

SENATE BILL REPORT

SB 6514

As Reported By Senate Committee On:
Financial Services, Insurance & Housing, February 2, 2004

Title: An act relating to necessary information for licensing actions by the department of financial institutions.

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

Sponsors: Senators Prentice, Winsley and Berkey; by request of Department of Financial Institutions.

Brief History:

Committee Activity: Financial Services, Insurance & Housing: 2/2/04, 2/2/04 [DPS].

SENATE COMMITTEE ON FINANCIAL SERVICES, INSURANCE & HOUSING

Majority Report: That Substitute Senate Bill No. 6514 be substituted therefor, and the substitute bill do pass.

Signed by Senators Benton, Chair; Winsley, Vice Chair; Berkey, Keiser, Murray, Prentice and Roach.

Staff: Joanne Conrad (786-7472)

Background: The Department of Financial Institutions (DFI) is responsible for professional licensure of securities brokers, investment advisors, consumer loan companies, escrow officers, mortgage brokers, payday lenders and money transmitters. Included in the due diligence required for background checks is investigation into the background of the individuals and principals being licensed, to ascertain possible criminal history.

The Washington State Patrol and the Federal Bureau of Investigation are the agencies relied upon for the analysis of fingerprints. Both these agencies prefer statutory authorization of an agency's power to request fingerprint analysis, even if the agency presumes general regulatory authority to do so.

Summary of Substitute Bill: Statutory authority is granted to DFI, to request background investigation of applicants for licensure, including fingerprint analysis and criminal history record information that may include nonconviction data. "Nonconviction data" is criminal history record information relating to an incident which has not led to a conviction or other adverse disposition. This type of information may only be disclosed to criminal justice agencies, and DFI may not deny licensure on the basis of nonconviction data.

Substitute Bill Compared to Original Bill: Prohibition on use of nonconviction data as a basis of license denial is added.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: None.

Testimony Against: None.

Testified: Signed In/Did Not Testify: Deb Bortner, Chuck Cross, DFI (pro).