION OF A LETTER OF CREDIT AND THE LICENSEE FAILS TO DEMONSTRATE
33 TO THE SATISFACTION OF THE BENEFICIARY THAT THE LICENSEE WILL MAINTAIN
34 PERMISSIBLE INVESTMENTS PURSUANT TO SECTION 6-1229, SUBSECTION A ON THE
35 EXPIRATION OR NONEXTENSION OF THE LETTER OF CREDIT.

36 D. THE DIRECTOR MAY DESIGNATE AN AGENT TO SERVE ON THE DIRECTOR'S
37 BEHALF AS BENEFICIARY TO A LETTER OF CREDIT IF THE AGENT AND LETTER OF
38 CREDIT MEET REQUIREMENTS ESTABLISHED BY THE DIRECTOR. THE DIRECTOR'S
39 AGENT MAY SERVE AS AGENT FOR MULTIPLE LICENSING AUTHORITIES FOR A SINGLE
40 IRREVOCABLE LETTER OF CREDIT IF THE PROCEEDS OF THE DRAWABLE AMOUNT FOR
41 THE PURPOSES OF SUBSECTION A, PARAGRAPH 7 OF THIS SECTION ARE ASSIGNED TO
42 THE DIRECTOR.

43 E. THE DIRECTOR MAY PARTICIPATE IN MULTISTATE PROCESSES DESIGNED TO
44 FACILITATE ISSUING AND ADMINISTERING LETTERS OF CREDIT, INCLUDING SERVICES
45 PROVIDED BY THE NMLS AND A STATE REGULATORY REGISTRY.

1 F. UNLESS OTHERWISE ALLOWED BY THE DIRECTOR, THE FOLLOWING
2 INVESTMENTS ARE PERMISSIBLE UNDER SECTION 6-1229:

3 1. RECEIVABLES THAT ARE PAYABLE TO A LICENSEE FROM ITS AUTHORIZED
4 DELEGATES IN THE ORDINARY COURSE OF BUSINESS THAT ARE LESS THAN SEVEN DAYS
5 OLD, UP TO FIFTY PERCENT OF THE AGGREGATE VALUE OF THE LICENSEE'S TOTAL
6 PERMISSIBLE INVESTMENTS. OF THE RECEIVABLES PERMISSIBLE UNDER THIS
7 PARAGRAPH, RECEIVABLES THAT ARE PAYABLE TO A LICENSEE FROM A SINGLE
8 AUTHORIZED DELEGATE IN THE ORDINARY COURSE OF BUSINESS MAY NOT EXCEED TEN
9 PERCENT OF THE AGGREGATE VALUE OF THE LICENSEE'S TOTAL PERMISSIBLE
10 INVESTMENTS.

11 2. THE FOLLOWING INVESTMENTS, UP TO TWENTY PERCENT PER CATEGORY AND
12 COMBINED UP TO FIFTY PERCENT OF THE AGGREGATE VALUE OF THE LICENSEE'S
13 TOTAL PERMISSIBLE INVESTMENTS:

14 (a) A SHORT-TERM INVESTMENT BEARING AN ELIGIBLE RATING. FOR THE
15 PURPOSES OF THIS SUBDIVISION, "SHORT-TERM" MEANS UP TO SIX MONTHS.

16 (b) COMMERCIAL PAPER BEARING AN ELIGIBLE RATING.

17 (c) A BILL, NOTE, BOND OR DEBENTURE BEARING AN ELIGIBLE RATING.

18 (d) UNITED STATES TRI-PARTY REPURCHASE AGREEMENTS COLLATERALIZED AT
19 ONE HUNDRED PERCENT OR MORE WITH UNITED STATES GOVERNMENT OR AGENCY
20 SECURITIES, MUNICIPAL BONDS OR OTHER SECURITIES BEARING AN ELIGIBLE
21 RATING.

22 (e) MONEY MARKET MUTUAL FUNDS RATED LESS THAN "AAA" AND EQUAL TO OR
23 HIGHER THAN "A-" BY STANDARD AND POOR'S, OR THE EQUIVALENT FROM ANY OTHER
24 ELIGIBLE RATING SERVICE.

25 (f) A MUTUAL FUND OR OTHER INVESTMENT FUND COMPOSED SOLELY AND
26 EXCLUSIVELY OF ONE OR MORE PERMISSIBLE INVESTMENTS LISTED IN SUBSECTION A,
27 PARAGRAPH 1, 2, 3, 4 OR 5 OF THIS SECTION.

28 3. CASH, INCLUDING DEMAND DEPOSITS AND SAVINGS DEPOSITS AND MONEY
29 IN SUCH ACCOUNTS HELD FOR THE BENEFIT OF THE LICENSEE'S CUSTOMERS, AT
30 FOREIGN DEPOSITORY INSTITUTIONS, UP TO TEN PERCENT OF THE AGGREGATE VALUE
31 OF THE LICENSEE'S TOTAL PERMISSIBLE INVESTMENTS IF THE LICENSEE HAS
32 RECEIVED A SATISFACTORY RATING IN ITS MOST RECENT EXAMINATION AND THE
33 FOREIGN DEPOSITORY INSTITUTION:

34 (a) HAS AN ELIGIBLE RATING.

35 (b) IS REGISTERED UNDER THE FOREIGN ACCOUNT TAX COMPLIANCE ACT.

36 (c) IS NOT LOCATED IN ANY COUNTRY SUBJECT TO SANCTIONS FROM THE
37 OFFICE OF FOREIGN ASSETS CONTROL.

38 (d) IS NOT LOCATED IN A HIGH-RISK OR NONCOOPERATIVE JURISDICTION AS
39 DETERMINED BY THE DIRECTOR.

40 G. FOR THE PURPOSES OF THIS SECTION:

41 1. LONG-TERM CREDIT RATINGS ARE ELIGIBLE IF THE RATING IS EQUAL TO
42 OR HIGHER THAN AN "A-" BY STANDARD AND POOR'S OR THE EQUIVALENT FROM ANY
43 OTHER ELIGIBLE RATING SERVICE. IF RATINGS DIFFER AMONG ELIGIBLE RATING
44 SERVICES, THE HIGHEST RATING APPLIES WHEN DETERMINING WHETHER A SECURITY
45 BEARS AN ELIGIBLE RATING.

2. SHORT-TERM CREDIT RATINGS ARE ELIGIBLE IF THE RATING IS EQUAL TO OR HIGHER THAN A-2 OR SP-2 BY STANDARD AND POOR'S OR THE EQUIVALENT FROM ANY OTHER ELIGIBLE RATING SERVICE. IF RATINGS DIFFER AMONG ELIGIBLE RATING SERVICES, THE HIGHEST RATING APPLIES WHEN DETERMINING WHETHER A SECURITY BEARS AN ELIGIBLE RATING.

6-1231. License suspension and revocation

A. THE DIRECTOR MAY SUSPEND OR REVOKE A LICENSE IF:

1. THE LICENSEE VIOLATES THIS ARTICLE.

2. THE LICENSEE DOES NOT COOPERATE WITH AN EXAMINATION OR INVESTIGATION BY THE DIRECTOR.

3. THE LICENSEE ENGAGES IN FRAUD, INTENTIONAL MISREPRESENTATION OR GROSS NEGLIGENCE.

4. AN AUTHORIZED DELEGATE IS CONVICTED OF A VIOLATION OF A STATE OR FEDERAL ANTI-MONEY LAUNDERING STATUTE OR VIOLATES THIS ARTICLE AS A RESULT OF THE LICENSEE'S WILFUL MISCONDUCT.

5. THE COMPETENCE, EXPERIENCE, CHARACTER OR GENERAL FITNESS OF THE LICENSEE, PERSON IN CONTROL OF A LICENSEE OR KEY INDIVIDUAL INDICATES THAT IT IS NOT IN THE PUBLIC INTEREST TO ALLOW THE PERSON TO PROVIDE MONEY TRANSMISSION.

6. THE LICENSEE ENGAGES IN AN UNSAFE OR UNSOUND PRACTICE.

7. THE LICENSEE IS INSOLVENT, SUSPENDS PAYMENT OF ITS OBLIGATIONS OR MAKES A GENERAL ASSIGNMENT FOR THE BENEFIT OF ITS CREDITORS.

8. THE LICENSEE DOES NOT REMOVE AN AUTHORIZED DELEGATE AFTER THE DIRECTOR ISSUES AND SERVES ON THE LICENSEE A FINAL ORDER THAT INCLUDES A FINDING THAT THE AUTHORIZED DELEGATE HAS VIOLATED THIS ARTICLE.

9. THE LICENSEE HAS MADE A MATERIAL MISSTATEMENT OR SUPPRESSED OR WITHHELD INFORMATION ON AN APPLICATION FOR A LICENSE OR ANY DOCUMENT REQUIRED TO BE FILED WITH THE DIRECTOR.

B. IN DETERMINING WHETHER A LICENSEE IS ENGAGING IN AN UNSAFE OR UNSOUND PRACTICE, THE DIRECTOR MAY CONSIDER THE SIZE AND CONDITION OF THE LICENSEE'S MONEY TRANSMISSION, THE MAGNITUDE OF THE LOSS, THE GRAVITY OF THE VIOLATION OF THIS ARTICLE AND THE PREVIOUS CONDUCT OF THE LICENSEE.

C. A LICENSEE MAY APPEAL ANY SUSPENSION OR REVOCATION PURSUANT TO TITLE 41, CHAPTER 6, ARTICLE 10.

6-1232. Authorized delegate suspension and revocation

A. THE DIRECTOR MAY SUSPEND OR REVOKE THE DESIGNATION OF AN AUTHORIZED DELEGATE IF THE DIRECTOR FINDS THAT:

1. THE AUTHORIZED DELEGATE VIOLATED THIS ARTICLE.

2. THE AUTHORIZED DELEGATE DID NOT COOPERATE WITH AN EXAMINATION OR INVESTIGATION BY THE DIRECTOR.

3. THE AUTHORIZED DELEGATE ENGAGED IN FRAUD, INTENTIONAL MISREPRESENTATION OR GROSS NEGLIGENCE.

4. THE AUTHORIZED DELEGATE IS CONVICTED OF A VIOLATION OF A STATE OR FEDERAL ANTI-MONEY LAUNDERING STATUTE.

1 5. THE COMPETENCE, EXPERIENCE, CHARACTER OR GENERAL FITNESS OF THE
2 AUTHORIZED DELEGATE OR A PERSON IN CONTROL OF THE AUTHORIZED DELEGATE
3 INDICATES THAT IT IS NOT IN THE PUBLIC INTEREST TO ALLOW THE AUTHORIZED
4 DELEGATE TO PROVIDE MONEY TRANSMISSION.

5 6. THE AUTHORIZED DELEGATE IS ENGAGING IN AN UNSAFE OR UNSOUND
6 PRACTICE. TO DETERMINE WHETHER AN AUTHORIZED DELEGATE IS ENGAGING IN AN
7 UNSAFE OR UNSOUND PRACTICE, THE DIRECTOR MAY CONSIDER THE SIZE AND
8 CONDITION OF THE AUTHORIZED DELEGATE'S PROVISION OF MONEY TRANSMISSION,
9 THE MAGNITUDE OF THE LOSS, THE GRAVITY OF THE VIOLATION OF THIS ARTICLE
10 AND THE PREVIOUS CONDUCT OF THE AUTHORIZED DELEGATE.

11 B. AN AUTHORIZED DELEGATE MAY APPEAL A SUSPENSION OR REVOCATION
12 PURSUANT TO TITLE 41, CHAPTER 6, ARTICLE 10.

13 6-1233. Cease and desist order

14 IN ADDITION TO THE AUTHORITY UNDER SECTION 6-137, THE DIRECTOR MAY
15 ISSUE AN ORDER AGAINST THE LICENSEE TO CEASE AND DESIST FROM PROVIDING
16 MONEY TRANSMISSION THROUGH AN AUTHORIZED DELEGATE THAT VIOLATED, IS
17 VIOLATING OR IS ABOUT TO VIOLATE THIS TITLE.

18 6-1234. Uniformity

19 IN ENFORCING THIS ARTICLE, THE DIRECTOR SHALL CONSIDER THE NEED TO
20 PROMOTE UNIFORMITY OF THE LAW WITH RESPECT TO MONEY TRANSMITTERS AMONG
21 STATES THAT ENACT MONEY TRANSMITTER LAWS THAT ARE SUBSTANTIVELY SIMILAR TO
22 THIS ARTICLE.

23 Sec. 5. Renumber

24 Section 6-1241, Arizona Revised Statutes, is renumbered as section
25 6-1242, and section 6-1242, Arizona Revised Statutes, is renumbered as
26 section 6-1243.

27 Sec. 6. Title 6, chapter 12, article 2, Arizona Revised Statutes,
28 is amended by adding a new section 6-1241, to read:

29 6-1241. Definitions

30 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

31 1. "AUTHORIZED DELEGATE" MEANS A PERSON THAT A LICENSEE DESIGNATES
32 TO ENGAGE IN MONEY TRANSMISSION ON BEHALF OF THE LICENSEE PURSUANT TO
33 ARTICLE 1 OF THIS CHAPTER.

34 2. "LICENSEE" MEANS A PERSON THAT IS LICENSED UNDER ARTICLE 1 OF
35 THIS CHAPTER.

36 3. "MONEY TRANSMITTER" MEANS A PERSON THAT MEETS THE DEFINITION OF
37 A BANK, FINANCIAL AGENCY OR FINANCIAL INSTITUTION AS PRESCRIBED BY 31
38 UNITED STATES CODE SECTION 5312 OR 31 CODE OF FEDERAL REGULATIONS SECTION
39 1010.100.

40 4. "TRADE OR BUSINESS" HAS THE SAME MEANING PRESCRIBED IN SECTION
41 162 OF THE INTERNAL REVENUE CODE AND INCLUDES THE MONEY ACCUMULATION
42 BUSINESS.

1 Sec. 7. Section 6-1242, Arizona Revised Statutes, as renumbered, is
2 amended to read:

3 6-1242. Reports to the attorney general; investigation;
4 violation; classification

5 A. Within thirty days after any transaction or series or pattern of
6 transactions that is conducted or attempted by, at or through the business
7 and that involves or aggregates \$5,000 or more in funds or other assets,
8 each licensee and authorized delegate of a licensee and each money
9 transmitter shall file with the attorney general's office in a form
10 prescribed by the attorney general a report of the transaction or series
11 or pattern of transactions if the licensee, authorized delegate or money
12 transmitter knows, suspects or has reason to suspect that the activity
13 either:

14 1. Involves funds that are derived from illegal activities, is
15 intended or conducted in order to hide or disguise funds or other assets
16 that are derived from illegal activities, including the ownership, nature,
17 source, location or control of the funds or other assets, as part of a
18 plan to violate or evade any law or regulation or to avoid any transaction
19 reporting requirement under this chapter or may constitute a possible
20 money laundering violation under section 13-2317 or another racketeering
21 violation as defined in section 13-2301.

22 2. Has no business or apparent lawful purpose or is not the sort of
23 activity in which the particular customer would normally be expected to
24 engage and the licensee, authorized delegate or money transmitter knows of
25 no reasonable explanation for the activity after examining the available
26 facts, including the background and possible purpose of the activity.

27 B. A licensee, authorized delegate or money transmitter that is
28 required to file a report regarding business conducted in this state
29 pursuant to the currency and foreign transactions reporting act (31 United
30 States Code sections 5311 through 5326, including any special measures
31 that are established under 31 United States Code section 5318A, and 31
32 Code of Federal Regulations chapter X or 12 Code of Federal Regulations
33 section 21.11) shall file a duplicate of that report with the attorney
34 general.

35 C. All persons who are engaged in a trade or business and who
36 receive more than \$10,000 in money in one transaction or who receive more
37 than \$10,000 in money through two or more related transactions shall
38 complete and file with the attorney general the information required by 31
39 United States Code section 5331 and the federal regulations relating to
40 this section concerning reports relating to cash received in trade or
41 business.

42 D. A licensee, authorized delegate or money transmitter that is
43 regulated under the currency and foreign transactions reporting act
44 (31 United States Code section 5325 and 31 Code of Federal Regulations
45 chapter X) and that is required to make available prescribed records to

1 the secretary of the United States department of THE treasury on request
2 at any time shall follow the same prescribed procedures and create and
3 maintain the same prescribed records relating to each transaction.

4 ~~E. In addition to the requirements under subsection D of this~~
5 ~~section and in connection with each transaction that involves transmitting~~
6 ~~money in an amount of \$1,000 or more, whether sending or receiving, a~~
7 ~~licensee or, for transactions conducted through an authorized delegate, an~~
8 ~~authorized delegate shall retain a record of each of the following:~~

9 ~~1. The name and social security or taxpayer identification number,~~
10 ~~if any, of the individual presenting the transaction and the person and~~
11 ~~the entity on whose behalf the transaction is to be effected.~~

12 ~~2. The type and number of the customer's verified photographic~~
13 ~~identification, as described in 31 Code of Federal Regulations section~~
14 ~~1010.312.~~

15 ~~3. The customer's current occupation.~~

16 ~~4. The customer's current residential address.~~

17 ~~5. The customer's signature.~~

18 ~~F. Subsection E of this section does not apply to transactions by~~
19 ~~which the licensee's customer is making a bill payment either to a~~
20 ~~commercial creditor pursuant to a contract between the licensee and the~~
21 ~~commercial creditor or to a utility company.~~

22 ~~G.~~ E. Each licensee shall create records that reflect the
23 provision of updated operating policies and procedures pursuant to section
24 ~~6-1208~~ 6-1222, subsection ~~B~~ A, PARAGRAPH 1 and of instruction that
25 promotes compliance with this chapter, title 13, chapter 23 and 31 United
26 States Code section 5318, including the identification of the provider and
27 the material and instruction that were provided.

28 ~~H.~~ F. On request of the attorney general, a county attorney or the
29 deputy director, a licensee, authorized delegate or money transmitter
30 shall make any records that are created pursuant to this section available
31 to the attorney general, a county attorney or the deputy director at any
32 time.

33 ~~I. A licensee or, for transactions conducted through an authorized~~
34 ~~delegate, an authorized delegate shall maintain any customer~~
35 ~~identification records that are created pursuant to subsection E of this~~
36 ~~section for three years. After three years, the licensee or, for~~
37 ~~transactions conducted through an authorized delegate, the authorized~~
38 ~~delegate shall deliver the customer identification records to the attorney~~
39 ~~general. The attorney general shall make the records available on request~~
40 ~~to the deputy director or a county attorney but shall not otherwise~~
41 ~~distribute the customer identification records without a court order. The~~
42 ~~customer identification records shall not be used for any purpose other~~
43 ~~than for criminal and civil prosecution and the prevention and detection~~
44 ~~of fraud and other criminal conduct.~~

1 ~~F.~~ G. If the deputy director or the attorney general finds that
2 reasonable grounds exist for requiring additional recordkeeping and
3 reporting in order to carry out the purposes of this chapter and to
4 prevent the evasion of this chapter, the deputy director or the attorney
5 general may~~:-~~

6 ~~F.~~ issue an order requiring any group of licensees, authorized
7 delegates or money transmitters in a geographic area to do any of the
8 following:

9 ~~(a)~~ 1. Obtain information regarding transactions that involve
10 total dollar amounts or denominations of \$500 or more, including the names
11 of any persons participating in those transactions and any persons or
12 entities on whose behalf they are to be effected.

13 ~~(b)~~ 2. Maintain records of that information for at least five
14 years and make those records available to the attorney general and the
15 deputy director.

16 ~~(c)~~ 3. File a report with the attorney general and the deputy
17 director regarding any transaction in the manner prescribed in the order.

18 ~~2. Issue an order exempting any group of licensees or authorized~~
19 ~~delegates from the requirements of subsection E of this section based on~~
20 ~~the geographic area, the volume of business conducted, the record of~~
21 ~~compliance with the reporting requirements of this chapter and other~~
22 ~~objective criteria.~~

23 ~~K.~~ H. An order issued pursuant to subsection ~~F.~~ G of this section
24 is not effective for more than one hundred eighty days unless renewed
25 after finding that reasonable grounds exist for ~~continuation of~~ CONTINUING
26 the order.

27 ~~L.~~ I. The timely filing of a report required by this section with
28 the appropriate federal agency shall be deemed compliance with the
29 reporting requirements of this section, unless the attorney general has
30 notified the deputy director that reports of that type are not regularly
31 and comprehensively transmitted by that federal agency to the attorney
32 general.

33 ~~M.~~ J. This chapter does not preclude a licensee, authorized
34 delegate, money transmitter, financial institution or person engaged in a
35 trade or business from instituting contact with and disclosing customer
36 financial records to appropriate state or local law enforcement agencies
37 if the licensee, authorized delegate, money transmitter, financial
38 institution or person has information that may be relevant to a possible
39 violation of any criminal statute or to the evasion or attempted evasion
40 of any reporting requirement of this chapter.

41 ~~N.~~ K. A licensee, authorized delegate, money transmitter,
42 financial institution, person engaged in a trade or business or director,
43 officer, employee, agent or authorized delegate of any of them that keeps
44 or files a record as prescribed by this section, that communicates or
45 discloses information or records under subsection ~~M.~~ J of this section or

that requires another to make any such disclosure is not liable to any person under any law or rule of this state or any political subdivision of this state or under any contract or other legally enforceable agreement, including any arbitration agreement, for the disclosure or for the failure to provide notice of the disclosure to the person who is the subject of the disclosure or to any other person who is identified in the disclosure. This subsection is consistent with 31 United States Code section 5318(g)(3).

~~Q.~~ L. The attorney general may report any possible violations indicated by analysis of the reports required by this chapter to any appropriate law enforcement agency for use in the proper discharge of its official duties. If an officer or employee of this state or any political subdivision of this state receives a report pursuant to 31 United States Code section 5318(g), the report shall be disclosed only as provided in 31 United States Code section 5318(g). A person who releases information received pursuant to this subsection except in the proper discharge of official duties is guilty of a class 2 misdemeanor.

~~P.~~ M. The requirements of this section are consistent with the requirements of the currency and foreign transactions reporting act (31 United States Code sections 5311 through 5326 and federal regulations prescribed under those sections) unless the context otherwise requires.

~~Q.~~ N. A person who refuses to allow any lawful investigation by the deputy director, a county attorney or the attorney general or who refuses to make records available to the deputy director, a county attorney or the attorney general pursuant to subsection ~~H~~ F of this section is guilty of a class 6 felony.

Sec. 8. Section 6-1305, Arizona Revised Statutes, is amended to read:

6-1305. Registration; renewal; reporting requirements

A. The deputy director shall register the applicant as an advance fee loan broker when an applicant has fully complied with this chapter and the rules prescribed by the deputy director.

B. The deputy director shall immediately notify the applicant ~~by~~ ~~mail~~ on registering the applicant as an advance fee loan broker.

C. A registered advance fee loan broker shall apply for renewal as prescribed by the deputy director not later than June 30 of each year. A registration for which a renewal application is not received by the deputy director by June 30 is suspended and the registered advance fee loan broker may not act as an advance fee loan broker until the registration is renewed or a new registration is issued pursuant to this article. The registration of an advance fee loan broker that has not filed a renewal application and paid the renewal fee by July 31 expires. A registration may not be granted to the holder of an expired registration except as provided in this article for the issuance of an original registration.

1 D. An advance fee loan broker may annually renew the broker's
2 registration by filing a supplemental statement showing any changes in the
3 facts set forth in the original application for registration or any
4 previously filed supplemental statement made at the time of annual
5 renewal.

6 E. An advance fee loan broker shall file a supplemental statement
7 showing any changes in the facts set forth in the original application or
8 in any supplemental statement made at the time of annual renewal within
9 thirty days after a change in any material fact.

10 Sec. 9. Repeal

11 Section ~~6-1306~~, Arizona Revised Statutes, is repealed.

12 Sec. 10. Section 13-2317, Arizona Revised Statutes, is amended to
13 read:

14 ~~13-2317.~~ Money laundering: classification: definitions

15 A. A person is guilty of money laundering in the first degree if
16 the person does any of the following:

17 1. Knowingly initiates, organizes, plans, finances, directs,
18 manages, supervises or is in the business of money laundering in violation
19 of subsection B of this section.

20 2. Violates subsection B of this section in the course of or for
21 the purpose of facilitating terrorism or murder.

22 B. A person is guilty of money laundering in the second degree if
23 the person does any of the following:

24 1. Acquires or maintains an interest in, transacts, transfers,
25 transports, receives or conceals the existence or nature of racketeering
26 proceeds knowing or having reason to know that they are the proceeds of an
27 offense.

28 2. Makes property available to another by transaction,
29 transportation or otherwise knowing that it is intended to be used to
30 facilitate racketeering.

31 3. Conducts a transaction knowing or having reason to know that the
32 property involved is the proceeds of an offense and with the intent to
33 conceal or disguise the nature, location, source, ownership or control of
34 the property or the intent to facilitate racketeering.

35 4. Intentionally or knowingly makes a false statement,
36 misrepresentation or false certification or makes a false entry or omits a
37 material entry in any application, financial statement, account record,
38 customer receipt, report or other document that is filed or required to be
39 maintained or filed under title 6, chapter 12.

40 5. Intentionally or knowingly evades or attempts to evade any
41 reporting requirement under ~~section 6-1241~~ SECTIONS 6-1220 AND 6-1242,
42 whether by structuring transactions as described in 31 Code of Federal
43 Regulations chapter X, by causing any financial institution, money
44 transmitter, trade or business to fail to file the report, by failing to
45 file a required report or record or by any other means.

1 6. Intentionally or knowingly provides any false information or
2 fails to disclose information that causes any licensee, authorized
3 delegate, money transmitter, trade or business to either:

4 (a) Fail to file any report or record that is required under
5 ~~section 6-1241~~ SECTIONS 6-1220 AND 6-1242.

6 (b) File such a report or record that contains a material omission
7 or misstatement of fact.

8 7. Intentionally or knowingly falsifies, conceals, covers up or
9 misrepresents or attempts to falsify, conceal, cover up or misrepresent
10 the identity of any person in connection with any transaction with a
11 financial institution or money transmitter.

12 8. In connection with a transaction with a financial institution or
13 money transmitter, intentionally or knowingly makes, uses, offers or
14 presents or attempts to make, use, offer or present, whether accepted or
15 not, a forged instrument, a falsely altered or completed written
16 instrument or a written instrument that contains any materially false
17 personal identifying information.

18 9. If the person is a money transmitter, a person engaged in a
19 trade or business or any employee of a money transmitter or a person
20 engaged in a trade or business, intentionally or knowingly accepts false
21 personal identifying information from any person or otherwise knowingly
22 incorporates false personal identifying information into any report or
23 record that is required by ~~section 6-1241~~ SECTIONS 6-1220 AND 6-1242.

24 10. Intentionally conducts, controls, manages, supervises, directs
25 or owns all or part of a money transmitting business for which a license
26 is required by title 6, chapter 12 unless the business is licensed
27 pursuant to title 6, chapter 12 and complies with the money transmitting
28 business registration requirements under 31 United States Code section
29 5330.

30 C. A person is guilty of money laundering in the third degree if
31 the person intentionally or knowingly does any of the following:

32 1. In the course of any transaction transmitting money, confers or
33 agrees to confer anything of value on a money transmitter or any employee
34 of a money transmitter that is intended to influence or reward any person
35 for failing to comply with any requirement under title 6, chapter 12.

36 2. Engages in the business of receiving money for transmission or
37 transmitting money, as an employee or otherwise, and receives anything of
38 value on an agreement or understanding that it is intended to influence or
39 benefit the person for failing to comply with any requirement under
40 title 6, chapter 12.

41 D. In addition to any other criminal or civil remedy, if a person
42 violates subsection A or B of this section as part of a pattern of
43 violations that involve a total of \$100,000 or more in any twelve-month
44 period, the person is subject to forfeiture of substitute assets in an

1 amount that is three times the amount that was involved in the pattern,
2 including conduct that occurred before and after the twelve-month period.

3 E. Money laundering in the third degree is a class 6 felony. Money
4 laundering in the second degree is a class 3 felony. Money laundering in
5 the first degree is a class 2 felony.

6 F. THE EXCEPTION THAT IS ESTABLISHED BY 31 UNITED STATES CODE
7 SECTION 5331(c)(1) DOES NOT APPLY TO PERSONS WHO ARE ENGAGED IN THE MONEY
8 ACCUMULATION BUSINESS.

9 ~~F.~~ G. For the purposes of this section:

10 1. The following terms have the same meaning MEANINGS prescribed in
11 section ~~6-1201~~ 6-1241:

12 (a) "Authorized delegate".

13 (b) "Licensee".

14 ~~(c) "Money accumulation business".~~

15 ~~(d)~~ (c) "Money transmitter".

16 ~~(e)~~ (d) "Trade or business".

17 ~~(f) "Transmitting money".~~

18 2. The following terms have the same meaning MEANINGS prescribed in
19 section 13-2001:

20 (a) "Falsely alters a written instrument".

21 (b) "Falsely completes a written instrument".

22 (c) "Falsely makes a written instrument".

23 (d) "Forged instrument".

24 (e) "Personal identifying information".

25 (f) "Written instrument".

26 3. The following terms have the same meaning MEANINGS prescribed in
27 section 13-2301:

28 (a) "Financial institution".

29 (b) "Financial instrument".

30 (c) "Racketeering", except that for the purposes of civil remedies
31 sought by the attorney general, racketeering includes any act, regardless
32 of whether the act would be chargeable or indictable under the laws of
33 this state or whether the act is charged or indicted, that is committed
34 for financial gain, punishable by imprisonment for more than one year
35 under the laws of the United States and described in section
36 274(a)(1)(A)(i), (ii) or (iii) or (a)(2) of the immigration and
37 nationality act (8 United States Code section 1324(a)(1)(A)(i), (ii) or
38 (iii) or (a)(2)) if persons acting in concert in the conduct acquire a
39 total of more than \$5,000 through the conduct in a one-month period. For
40 the purpose of forfeiture of property other than real property, the
41 conduct must involve more than three aliens in a one-month period. For
42 the purpose of forfeiture of real property, the conduct must involve more
43 than fifteen aliens in a one-month period.

1 4. The following terms have the same meaning prescribed in section
2 13-2314:

3 (a) "Acquire".

4 (b) "Proceeds".

5 ~~6.~~ H. For the purposes of this section:

6 ~~1. "Deputy director" has the same meaning prescribed in section~~
7 ~~6-101.~~

8 1. "MONEY ACCUMULATION BUSINESS":

9 (a) MEANS OBTAINING MONEY FROM A MONEY TRANSMITTER AS PART OF ANY
10 ACTIVITY THAT IS CONDUCTED FOR FINANCIAL GAIN IF THE MONEY THAT IS
11 OBTAINED BY ALL PERSONS ACTING IN CONCERT IN THE ACTIVITY, IN AMOUNTS OF
12 \$1,000 OR MORE, TOTALS OVER \$50,000 IN THE PRECEDING TWELVE-MONTH PERIOD.

13 (b) DOES NOT INCLUDE A PERSON WHO IS SUBJECT TO THE REPORTING
14 REQUIREMENTS UNDER 31 UNITED STATES CODE SECTION 5313.

15 2. "Offense" has the same meaning prescribed in section 13-105 and
16 includes conduct for which a sentence to a term of incarceration is
17 provided by any law of the United States.

18 3. "Transaction" means a purchase, sale, trade, loan, pledge,
19 investment, gift, transfer, transmission, delivery, deposit, withdrawal,
20 payment, transfer between accounts, exchange of currency, extension of
21 credit, purchase or sale of any financial instrument or any other
22 acquisition or disposition of property by whatever means.

23 4. "TRANSMITTING MONEY" MEANS THE TRANSMISSION OF MONEY BY ANY
24 MEANS, INCLUDING TRANSMISSIONS WITHIN THIS COUNTRY OR TO OR FROM LOCATIONS
25 ABROAD BY PAYMENT INSTRUMENT, WIRE, FAX, INTERNET OR ANY OTHER ELECTRONIC
26 TRANSFER, COURIER OR OTHERWISE.

27 Sec. 11. Section 41-5605, Arizona Revised Statutes, is amended to
28 read:

29 41-5605. Scope

30 A. If the attorney general approves an application for entry into
31 the regulatory sandbox, the applicant is deemed a sandbox participant and
32 both of the following apply:

33 1. The sandbox participant has twenty-four months after the date of
34 approval to test the innovation described in the sandbox participant's
35 application.

36 2. The attorney general must issue the sandbox participant a
37 registration number.

38 B. Innovations tested within the regulatory sandbox are subject to
39 the following restrictions:

40 1. Consumers must be residents of this state, except for
41 transactions that involve an innovation provided by a sandbox participant
42 testing financial products or services as a money transmitter as defined
43 in section ~~6-1201~~ 6-1241 or A related innovation, in which case only
44 physical presence of the consumer in this state at the time of the
45 transaction may be required.

1 2. Except as provided in subsection C of this section or section
2 41-5608, an innovation may not be tested with more than ten thousand
3 consumers.

4 3. For a sandbox participant testing consumer lender loans as
5 defined in section 6-601, an individual consumer lender loan may be issued
6 for up to \$15,000, except that aggregate loans per consumer may not exceed
7 \$50,000. All consumer lender loans issued in the regulatory sandbox,
8 including loans in excess of \$10,000, are subject to all of the following:

9 (a) Section 6-114.

10 (b) Section 6-632.

11 (c) Section 6-635, subsections A, B and C.

12 (d) Section 6-637.

13 4. Except as provided in subsection C of this section, for a
14 sandbox participant testing financial products or services as a money
15 transmitter as defined in section ~~6-1201~~ 6-1241, individual transactions
16 per consumer may not exceed \$2,500 and aggregate transactions per consumer
17 may not exceed \$25,000.

18 5. For sandbox participants testing financial products or services
19 as a sales finance company as defined in section 44-281, all of the
20 following apply:

21 (a) Section 44-286.

22 (b) Section 44-287, except subsection B, paragraph 8.

23 (c) Section 44-288.

24 (d) Section 44-289.

25 (e) Section 44-290.

26 (f) Section 44-291.

27 (g) Section 44-293.

28 (h) Section 47-9601.

29 6. For sandbox participants testing financial products or services
30 that provide investment management that is regulated pursuant to title 44,
31 chapter 13:

32 (a) Section 44-3241 applies.

33 (b) The corporation commission rules adopted pursuant to title 44,
34 chapter 13 apply as they relate to dishonest and unethical practices.

35 C. If a sandbox participant demonstrates adequate financial
36 capitalization, risk management process and management oversight, the
37 attorney general may allow either or both of the following:

38 1. Except as provided in section 41-5608, an innovation ~~may~~ **TO** not
39 be tested with more than seventeen thousand five hundred consumers.

40 2. For a sandbox participant testing products or services as a
41 money transmitter as defined in section ~~6-1201~~ 6-1241, individual
42 transactions per consumer that do not exceed \$15,000 and aggregate
43 transactions per consumer that do not exceed \$50,000.

1 D. This section does not restrict a sandbox participant who holds a
2 license or other authorization in another jurisdiction from acting
3 pursuant to and in accordance with that license or other authorization.

4 E. A sandbox participant is deemed to possess an appropriate
5 license under the laws of this state for purposes of any provision of
6 federal law requiring state licensure or authorization.

7 F. Except as otherwise provided in this chapter, a sandbox
8 participant is not subject to state laws that establish requirements
9 pursuant to a license or authorization issued by an applicable agency that
10 otherwise would or may regulate an innovative financial product or
11 service.

12 G. The attorney general may determine that certain state laws that
13 regulate a financial product or service apply to a sandbox participant.
14 If the attorney general makes this determination and approves an
15 application for entry into the regulatory sandbox, the attorney general
16 must notify the sandbox participant of the specific state regulatory laws
17 that will apply to the sandbox participant. Pursuant to section 41-5611,
18 the attorney general alone shall enforce the state regulatory laws
19 applicable to sandbox participants, including the restrictions established
20 by this section.

21 H. To the extent that a sandbox participant is required by this
22 chapter to obtain, record, provide or maintain any information, writing,
23 signature, record or disclosure, the sandbox participant may do so in
24 electronic form, including as provided in section 44-7601, or may
25 substitute any substantially similar equivalent information, writing,
26 signature, record or disclosure that is approved by the attorney general.

27 Sec. 12. Transition

28 A. A person who is licensed as a money transmitter pursuant to
29 title 6, chapter 12, article 1, Arizona Revised Statutes, as repealed by
30 this act, is not subject to title 6, chapter 12, article 1, Arizona
31 Revised Statutes, as added by this act if there are conflicts between the
32 two articles until the person renews the person's license or until six
33 months after the effective date of this act, whichever is later.

34 B. Notwithstanding any other law, a person who is licensed as a
35 money transmitter pursuant to title 6, chapter 12, article 1, Arizona
36 Revised Statutes, as repealed by this act, must only amend its authorized
37 delegate contracts for contracts entered into or amended after the
38 effective date of this act or after the completion of any period described
39 by subsection A of this section.