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**Financial Institutions &  
Insurance Committee**

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**HB 2643**

**Brief Description:** Requiring information for licensing actions by the department of financial institutions.

**Sponsors:** Representatives Schual-Berke and Benson; by request of Department of Financial Institutions.

**Brief Summary of Bill**

- Clarifies the Department of Financial Institutions statutory authority to receive criminal history background information from the Federal Bureau of Investigations, pursuant to Public Law 92-544.

**Hearing Date:** 1/30/04

**Staff:** Carrie Tellefson (786-7127).

**Background:**

Public Law 92-544 was passed by Congress in 1972. It is an appropriation statute that provides funding to the Federal Bureau of Investigations (FBI) for acquiring, collecting, classifying, preserving, and exchanging identification records with duly authorized federal officials, the states, local governments, and other institutions. Under the federal law, certain state agencies have the ability to obtain federal criminal background checks under certain conditions. First, there must be a state law authorizing such background checks. Second, the authorizing state statute must be approved by the Attorney General of the United States.

Regulations implementing this law give the director of the FBI the power and authority of the Attorney General to approve and conduct exchanges of identification records with officials of state and local governments for employment and licensing purposes, if authorized by a state statute that has met the approval of the Attorney General.

The FBI has established the mandatory elements of a state statute enacted under the auspices of Public Law 92-544. The state statute must:

- exist as a result of legislative enactment;
- require that the criminal background check be fingerprint-based;

- authorize the submission of fingerprints to the state identification bureau (the Washington State Patrol (WSP), in this case) for forwarding to the FBI for a national criminal history check;
- Identify the categories of licensees amenable to backgrounding; and
- provide that an authorized government agency be the recipient of the results of the record check.

The Department of Financial Institutions (DFI) regulates financial institutions, including commercial banks, trust companies, savings banks, savings and loan associations, consumer loan companies, mortgage brokers, payday lenders, state-chartered credit unions, and securities investments. It protects consumer's interests through its licensing, examination, compliance, supervisory responsibilities, and enforcement actions. It also handles consumer complaints, conducts investigations, and takes appropriate action to combat fraud. Part of its licensing process includes conducting background investigations on those applying for a license.

DFI currently has authority to receive and does receive criminal background information from the Washington State Patrol and the FBI. This authority is found in several places throughout DFI's code.

**Summary of Bill:**

Provides specific authorization for DFI to request various information from license applicants, including fingerprints, criminal history, personal history, experience, business records, and other information as the director may require.

The fingerprint information may be submitted to the WSP and the FBI for a state and national criminal history background check, and any governmental agency that is authorized to receive this information.

The criminal history record information may contain nonconviction data. DFI may only release nonconviction data obtained under this authority to criminal justice agencies.

This provision does not apply to banks, mutual savings banks, savings and loan associations, or credit unions.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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