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HOUSE BILL 1045

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State of Washington

65th Legislature

2017 Regular Session

By Representatives Kirby and Vick; by request of Department of Financial Institutions

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1 AN ACT Relating to licensing and enforcement provisions  
2 applicable to money transmitters and currency exchanges under the  
3 uniform money services act; amending RCW 19.230.010, 19.230.020,  
4 19.230.030, 19.230.040, 19.230.050, 19.230.070, 19.230.100,  
5 19.230.110, 19.230.130, 19.230.140, 19.230.150, 19.230.152,  
6 19.230.180, 19.230.200, 19.230.210, 19.230.250, 19.230.290,  
7 19.230.320, and 19.230.330; adding new sections to chapter 19.230  
8 RCW; and prescribing penalties.

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

10 **Sec. 1.** RCW 19.230.010 and 2013 c 106 s 1 are each amended to  
11 read as follows:

12 The definitions in this section apply throughout this chapter  
13 unless the context clearly requires otherwise.

14 (1) "Affiliate" means any person who directly or indirectly  
15 through one or more intermediaries, controls, is controlled by, or is  
16 under common control with, another person.

17 (2) "Annual assessment due date" means the date specified in rule  
18 by the director upon which the annual assessment is due.

19 (3) "Applicant" means a person that files an application for a  
20 license under this chapter, including the applicant's proposed

1 responsible individual and executive officers, and persons in control  
2 of the applicant.

3 (4) "Authorized delegate" means a person a licensee designates to  
4 provide money services on behalf of the licensee. A person that is  
5 exempt from licensing under this chapter cannot have an authorized  
6 delegate.

7 (5) "Board director" means a natural person who is a member of  
8 the applicant's or licensee's board of directors if the applicant is  
9 a corporation or limited liability company, or a partner if the  
10 applicant or licensee is a partnership.

11 (6) "Closed loop (~~stored value~~) prepaid access" means (~~stored~~  
12 ~~value, when that value or credit is primarily intended to~~) prepaid  
13 access that can only be redeemed for a limited universe of goods,  
14 intangibles, services, or other items provided by the issuer of the  
15 (~~stored value~~) prepaid access, its affiliates, or others involved  
16 in transactions functionally related to the issuer or its affiliates.

17 (7) "Control" means:

18 (a) Ownership of, or the power to vote, directly or indirectly,  
19 at least twenty-five percent of a class of voting securities or  
20 voting interests of a licensee or applicant, or person in control of  
21 a licensee or applicant;

22 (b) Power to elect a majority of executive officers, managers,  
23 directors, trustees, or other persons exercising managerial authority  
24 of a licensee or applicant, or person in control of a licensee or  
25 applicant; or

26 (c) Power to exercise directly or indirectly, a controlling  
27 influence over the management or policies of a licensee or applicant,  
28 or person in control of a licensee or applicant.

29 (8) "Currency exchange" means exchanging the money of one  
30 government for money of another government, or holding oneself out as  
31 able to exchange the money of one government for money of another  
32 government. The following persons are not considered currency  
33 exchangers:

34 (a) Affiliated businesses that engage in currency exchange for a  
35 business purpose other than currency exchange;

36 (b) A person who provides currency exchange services for a person  
37 acting primarily for a business, commercial, agricultural, or  
38 investment purpose when the currency exchange is incidental to the  
39 transaction;

1 (c) A person who deals in coins or a person who deals in money  
2 whose value is primarily determined because it is rare, old, or  
3 collectible; and

4 (d) A person who in the regular course of business chooses to  
5 accept from a customer the currency of a country other than the  
6 United States in order to complete the sale of a good or service  
7 other than currency exchange, that may include cash back to the  
8 customer, and does not otherwise trade in currencies or transmit  
9 money for compensation or gain.

10 (9) "Currency exchanger" means a person that is engaged in  
11 currency exchange.

12 (10) "Director" means the director of financial institutions.

13 (11) "Executive officer" means a president, chairperson of the  
14 executive committee, chief financial officer, responsible individual,  
15 or other individual who performs similar functions.

16 (12) "Financial institution" means any person doing business  
17 under the laws of any state or the United States relating to  
18 commercial banks, bank holding companies, savings banks, savings and  
19 loan associations, trust companies, or credit unions.

20 (13) "Licensee" means a person licensed under this chapter.  
21 "Licensee" also means any person, whether located within or outside  
22 of this state, who fails to obtain a license required by this  
23 chapter.

24 (14) "Material litigation" means litigation that according to  
25 generally accepted accounting principles is significant to an  
26 applicant's or a licensee's financial health and would be required to  
27 be disclosed in the applicant's or licensee's annual audited  
28 financial statements, report to shareholders, or similar records.

29 (15) "Mobile location" means a vehicle or movable facility where  
30 money services are provided.

31 (16) "Money" means a medium of exchange that is authorized or  
32 adopted by the United States or a foreign government or other  
33 recognized medium of exchange. "Money" includes a monetary unit of  
34 account established by an intergovernmental organization or by  
35 agreement between two or more governments.

36 (17) "Money services" means money transmission or currency  
37 exchange.

38 (18) "Money transmission" means receiving money or its equivalent  
39 value (equivalent value includes virtual currency) to transmit,  
40 deliver, or instruct to be delivered (~~the money or its equivalent~~

1 value)) to another location, inside or outside the United States, by  
2 any means including but not limited to by wire, facsimile, or  
3 electronic transfer. (~~"Money transmission" does not include the~~  
4 ~~provision solely of connection services to the internet,~~  
5 ~~telecommunications services, or network access.~~) "Money  
6 transmission" includes selling, issuing, or acting as an intermediary  
7 for open loop (~~stored value~~) prepaid access and payment  
8 instruments, but not closed loop (~~stored value~~) prepaid access.  
9 "Money transmission" does not include: The provision solely of  
10 connection services to the internet, telecommunications services, or  
11 network access; units of value that are issued in affinity or rewards  
12 programs that cannot be redeemed for either money or virtual  
13 currencies; and units of value that are used solely within online  
14 gaming platforms that have no market or application outside of the  
15 gaming platforms.

16 (19) "Money transmitter" means a person that is engaged in money  
17 transmission.

18 (20) "Open loop (~~stored value~~) prepaid access" means (~~stored~~  
19 ~~value~~) prepaid access redeemable at multiple, unaffiliated merchants  
20 or service providers, or automated teller machines.

21 (21) "Outstanding money transmission" means the value of all  
22 money transmissions reported to the licensee for which the money  
23 transmitter has received money or its equivalent value from the  
24 customer for transmission, but has not yet completed the money  
25 transmission by delivering the money or monetary value to the person  
26 designated by the customer.

27 (22) "Payment instrument" means a check, draft, money order, or  
28 traveler's check for the transmission or payment of money or its  
29 equivalent value, whether or not negotiable. "Payment instrument"  
30 does not include a credit card voucher, letter of credit, or  
31 instrument that is redeemable by the issuer in goods or services.

32 (23) "Person" means an individual, corporation, business trust,  
33 estate, trust, partnership, limited liability company, association,  
34 joint venture; government, governmental subdivision, agency, or  
35 instrumentality; public corporation; or any other legal or commercial  
36 entity.

37 (24) "Prepaid access" means access to money that has been paid in  
38 advance and can be retrieved or transferred through an electronic  
39 device or vehicle, such as a card, code, electronic serial number,  
40 mobile identification number, or personal identification number.

1        (25) "Record" means information that is inscribed on a tangible  
2 medium, or that is stored in an electronic or other medium, and is  
3 retrievable in perceivable form.

4        ~~((25))~~ (26) "Responsible individual" means an individual who is  
5 employed by a licensee and has principal managerial authority over  
6 the provision of money services by the licensee in this state.

7        ~~((26))~~ (27) "State" means a state of the United States, the  
8 District of Columbia, Puerto Rico, the United States Virgin Islands,  
9 or any territory or insular possession subject to the jurisdiction of  
10 the United States.

11        ~~((27) "Stored value" means a card or other device that  
12 electronically stores or provides access to funds and is available  
13 for making payments to others.))~~

14        (28) "Tangible net worth" means the physical worth of a licensee,  
15 calculated by taking a licensee's assets and subtracting its  
16 liabilities and its intangible assets, such as copyrights, patents,  
17 intellectual property, and goodwill.

18        (29) "Unsafe or unsound practice" means a practice or conduct by  
19 a ~~((person licensed to provide money services,))~~ licensee or an  
20 authorized delegate ~~((of such a person,))~~ which creates the  
21 likelihood of material loss, insolvency, or dissipation of the  
22 licensee's assets, or otherwise materially prejudices the financial  
23 condition of the licensee or the interests of its customers.

24        (30) "Virtual currency" means a digital representation of value  
25 used as a medium of exchange, a unit of account, or a store of value,  
26 but does not have legal tender status as recognized by the United  
27 States government. "Virtual currency" does not include the software  
28 or protocols governing the transfer of the digital representation of  
29 value or other uses of virtual distributed ledger systems to verify  
30 ownership or authenticity in a digital capacity when the virtual  
31 currency is not used as a medium of exchange.

32        **Sec. 2.** RCW 19.230.020 and 2013 c 106 s 2 are each amended to  
33 read as follows:

34        This chapter does not apply to:

35        (1) The United States or a department, agency, or instrumentality  
36 thereof;

37        (2) ~~((Money transmission by))~~ The United States postal service or  
38 ~~((by))~~ a contractor on behalf of the United States postal service;

1 (3) A state, county, city, or a department, agency, or  
2 instrumentality thereof;

3 (4) A financial institution or its subsidiaries, affiliates, and  
4 service corporations, or any office of an international banking  
5 corporation, branch of a foreign bank, or corporation organized  
6 pursuant to the Bank Service Corporation Act (12 U.S.C. Sec.  
7 1861-1867) or a corporation organized under the Edge Act (12 U.S.C.  
8 Sec. 611-633);

9 (5) Electronic funds transfer of governmental benefits for a  
10 federal, state, county, or governmental agency by a contractor on  
11 behalf of the United States or a department, agency, or  
12 instrumentality thereof, or a state or governmental subdivision,  
13 agency, or instrumentality thereof;

14 (6) A board of trade designated as a contract market under the  
15 federal Commodity Exchange Act (7 U.S.C. Sec. 1-25) or a person that,  
16 in the ordinary course of business, provides clearance and settlement  
17 services for a board of trade to the extent of its operation as, or  
18 for, a board of trade;

19 (7) A registered futures commission merchant under the federal  
20 commodities laws to the extent of its operation as such a merchant;

21 (8) A person that provides clearance or settlement services under  
22 a registration as a clearing agency, or an exemption from that  
23 registration granted under the federal securities laws, to the extent  
24 of its operation as such a provider;

25 (9) ~~((An operator of))~~ A person:

26 (a) Operating a payment system ~~((only to the extent that it))~~  
27 that provides processing, clearing, or settlement services, between  
28 or among persons who are all excluded by this section, in connection  
29 with wire transfers, credit card transactions, debit card  
30 transactions, ~~((stored-value))~~ prepaid access transactions, automated  
31 clearinghouse transfers, or similar funds transfers;

32 (b) Who is a contracted service provider of an entity in  
33 subsection (4) of this section that provides processing, clearing, or  
34 settlement services in connection with wire transfers, credit card  
35 transactions, debit card transactions, prepaid access transactions,  
36 automated clearinghouse transfers, or similar funds transfers; or

37 (c) That facilitates payment for goods or services (not including  
38 money transmission itself) or bill payment through a clearance and  
39 settlement process using bank secrecy act regulated institutions  
40 pursuant to a written contract with the payee and either payment to

1 the person facilitating the payment processing satisfies the payor's  
2 obligation to the payee or that obligation is otherwise extinguished;

3 (10) A person registered as a securities broker-dealer or  
4 investment advisor under federal or state securities laws to the  
5 extent of its operation as such a broker-dealer or investment  
6 advisor;

7 (11) An insurance company, title insurance company, or escrow  
8 agent to the extent that such an entity is lawfully authorized to  
9 conduct business in this state as an insurance company, title  
10 insurance company, or escrow agent and to the extent that they engage  
11 in money transmission or currency exchange as an ancillary service  
12 when conducting insurance, title insurance, or escrow activity;

13 (12) The issuance, sale, use, redemption, or exchange of closed  
14 loop (~~stored value~~) prepaid access or of payment instruments by a  
15 person licensed under chapter 31.45 RCW;

16 (13) An attorney, to the extent that the attorney is lawfully  
17 authorized to practice law in this state and to the extent that the  
18 attorney engages in money transmission or currency exchange as an  
19 ancillary service to the practice of law; (~~or~~)

20 (14) A (~~stored value~~) seller or issuer of prepaid access when  
21 the funds are covered by federal deposit insurance immediately upon  
22 sale or issue;

23 (15) A person that transmits wages, salaries, or employee  
24 benefits on behalf of employers when the money transmission or  
25 currency exchange is an ancillary service in a suite of services that  
26 may include, but is not limited to, the following: Facilitate the  
27 payment of payroll taxes to state and federal agencies, make payments  
28 relating to employee benefit plans, make distribution of other  
29 authorized deductions from an employees' wages or salaries, or  
30 transmit other funds on behalf of an employer in connection with  
31 transactions related to employees; or

32 (16) The lawful business of bookkeeping or accounting to the  
33 extent the money transmission or currency exchange is an ancillary  
34 service.

35 The director may, at his or her discretion, waive applicability  
36 of the licensing provisions of this chapter when the director  
37 determines it necessary to facilitate commerce and protect consumers.  
38 The burden of proving the applicability of an exclusion or exception  
39 from licensing is upon the person claiming the exclusion or  
40 exception. The director may adopt rules to implement this section.

1       **Sec. 3.** RCW 19.230.030 and 2003 c 287 s 5 are each amended to  
2 read as follows:

3       (1) A person may not engage in the business of money  
4 transmission, or advertise, solicit, or hold itself out as providing  
5 money transmission, unless the person is:

6       (a) Licensed as a money transmitter under this chapter; (~~(e)~~)

7       (b) An authorized delegate of a person licensed as a money  
8 transmitter under this chapter; or

9       (c) Excluded under RCW 19.230.020.

10       (2) A money transmitter license is not transferable or  
11 assignable.

12       **Sec. 4.** RCW 19.230.040 and 2013 c 106 s 3 are each amended to  
13 read as follows:

14       (1) A person applying for a money transmitter license under this  
15 chapter shall do so in a form and in a medium prescribed in rule by  
16 the director. The application must state or contain:

17       (a) The legal name, business addresses, and residential address,  
18 if applicable, of the applicant and any fictitious or trade name used  
19 by the applicant in conducting its business;

20       (b) The legal name, residential and business addresses, date of  
21 birth, social security number, employment history for the five-year  
22 period preceding the submission of the application of the applicant's  
23 proposed responsible individual, and documentation that the proposed  
24 responsible individual is a citizen of the United States or has  
25 obtained legal immigration status to work in the United States. In  
26 addition, the applicant shall provide the fingerprints of the  
27 proposed responsible individual upon the request of the director;

28       (c) For the ten-year period preceding submission of the  
29 application, a list of any criminal convictions of the proposed  
30 responsible individual of the applicant, any material litigation in  
31 which the applicant has been involved, and any litigation involving  
32 the proposed responsible individual relating to the provision of  
33 money services;

34       (d) A description of any money services previously provided by  
35 the applicant and the money services that the applicant seeks to  
36 provide to persons in Washington state;

37       (e) A list of the applicant's proposed authorized delegates and  
38 the locations where the applicant and its authorized delegates will



1 engage in the provision of money services to persons in Washington  
2 state on behalf of the licensee;

3 (f) A list of other states in which the applicant is licensed to  
4 engage in money transmission, or provide other money services, and  
5 any license revocations, suspensions, restrictions, or other  
6 disciplinary action taken against the applicant in another state;

7 (g) A list of any license revocations, suspensions, restrictions,  
8 or other disciplinary action taken against any money services  
9 business involving the proposed responsible individual;

10 (h) Information concerning any bankruptcy or receivership  
11 proceedings involving or affecting the applicant or the proposed  
12 responsible individual;

13 (i) A sample form of contract for authorized delegates, if  
14 applicable;

15 (j) A description of the source of money and credit to be used by  
16 the applicant to provide money services; and

17 (k) Any other information regarding the background, experience,  
18 character, financial responsibility, and general fitness of the  
19 applicant, the applicant's responsible individual, or authorized  
20 delegates that the director may require in rule.

21 (2) If an applicant is a corporation, limited liability company,  
22 partnership, or other entity, the applicant shall also provide:

23 (a) The date of the applicant's incorporation or formation and  
24 state or country of incorporation or formation;

25 (b) If applicable, a certificate of good standing from the state  
26 or country in which the applicant is incorporated or formed;

27 (c) A brief description of the structure or organization of the  
28 applicant, including any parent or subsidiary of the applicant, and  
29 whether any parent or subsidiary is publicly traded;

30 (d) The legal name, any fictitious or trade name, all business  
31 and residential addresses, date of birth, social security number, and  
32 employment history in the ten-year period preceding the submission of  
33 the application for each executive officer, board director, or person  
34 that has control of the applicant;

35 (e) If the applicant or its corporate parent is not a publicly  
36 traded entity, the director may request the fingerprints of each  
37 executive officer, board director, or person that has control of the  
38 applicant;

39 (f) A list of any criminal convictions, material litigation, and  
40 any litigation related to the provision of money services, in the

1 ten-year period preceding the submission of the application in which  
2 any executive officer, board director, or person in control of the  
3 applicant has been involved;

4 (g) A copy of the applicant's audited financial statements for  
5 the most recent fiscal year or, if the applicant is a wholly owned  
6 subsidiary of another corporation, the most recent audited  
7 consolidated annual financial statement of the parent corporation or  
8 the applicant's most recent audited consolidated annual financial  
9 statement, and in each case, if available, for the two-year period  
10 preceding the submission of the application;

11 (h) A copy of the applicant's unconsolidated financial statements  
12 for the current fiscal year, whether audited or not, and, if  
13 available, for the two-year period preceding the submission of the  
14 application;

15 (i) If the applicant is publicly traded, a copy of the most  
16 recent report filed with the United States securities and exchange  
17 commission under section 13 of the federal Securities Exchange Act of  
18 1934 (15 U.S.C. Sec. 78m);

19 (j) If the applicant is a wholly owned subsidiary of:

20 (i) A corporation publicly traded in the United States, a copy of  
21 audited financial statements for the parent corporation for the most  
22 recent fiscal year or a copy of the parent corporation's most recent  
23 report filed under section 13 of the federal Securities Exchange Act  
24 of 1934 (15 U.S.C. Sec. 78m); or

25 (ii) A corporation publicly traded outside the United States, a  
26 copy of similar documentation filed with the regulator of the parent  
27 corporation's domicile outside the United States;

28 (k) If the applicant has a registered agent in this state, the  
29 name and address of the applicant's registered agent in this state;  
30 and

31 (l) Any other information that the director may require in rule  
32 regarding the applicant, each executive officer, or each board  
33 director to determine the applicant's background, experience,  
34 character, financial responsibility, and general fitness.

35 (3) A nonrefundable application fee and an initial license fee,  
36 as determined in rule by the director, must accompany an application  
37 for a license under this chapter. The initial license fee must be  
38 refunded if the application is denied.

39 (4) As part of or in connection with an application for any  
40 license under this section, or periodically upon license renewal,

1 each officer, director, responsible individual, and owner applicant  
2 shall furnish information concerning his or her identity, including  
3 fingerprints for submission to the Washington state patrol or the  
4 federal bureau of investigation for a state and national criminal  
5 history background check, personal history, experience, business  
6 record, purposes, and other pertinent facts, as the director may  
7 reasonably require. As part of or in connection with an application  
8 for a license under this chapter, or periodically upon license  
9 renewal, the director is authorized to receive criminal history  
10 record information that includes nonconviction data as defined in RCW  
11 10.97.030. The department may only disseminate nonconviction data  
12 obtained under this section to criminal justice agencies. This  
13 section does not apply to financial institutions regulated under  
14 chapters 31.12 and 31.13 RCW and Titles ((30-)) 32(( )) and 33 RCW.  
15 The requirements of this subsection do not apply when the applicant  
16 or its corporate parents are publicly traded entities.

17 (5) For business models that store virtual currency on behalf of  
18 others, the applicant must provide a third-party security audit of  
19 all electronic information and data systems acceptable to the  
20 director.

21 (6) The director or the director's designated representative may  
22 deny an application for a proposed license or trade name if the  
23 proposed license or trade name is similar to a currently existing  
24 licensee name, including trade names.

25 (7) The director may waive one or more requirements of this  
26 section or permit an applicant to submit other information in lieu of  
27 the required information.

28 **Sec. 5.** RCW 19.230.050 and 2010 c 73 s 3 are each amended to  
29 read as follows:

30 (1) Each money transmitter licensee shall maintain a surety  
31 bond(~~(, or other similar security acceptable to the director,)~~) in an  
32 amount based on the previous year's money transmission dollar volume;  
33 and the previous year's payment instrument dollar volume. The minimum  
34 surety bond must be at least ten thousand dollars, and not to exceed  
35 five hundred fifty thousand dollars. The director may adopt rules to  
36 implement this section.

37 (2) The surety bond shall run to the state of Washington as  
38 obligee, and shall run to the benefit of the state and any person or  
39 persons who suffer loss by reason of a licensee's or licensee's

1 authorized delegate's violation of this chapter or the rules adopted  
2 under this chapter. A claimant against a money transmitter licensee  
3 may maintain an action on the bond, or the director may maintain an  
4 action on behalf of the claimant.

5 (3) The surety bond shall be continuous and may be canceled by  
6 the surety upon the surety giving written notice to the director of  
7 its intent to cancel the bond. The cancellation is effective thirty  
8 days after the notice of cancellation is received by the director or  
9 the director's designee. Whether or not the bond is renewed,  
10 continued, replaced, or modified, including increases or decreases in  
11 the penal sum, it is considered one continuous obligation, and the  
12 surety upon the bond is not liable in an aggregate or cumulative  
13 amount exceeding the penal sum set forth on the face of the bond. In  
14 no event may the penal sum, or any portion thereof, at two or more  
15 points in time, be added together in determining the surety's  
16 liability.

17 (4) A surety bond (~~(or other security)~~) must cover claims for at  
18 least five years after the date of a money transmitter licensee's  
19 violation of this chapter, or at least five years after the date the  
20 money transmitter licensee ceases to provide money services in this  
21 state, whichever is longer. However, the director may permit the  
22 amount of the surety bond (~~(or other security)~~) to be reduced or  
23 eliminated before the expiration of that time to the extent the  
24 amount of the licensee's obligations outstanding in this state are  
25 reduced.

26 (5) In the event that a money transmitter licensee does not  
27 maintain a surety bond (~~(or other form of security satisfactory to~~  
28 ~~the director)~~) in the amount required under subsection (1) of this  
29 section, the director may issue a temporary cease and desist order  
30 under RCW 19.230.260.

31 (6) The director may increase the amount of (~~(security)~~) the bond  
32 required up to a maximum of one million dollars (~~(if the financial~~  
33 ~~condition of a money transmitter licensee so requires, as evidenced~~  
34 ~~by reduction of net worth, financial losses, potential losses as a~~  
35 ~~result of violations of this chapter or rules adopted under this~~  
36 ~~chapter, or other relevant)~~) based on the nature and volume of  
37 business activities, the financial health of the company, and other  
38 criteria specified by the director in rule.

1       **Sec. 6.** RCW 19.230.070 and 2010 c 73 s 5 are each amended to  
2 read as follows:

3       (1) When an application for a money transmitter license is filed  
4 under this chapter, the director or the director's designee shall  
5 investigate the applicant's financial condition and responsibility,  
6 financial and business experience, competence, character, and general  
7 fitness. The director or the director's designee may conduct an on-  
8 site investigation of the applicant, the cost of which must be paid  
9 by the applicant as specified in RCW 19.230.320 or rules adopted  
10 under this chapter. The director shall issue a money transmitter  
11 license to an applicant under this chapter if the director or the  
12 director's designee finds that all of the following conditions have  
13 been fulfilled:

14       (a) The applicant has complied with RCW 19.230.040, 19.230.050,  
15 and 19.230.060;

16       (b) The financial condition and responsibility, financial and  
17 business experience, competence, character, and general fitness of  
18 the applicant; and the competence, financial and business experience,  
19 character, and general fitness of the executive officers, proposed  
20 responsible individual, board directors, and persons in control of  
21 the applicant; indicate that it is in the interest of the public to  
22 permit the applicant to engage in the business of providing money  
23 transmission services; and

24       (c) Neither the applicant, nor any executive officer, nor person  
25 who exercises control over the applicant, nor the proposed  
26 responsible individual is listed on the specially designated  
27 nationals and blocked persons list prepared by the United States  
28 department of the treasury or department of state under Presidential  
29 Executive Order No. 13224.

30       (2) The director may for good cause extend the application review  
31 period or condition the issuance of the license.

32       (3) An applicant whose application is denied by the director  
33 under this chapter may appeal under chapter 34.05 RCW.

34       (4) A money transmitter license issued under this chapter is  
35 valid from the date of issuance and remains in effect with no fixed  
36 date of expiration unless otherwise suspended or revoked by the  
37 director or unless the license expires for nonpayment of the annual  
38 assessment and any late fee, if applicable.

39       (5) A money transmitter licensee may surrender a license by  
40 (~~delivering the original license to~~) providing the director

1 ((along)) with a written notice of surrender through the nationwide  
2 licensing system. The written notice of surrender must include notice  
3 of where the records of the licensee will be stored and the name,  
4 address, telephone number, and other contact information of a  
5 responsible party who is authorized to provide access to the records.  
6 The surrender of a license does not reduce or eliminate the  
7 licensee's civil or criminal liability arising from acts or omissions  
8 occurring prior to the surrender of the license, including any  
9 administrative actions undertaken by the director or the director's  
10 designee to revoke or suspend a license, to assess fines, to order  
11 payment of restitution, or to exercise any other authority authorized  
12 under this chapter.

13 NEW SECTION. **Sec. 7.** A new section is added to chapter 19.230  
14 RCW to read as follows:

15 (1) Each online currency exchanger licensee shall maintain a  
16 surety bond in an amount based on the previous year's currency  
17 exchange dollar volume. The minimum surety bond must be at least ten  
18 thousand dollars, and not to exceed fifty thousand dollars. The  
19 director may adopt rules to implement this section.

20 (2) The surety bond shall run to the state of Washington as  
21 obligee, and shall run to the benefit of the state and any person or  
22 persons who suffer loss by reason of a licensee's violation of this  
23 chapter or the rules adopted under this chapter. A claimant against  
24 the bond may maintain an action on the bond, or the director may  
25 maintain an action on behalf of the claimant.

26 (3) The surety bond must be continuous and may be canceled by the  
27 surety upon the surety giving written notice to the director of its  
28 intent to cancel the bond. The cancellation is effective thirty days  
29 after the notice of cancellation is received by the director or the  
30 director's designee. Whether or not the bond is renewed, continued,  
31 replaced, or modified, including increases or decreases in the penal  
32 sum, it is considered one continuous obligation, and the surety upon  
33 the bond is not liable in an aggregate or cumulative amount exceeding  
34 the penal sum set forth on the face of the bond. In no event may the  
35 penal sum, or any portion thereof, at two or more points in time, be  
36 added together in determining the surety's liability.

37 (4) A surety bond must cover claims for at least one year after  
38 the date of an online currency exchanger licensee's violation of this  
39 chapter, or at least one year after the date the online currency

1 exchanger licensee ceases to provide online currency exchange  
2 services in this state, whichever is longer. However, the director  
3 may permit the amount of the surety bond to be reduced or eliminated  
4 before the expiration of that time to the extent the amount of the  
5 licensee's obligations outstanding in this state are reduced.

6 (5) In the event that an online currency exchanger licensee does  
7 not maintain a surety bond in the amount required under subsection  
8 (1) of this section, the director may issue a temporary cease and  
9 desist order under RCW 19.230.260.

10 (6) The director may increase the amount of the bond required up  
11 to a maximum of one million dollars based on the nature and volume of  
12 the business activities, the financial health of the company, and  
13 other criteria specified by the director in rule.

14 **Sec. 8.** RCW 19.230.100 and 2003 c 287 s 12 are each amended to  
15 read as follows:

16 (1) When an application for a currency exchange license is filed  
17 under this chapter, the director or the director's designee shall  
18 investigate the applicant's financial condition and responsibility,  
19 financial and business experience, competence, character, and general  
20 fitness. The director or the director's designee may conduct an on-  
21 site investigation of the applicant, the cost of which must be paid  
22 by the applicant as specified in RCW 19.230.320 or rules adopted  
23 under this chapter. The director shall issue a currency exchange  
24 license to an applicant under this chapter if the director or the  
25 director's designee finds that all of the following conditions have  
26 been fulfilled:

27 (a) The applicant has complied with RCW 19.230.090;

28 (b) The financial and business experience, competence, character,  
29 and general fitness of the applicant; and the competence, financial  
30 and business experience, character, and general fitness of the  
31 executive officers, proposed responsible individual, board directors,  
32 and persons in control of the applicant indicate that it is in the  
33 interest of the public to permit the applicant to engage in the  
34 business of providing currency exchange; and

35 (c) Neither the applicant, nor any executive officer, nor person  
36 who exercises control over the applicant, nor the proposed  
37 responsible individual are listed on the specially designated  
38 nationals and blocked persons list prepared by the United States

1 department of treasury or department of state under Presidential  
2 Executive Order No. 13224.

3 (2) The director may for good cause extend the application review  
4 period.

5 (3) An applicant whose application is denied by the director  
6 under this chapter may appeal under chapter 34.05 RCW.

7 (4) A currency exchange license issued under this chapter is  
8 valid from the date of issuance and remains in effect with no fixed  
9 date of expiration unless otherwise suspended or revoked by the  
10 director, or unless the license expires for nonpayment of the annual  
11 ((license)) assessment and any late fee, if applicable.

12 (5) A currency exchange licensee may surrender a license by  
13 ((delivering the original license to)) providing the director  
14 ((along)) with a written notice of surrender through the nationwide  
15 licensing system. The written notice of surrender must include notice  
16 of where the records of the licensee will be stored and the name,  
17 address, telephone number, and other contact information of a  
18 responsible party who is authorized to provide access to the records.  
19 The surrender of a license does not reduce or eliminate the  
20 licensee's civil or criminal liability arising from acts or omissions  
21 occurring prior to the surrender of the license, including any  
22 administrative actions undertaken by the director or the director's  
23 designee to revoke or suspend a license, to assess fines, to order  
24 payment of restitution, or to exercise any other authority authorized  
25 under this chapter.

26 **Sec. 9.** RCW 19.230.110 and 2013 c 106 s 4 are each amended to  
27 read as follows:

28 (1) A licensee shall pay an annual assessment as established in  
29 rule by the director no later than the annual assessment due date or,  
30 if the annual assessment due date is not a business day, on the next  
31 business day. A licensee shall pay an annual assessment based on the  
32 previous year's Washington dollar volume of: (a) Money transmissions;  
33 (b) payment instruments; (c) currency exchanges; and (d) ((stored  
34 value)) prepaid access sales. The total minimum assessment must be  
35 one thousand dollars per year, and the maximum assessment may not  
36 exceed one hundred thousand dollars per year.

37 (2) A licensee shall submit an accurate annual report with the  
38 annual assessment, in a form and in a medium prescribed by the  
39 director in rule. The annual report must state or contain:



1 (a) If the licensee is a money transmitter, a copy of the  
2 licensee's most recent audited annual financial statement or, if the  
3 licensee is a wholly owned subsidiary of another corporation, the  
4 most recent audited consolidated annual financial statement of the  
5 parent corporation or the licensee's most recent audited consolidated  
6 annual financial statement;

7 (b) A description of each material change, as defined in rule by  
8 the director, to information submitted by the licensee in its  
9 original license application which has not been previously reported  
10 to the director on any required report;

11 (c) If the licensee is a money transmitter, a list of the  
12 licensee's permissible investments and a certification that the  
13 licensee continues to maintain permissible investments according to  
14 the requirements set forth in RCW 19.230.200 and 19.230.210;

15 (d) If the licensee is a money transmitter, proof that the  
16 licensee continues to maintain an adequate ((~~security~~)) bond as  
17 required by RCW 19.230.050; and

18 (e) A list of the locations where the licensee or an authorized  
19 delegate of the licensee engages in or provides money services to  
20 persons in Washington state.

21 (3) If a licensee does not file an annual report or pay its  
22 annual assessment by the annual assessment due date, the director or  
23 the director's designee shall send the licensee a notice of  
24 suspension and assess the licensee a late fee not to exceed twenty-  
25 five percent of the annual assessment as established in rule by the  
26 director. The licensee's annual report and payment of both the annual  
27 assessment and the late fee must arrive in the department's offices  
28 by 5:00 p.m. on the thirtieth day after the assessment due date or  
29 any extension of time granted by the director, unless that date is  
30 not a business day, in which case the licensee's annual report and  
31 payment of both the annual assessment and the late fee must arrive in  
32 the department's offices by 5:00 p.m. on the next occurring business  
33 day. If the licensee's annual report and payment of both the annual  
34 assessment and late fee do not arrive by such date, the expiration of  
35 the licensee's license is effective at 5:00 p.m. on the thirtieth day  
36 after the assessment due date, unless that date is not a business  
37 day, in which case the expiration of the licensee's license is  
38 effective at 5:00 p.m. on the next occurring business day. The  
39 director, or the director's designee, may reinstate the license if,  
40 within twenty days after its effective date, the licensee:

- 1 (a) Files the annual report and pays both the annual assessment  
2 and the late fee; and  
3 (b) Did not engage in or provide money services during the period  
4 its license was expired.

5 **Sec. 10.** RCW 19.230.130 and 2003 c 287 s 15 are each amended to  
6 read as follows:

7 (1) For the purpose of discovering violations of this chapter or  
8 rules adopted under this chapter, discovering unsafe and unsound  
9 practices, or securing information lawfully required under this  
10 chapter, the director may at any time, either personally or by  
11 designee, investigate or examine the business and, wherever located,  
12 the books, accounts, records, papers, documents, files, and other  
13 information used in the business of every licensee or its authorized  
14 delegates, and of every person who is engaged in the business of  
15 providing money services, whether the person acts or claims to act  
16 under or without the authority of this chapter. For these purposes,  
17 the director or designated representative shall have free access to  
18 the offices and places of business, books, accounts, papers,  
19 documents, other information, records, files, safes, and vaults of  
20 all such persons. The director or the director's designee may require  
21 the attendance of and examine under oath all persons whose testimony  
22 may be required about the business or the subject matter of any  
23 investigation, examination, or hearing and may require such person to  
24 produce books, accounts, papers, documents, records, files, and any  
25 other information the director or designated person declares is  
26 relevant to the inquiry. The director may require the production of  
27 original books, accounts, papers, documents, records, files, and  
28 other information; may require that such original books, accounts,  
29 papers, documents, records, files, and other information be copied;  
30 or may make copies himself or herself or by designee of such original  
31 books, accounts, papers, documents, records, files, or other  
32 information. The director or designated person may issue a directive,  
33 subpoena, or subpoena duces tecum requiring attendance or compelling  
34 production of the books, accounts, papers, documents, records, files,  
35 or other information.

36 (2) The licensee, applicant, or person subject to licensing under  
37 this chapter shall pay the cost of examinations and investigations as  
38 specified in RCW 19.230.320 or rules adopted under this chapter.

1 (3) Information obtained during an examination or investigation  
2 under this chapter may be disclosed only as provided in RCW  
3 19.230.190.

4 **Sec. 11.** RCW 19.230.140 and 2003 c 287 s 16 are each amended to  
5 read as follows:

6 (1) The director may: Conduct an on-site examination ((~~or~~  
7 ~~investigation of~~)), participate in a joint or concurrent examination  
8 with other state or federal agencies, or investigate the books,  
9 accounts, records, papers, documents, files, and other information  
10 used in the business of every licensee or its authorized delegates in  
11 conjunction with representatives of other state agencies or agencies  
12 of another state or of the federal government. The director may  
13 accept an examination report or an investigation report of an agency  
14 of this state or of another state or of the federal government.

15 (2) A joint or concurrent examination or investigation, or an  
16 acceptance of an examination or investigation report, does not  
17 preclude the director from conducting an examination or investigation  
18 under this chapter. A joint report or a report accepted under this  
19 section is an official report of the director for all purposes.

20 **Sec. 12.** RCW 19.230.150 and 2013 c 106 s 6 are each amended to  
21 read as follows:

22 (1) A licensee shall file with the director within thirty  
23 ~~((business))~~ days any material changes in information provided in a  
24 licensee's application as prescribed in rule by the director. If this  
25 information indicates that the licensee is no longer in compliance  
26 with this chapter, the director may take any action authorized under  
27 this chapter to ensure that the licensee operates in compliance with  
28 this chapter.

29 (2) A licensee shall ~~((file with the director within forty five~~  
30 ~~days after the end of each fiscal quarter a current list of all~~  
31 ~~authorized delegates including the name, address, and email address,~~  
32 ~~if available, of each authorized delegate providing money services to~~  
33 ~~persons in Washington. The licensee shall also file with the director~~  
34 ~~within forty five days after the end of each fiscal quarter a current~~  
35 ~~list of all licensee locations providing money services to persons in~~  
36 ~~Washington, including mobile locations, which includes the address,~~  
37 ~~and email address if available, of the licensee)) report all licensee  
38 branch locations and all authorized delegates to the nationwide~~

1 licensing system within thirty days of the contractual agreement with  
2 the licensee to provide money services in Washington. Accurate  
3 records must be maintained within the licensing system as prescribed  
4 in rule.

5 (3) A licensee shall file a report with the director within one  
6 business day after the licensee has reason to know of the occurrence  
7 of any of the following events:

8 (a) The filing of a petition by or against the licensee, or any  
9 authorized delegate of the licensee, under the United States  
10 Bankruptcy Code (11 U.S.C. Sec. 101-110) for bankruptcy or  
11 reorganization;

12 (b) The filing of a petition by or against the licensee, or any  
13 authorized delegate of the licensee, for receivership, the  
14 commencement of any other judicial or administrative proceeding for  
15 its dissolution or reorganization, or the making of a general  
16 assignment for the benefit of its creditors;

17 (c) The commencement of a proceeding to revoke, suspend,  
18 restrict, or condition its license, or otherwise discipline or  
19 sanction the licensee, in a state or country in which the licensee  
20 engages in business or is licensed;

21 (d) The cancellation or other impairment of the licensee's bond  
22 (~~or other security~~);

23 (e) A charge or conviction of the licensee or of an executive  
24 officer, responsible individual, board director of the licensee, or  
25 person in control of the licensee, for a felony; or

26 (f) A charge or conviction of an authorized delegate for a  
27 felony.

28 **Sec. 13.** RCW 19.230.152 and 2014 c 36 s 4 are each amended to  
29 read as follows:

30 Each licensee (~~on a nationwide licensing system~~) shall submit  
31 reports of condition through a nationwide licensing system which must  
32 be in the form and must contain the information as the director may  
33 require.

34 **Sec. 14.** RCW 19.230.180 and 2010 c 73 s 8 are each amended to  
35 read as follows:

36 Every licensee and its authorized delegates shall file all  
37 reports required by federal currency reporting, recordkeeping, and  
38 suspicious transaction reporting requirements with the appropriate

1 federal agency as set forth in 31 U.S.C. Sec. 5311, 31 C.F.R. (~~See~~  
2 ~~103--(2000)~~) Part 1022, and other federal and state laws pertaining  
3 to money laundering. Every licensee and its authorized delegates  
4 shall maintain copies of these reports in its records in compliance  
5 with RCW 19.230.170.

6 **Sec. 15.** RCW 19.230.200 and 2013 c 106 s 7 are each amended to  
7 read as follows:

8 (1)(a) A money transmitter licensee (~~shall~~) must maintain, at  
9 all times, permissible investments that have a market value computed  
10 in accordance with generally accepted accounting principles of not  
11 less than the amount of the licensee's average (~~outstanding money~~)  
12 daily transmission liability. Average daily transmission liability  
13 means the sum of the daily amounts of a licensee's outstanding money  
14 transmissions, as computed each day of the month divided by the  
15 number of days in the month.

16 (b) (~~For the purposes of this section, average outstanding money~~  
17 ~~transmission liability means the sum of the daily amounts of a~~  
18 ~~licensee's outstanding money transmissions, as computed each day of~~  
19 ~~the month divided by the number of days in the month)) A licensee  
20 transmitting virtual currencies must hold like-kind virtual  
21 currencies of the same volume as that held by the licensee but which  
22 is obligated to consumers in lieu of the permissible investments  
23 required in (a) of this subsection.~~

24 (c) A licensee transmitting both money and virtual currency must  
25 maintain applicable levels and types of permissible investments as  
26 described in (a) and (b) of this subsection.

27 (2) The director, with respect to any money transmitter licensee,  
28 may limit the extent to which a type of investment within a class of  
29 permissible investments may be considered a permissible investment,  
30 except for money, time deposits, savings deposits, demand deposits,  
31 and certificates of deposit issued by a federally insured financial  
32 institution. The director may prescribe in rule, or by order allow,  
33 other types of investments that the director determines to have a  
34 safety substantially equivalent to other permissible investments.

35 **Sec. 16.** RCW 19.230.210 and 2010 c 73 s 10 are each amended to  
36 read as follows:

1 (1) Except to the extent otherwise limited by the director under  
2 RCW 19.230.200, the following investments are permissible for a money  
3 transmitter licensee under RCW 19.230.200:

4 (a) Cash(~~(,—time))~~ on hand. Time deposits, savings deposits,  
5 demand deposits, ((a)) certificates of deposit, or senior debt  
6 obligations of an insured depository institution as defined in  
7 section 3 of the federal Deposit Insurance Act (12 U.S.C. Sec. 1813)  
8 or as defined under the federal Credit Union Act (12 U.S.C. Sec.  
9 1781);

10 (b) Banker's acceptance or bill of exchange that is eligible for  
11 purchase upon endorsement by a member bank of the federal reserve  
12 system and is eligible for purchase by a federal reserve bank;

13 (c) An investment bearing a rating of one of the three highest  
14 grades as defined by a nationally recognized organization that rates  
15 securities;

16 (d) An investment security that is an obligation of the United  
17 States or a department, agency, or instrumentality thereof; an  
18 investment in an obligation that is guaranteed fully as to principal  
19 and interest by the United States; or an investment in an obligation  
20 of a state or a governmental subdivision, agency, or instrumentality  
21 thereof;

22 (e) Receivables that are payable to a licensee from its  
23 authorized delegates, in the ordinary course of business, pursuant to  
24 contracts which are not past due or doubtful of collection, if the  
25 aggregate amount of receivables under this subsection (1)(e) does not  
26 exceed thirty percent of the total permissible investments of a  
27 licensee and the licensee does not hold, at one time, receivables  
28 under this subsection (1)(e) in any one person aggregating more than  
29 ten percent of the licensee's total permissible investments; and

30 (f) A share or a certificate issued by an open-end management  
31 investment company that is registered with the United States  
32 securities and exchange commission under the Investment Companies Act  
33 of 1940 (15 U.S.C. Sec. 80(a)(1) through (64)), and whose portfolio is  
34 restricted by the management company's investment policy to  
35 investments specified in (a) through (d) of this subsection.

36 (2) The following investments are permissible under RCW  
37 19.230.200, but only to the extent specified as follows:

38 (a) An interest-bearing bill, note, bond, or debenture of a  
39 person whose equity shares are traded on a national securities  
40 exchange or on a national over-the-counter market, if the aggregate

1 of investments under this subsection (2)(a) does not exceed twenty  
2 percent of the total permissible investments of a licensee and the  
3 licensee does not, at one time, hold investments under this  
4 subsection (2)(a) in any one person aggregating more than ten percent  
5 of the licensee's total permissible investments;

6 (b) A share of a person traded on a national securities exchange  
7 or a national over-the-counter market or a share or a certificate  
8 issued by an open-end management investment company that is  
9 registered with the United States securities and exchange commission  
10 under the Investment Companies Act of 1940 (15 U.S.C. Sec. 80(a)(1)  
11 through (64), and whose portfolio is restricted by the management  
12 company's investment policy to shares of a person traded on a  
13 national securities exchange or a national over-the-counter market,  
14 if the aggregate of investments under this subsection (2)(b) does not  
15 exceed twenty percent of the total permissible investments of a  
16 licensee and the licensee does not, at one time, hold investments  
17 under this subsection (2)(b) in any one person aggregating more than  
18 ten percent of the licensee's total permissible investments;

19 (c) A demand-borrowing agreement made to a corporation or a  
20 subsidiary of a corporation whose securities are traded on a national  
21 securities exchange, if the aggregate of the amount of principal and  
22 interest outstanding under demand-borrowing agreements under this  
23 subsection (2)(c) does not exceed twenty percent of the total  
24 permissible investments of a licensee and the licensee does not, at  
25 one time, hold principal and interest outstanding under demand-  
26 borrowing agreements under this subsection (2)(c) with any one person  
27 aggregating more than ten percent of the licensee's total permissible  
28 investments; and

29 (d) Any other investment the director designates, to the extent  
30 specified in rule by the director.

31 (3) The aggregate of investments under subsection (2) of this  
32 section may not exceed fifty percent of the total permissible  
33 investments of a licensee.

34 (4) A licensee may not use any portion of a restricted asset as a  
35 permissible investment. Restricted assets include, but are not  
36 limited to, surety bonds or any other assets pledged to other persons  
37 or entities. The director may establish by rule other restricted  
38 assets.

1       **Sec. 17.** RCW 19.230.250 and 2003 c 287 s 27 are each amended to  
2 read as follows:

3       (1) If the director has reason to believe that a person has  
4 violated or is violating RCW 19.230.030 or 19.230.080, the director  
5 or the director's designee may conduct an examination or  
6 investigation as authorized under RCW 19.230.130.

7       (2) If as a result of such investigation or examination, the  
8 director finds that a person has violated RCW 19.230.030 or  
9 19.230.080, the director may issue a temporary cease and desist order  
10 as authorized under RCW 19.230.260.

11       (3) If as a result of such an investigation or examination, the  
12 director finds that a person has violated RCW 19.230.030 or  
13 19.230.080, the director may issue an order to prohibit the person  
14 from continuing to engage in providing money services, to compel the  
15 person to pay restitution to damaged parties, to impose civil money  
16 penalties on the person, which may include the costs and expenses to  
17 investigate and prosecute violations of this chapter, and to prohibit  
18 from participation in the affairs of any licensee or authorized  
19 delegate, or both, any executive officer, person in control, or  
20 employee of the person.

21       (4) The director may petition the superior court for the issuance  
22 of a temporary restraining order under the rules of civil procedure.

23       **Sec. 18.** RCW 19.230.290 and 2003 c 287 s 31 are each amended to  
24 read as follows:

25       The director may assess a civil penalty against a licensee,  
26 responsible individual, authorized delegate, or other person that  
27 violates this chapter or a rule adopted or an order issued under this  
28 chapter in an amount not to exceed one hundred dollars per violation  
29 per day for each day the violation is outstanding, plus this state's  
30 costs and expenses for the investigation and prosecution of the  
31 matter, including reasonable attorneys' fees.

32       **Sec. 19.** RCW 19.230.320 and 2010 c 73 s 11 are each amended to  
33 read as follows:

34       (1) The director shall establish fees by rule sufficient to cover  
35 the costs of administering this chapter. The director may establish  
36 different fees for each type of license authorized under this  
37 chapter. These fees may include:



1 (a) An annual assessment specified in rule by the director paid  
2 by each licensee on or before the annual assessment due date;

3 (b) A late fee for late payment of the annual assessment as  
4 specified in rule by the director;

5 (c) An hourly investigation fee to cover the costs of any  
6 investigation of the books and records of a licensee or other person  
7 subject to this chapter;

8 (d) A nonrefundable application fee to cover the costs of  
9 processing license applications made to the director under this  
10 chapter;

11 (e) An initial license fee to cover the period from the date of  
12 licensure to the end of the calendar year in which the license is  
13 initially granted; and

14 (f) A transaction fee or set of transaction fees to cover the  
15 administrative costs associated with processing changes in control,  
16 changes of address, and other administrative changes as specified in  
17 rule by the director.

18 (2) The director shall ensure that when an examination or  
19 investigation, or any part of the examination or investigation, of  
20 any licensee applicant or person subject to licensing under this  
21 chapter, requires travel and services outside this state by the  
22 director or designee, the licensee applicant or person subject to  
23 licensing under this chapter that is the subject of the examination  
24 or investigation shall pay the actual travel expenses incurred by the  
25 director or designee conducting the examination or investigation.

26 (3) All moneys, fees, and penalties collected under this chapter  
27 shall be deposited into the financial services regulation account.

28 (4) The director or designee may waive all or a portion of the  
29 fees and assessments under this chapter.

30 NEW SECTION. Sec. 20. A new section is added to chapter 19.230  
31 RCW to read as follows:

32 (1) Virtual currency licensees must provide to any person seeking  
33 to use the licensee's products or services the disclosures required  
34 by subsection (2) of this section.

35 (2) As applicable, virtual currency licensees must make the  
36 following disclosures:

37 (a) A schedule of all fees and charges the licensee may assess on  
38 a transaction, how the fees and charges will be calculated if not set  
39 in advance and disclosed, and the timing of the fees and charges.

1 (b) Whether the product or service provided is insured or  
2 guaranteed by an agency of the United States, such as the federal  
3 deposit insurance corporation or the securities investor protection  
4 corporation or by private insurance against theft or loss, including  
5 cybertheft or theft by other means.

6 (c) A notice that the transfer of virtual currency or digital  
7 units is irrevocable and any exception to the irrevocability of  
8 transfer.

9 (d) A notice describing the licensee's liability for  
10 unauthorized, mistaken, or accidental transfers and, describing the  
11 user's responsibility for providing notice of such mistake to the  
12 licensee and of general error-resolution rights applicable to any  
13 transaction.

14 (3) Licensees must provide any additional disclosures the  
15 director may require as set forth in rule.

16 (4) Disclosures required by this section must be made separately  
17 from any other information provided by the licensee and in a clear  
18 and conspicuous manner.

19 **Sec. 21.** RCW 19.230.330 and 2014 c 206 s 1 are each amended to  
20 read as follows:

21 (1)(a) Every money transmitter licensee and its authorized  
22 delegates shall transmit the monetary equivalent of all money or  
23 equivalent value received from a customer for transmission, net of  
24 any fees, or issue instructions committing the money or its monetary  
25 equivalent, to the person designated by the customer within ten  
26 business days after receiving the money or equivalent value, unless  
27 otherwise ordered by the customer or when the transmission is for the  
28 payment of goods or services or unless the licensee or its authorized  
29 delegate has reason to believe that a crime has occurred, is  
30 occurring, or may occur as a result of transmitting the money. For  
31 purposes of this subsection, money is considered to have been  
32 transmitted when it is available to the person designated by the  
33 customer and a reasonable effort has been made to inform this  
34 designated person that the money is available, whether or not the  
35 designated person has taken possession of the money. As used in this  
36 subsection, "monetary equivalent," when used in connection with a  
37 money transmission in which the customer provides the licensee or its  
38 authorized delegate with the money of one government, and the  
39 designated recipient is to receive the money of another government,

1 means the amount of money, in the currency of the government that the  
2 designated recipient is to receive, as converted at the retail  
3 exchange rate offered by the licensee or its authorized delegate to  
4 the customer in connection with the transaction.

5 (b) A money transmitter licensee that accepts money or its  
6 equivalent from consumers purchasing goods or services from third-  
7 party merchants and transmits the money or its equivalent to those  
8 merchants selling the goods or services to the consumer must:

9 (i) Transmit the money or its equivalent to the merchant within  
10 the time frame agreed upon in the merchant's agreement with the money  
11 transmitter licensee; and

12 (ii) Conspicuously disclose to the merchant in the agreement the  
13 money transmitter licensee's authority to place a hold or delay in  
14 transmittal of consumer money or its equivalent for more than ten  
15 business days and the general circumstances under which the merchant  
16 may be subject to a hold or delay.

17 (2)(a) Every money transmitter licensee and its authorized  
18 delegates shall provide a receipt to the customer that clearly states  
19 the amount of money presented for transmission and the total of any  
20 fees charged by the licensee. If the rate of exchange for a money  
21 transmission to be paid in the currency of another country is fixed  
22 by the licensee for that transaction at the time the money  
23 transmission is initiated, then the receipt provided to the customer  
24 shall disclose the rate of exchange for that transaction, and the  
25 duration, if any, for the payment to be made at the fixed rate of  
26 exchange so specified. If the rate of exchange for a money  
27 transmission to be paid in the currency of another country is not  
28 fixed at the time the money transmission is sent, the receipt  
29 provided to the customer shall disclose that the rate of exchange for  
30 that transaction will be set at the time the recipient of the money  
31 transmission picks up the funds in the foreign country. The receipt  
32 shall also contain the licensee name, address, and phone number. As  
33 used in this section, "fees" does not include revenue that a licensee  
34 or its authorized delegate generates, in connection with a money  
35 transmission, in the conversion of the money of one government into  
36 the money of another government.

37 (b) Licensees acting as payment processors not excluded from this  
38 chapter do not have to comply with (a) of this subsection if they  
39 have no control over receipts issued by merchants or other parties  
40 having interactions with the consumer.

1           (3) Every money transmitter licensee and its authorized delegates  
2 shall refund to the customer all moneys received for transmittal  
3 within ten days of receipt of a written request for a refund unless  
4 any of the following occurs:

5           (a) The moneys have been transmitted and delivered to the person  
6 designated by the customer prior to receipt of the written request  
7 for a refund;

8           (b) Instructions have been given committing an equivalent amount  
9 of money to the person designated by the customer prior to receipt of  
10 a written request for a refund;

11           (c) The licensee or its authorized delegate has reason to believe  
12 that a crime has occurred, is occurring, or may potentially occur as  
13 a result of transmitting the money as requested by the customer or  
14 refunding the money as requested by the customer; or

15           (d) The licensee is otherwise barred by law from making a refund.

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