

# HOUSE BILL REPORT

## SHB 2731

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*As Passed House  
February 13, 1992*

**Title:** An act relating to selling checks, drafts, or money orders.

**Brief Description:** Requiring a bond for a license to sell checks, drafts, or money orders.

**Sponsor(s):** By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Dellwo and Paris).

**Brief History:**

Reported by House Committee on:  
Financial Institutions & Insurance, January 31, 1992,  
DPS;  
Passed House, February 13, 1992, 96-0.

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**HOUSE COMMITTEE ON  
FINANCIAL INSTITUTIONS & INSURANCE**

**Majority Report:** *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 11 members: Representatives Dellwo, Chair; Zellinsky, Vice Chair; Broback, Ranking Minority Member; Mielke, Assistant Ranking Minority Member; Anderson; Dorn; Inslee; R. Johnson; Paris; Schmidt; and Winsley.

**Staff:** John Conniff (786-7119).

**Background:** Last year, the Legislature adopted a licensing and regulatory program for businesses engaged in cashing and selling checks, drafts, or money orders. Part of the licensing program required the posting of a bond by applicants wishing to sell checks. The bond was intended to protect consumers against a loss of funds by the check seller that would result in the purchased check being dishonored for nonpayment. The bonding requirement did not clearly differentiate among the variety of bonds available for purchase by licensees.

**Summary of Bill:** The Check Cashers and Sellers Act is amended to clarify the bonding requirements for check sellers. Before a check seller may obtain a license, the seller must post a bond conditioned on the licensee's paying

all persons who purchase checks, drafts, or money orders from the licensee that are dishonored due to insufficient funds or the closure of the licensee's bank account.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Without clarification of the type of bond required to obtain a check seller's license, licensee's will be unable to purchase a bond. These changes correct statutory ambiguities.

**Testimony Against:** None.

**Witnesses:** (Pro) Dough Bohlke, Contractors Bonding and Insurance Contractors; and John L. Bley, Division of Banking.