
Business & Financial Services Committee

HB 2523

Brief Description: Revising provisions governing money transmitters.

Sponsors: Representatives Kirby, Vick and Santos.

Brief Summary of Bill

- Allows a money transmitter to delay the transmission of money for more than 10 business days if the transmission is for the payment of goods or services.

Hearing Date: 1/21/14

Staff: Linda Merelle (786-7092).

Background:

The Department of Financial Institutions (DFI) regulates the money transmission and currency exchange businesses under the Uniform Money Services Act (Act). The Act was created in 2003 to protect consumers and to ensure that these businesses are not used for criminal purposes.

Money transmission is the receipt of money for the purpose of transmitting or delivering the money, or its equivalent value, to another location, whether inside or outside the United States. The transmission and delivery of the money can take place by any means, including wire, facsimile, or electronic transfer. A money transmitter is a person engaged in money transmission.

A money transmitter must transmit money or its equivalent value received from a customer within 10 business days after receiving the money unless otherwise ordered by the customer or unless the money transmitter has reason to believe that a crime has occurred, is occurring, or may occur as a result of transmitting the money.

Every money transmitter must give the customer a receipt that clearly states the amount of money presented for transmission and the total of any fees charged.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Money Transmitter Licenses.

An application for a money transmitter license must contain specified information regarding employment history, criminal convictions, documentation of citizenship or legal work status, authorized delegates, the source of money or credit to be used in conducting business, and licensing problems or bankruptcies.

At the time of application for an initial license and upon license renewal, an applicant must provide identifying information, including fingerprints, to the DFI regarding each applicant's officers, directors, and owners.

Prior to issuing a license, the Director of the DFI (Director) must examine the applicant's background, financial profile, experience, competence, character, and general fitness and must determine that the applicant and its proposed employees are not listed by the federal government as persons who pose a potential threat of committing terrorist acts or financing terrorist acts,

The officers, directors, and owners of an applicant are subject to a state and national criminal background check unless the applicant or its corporate parent is a publicly traded entity. The DFI can only disseminate this background information to criminal justice agencies. A licensee must provide contact information for all persons that are authorized to provide money services on behalf of the licensee.

Summary of Bill:

When a money transmission request is for the payment of goods or services, a money transmitter is not required to transmit money or its monetary equivalent within 10 business days of receipt of the money.

Notice Regarding Time of Transmission.

A money transmitter that accepts money from consumers purchasing goods or services from third-party merchants and transmits the money or its equivalent to those merchants selling the goods or services to the consumer must transmit the money within the time agreed upon in the merchant's agreement with the money transmitter. The agreement must conspicuously disclose to the merchant the money transmitter's authority to place a hold or delay in the transmittal for more than 10 business days and the circumstances under which the merchant may be subject to a hold or delay.

Appropriation: None.

Fiscal Note: Requested on 1/17/14.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.