

CERTIFICATION OF ENROLLMENT
SUBSTITUTE SENATE BILL 6371

Chapter 73, Laws of 2010

61st Legislature
2010 Regular Session

MONEY TRANSMITTERS

EFFECTIVE DATE: 06/10/10

Passed by the Senate February 16, 2010
YEAS 42 NAYS 5

BRAD OWEN

President of the Senate

Passed by the House February 28, 2010
YEAS 96 NAYS 0

FRANK CHOPP

Speaker of the House of Representatives

Approved March 15, 2010, 3:19 p.m.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 6371** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

Secretary

FILED

March 15, 2010

**Secretary of State
State of Washington**

SUBSTITUTE SENATE BILL 6371

Passed Legislature - 2010 Regular Session

State of Washington 61st Legislature 2010 Regular Session

By Senate Financial Institutions, Housing & Insurance (originally sponsored by Senators McDermott and Berkey; by request of Department of Financial Institutions)

READ FIRST TIME 01/28/10.

1 AN ACT Relating to money transmitters; and amending RCW 19.230.010,
2 19.230.020, 19.230.050, 19.230.060, 19.230.070, 19.230.110, 19.230.170,
3 19.230.180, 19.230.200, 19.230.210, 19.230.320, and 19.230.330.

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

5 **Sec. 1.** RCW 19.230.010 and 2003 c 287 s 3 are each amended to read
6 as follows:

7 The definitions in this section apply throughout this chapter
8 unless the context clearly requires otherwise.

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

12 (2) "Applicant" means a person that files an application for a
13 license under this chapter, including the applicant's proposed
14 responsible individual and executive officers, and persons in control
15 of the applicant.

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

1 (4) "Financial institution" means any person doing business under
2 the laws of any state or the United States relating to commercial
3 banks, bank holding companies, savings banks, savings and loan
4 associations, trust companies, or credit unions.

5 (5) "Control" means:

6 (a) Ownership of, or the power to vote, directly or indirectly, at
7 least twenty-five percent of a class of voting securities or voting
8 interests of a licensee or applicant, or person in control of a
9 licensee or applicant;

10 (b) Power to elect a majority of executive officers, managers,
11 directors, trustees, or other persons exercising managerial authority
12 of a licensee or applicant, or person in control of a licensee or
13 applicant; or

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

17 (6) "Currency exchange" means exchanging the money of one
18 government for money of another government, or holding oneself out as
19 able to exchange the money of one government for money of another
20 government. The following persons are not considered currency
21 exchangers:

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

24 (b) A person who provides currency exchange services for a person
25 acting primarily for a business, commercial, agricultural, or
26 investment purpose when the currency exchange is incidental to the
27 transaction;

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

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

37 (7) "Executive officer" means a president, chairperson of the

1 executive committee, chief financial officer, responsible individual,
2 or other individual who performs similar functions.

3 (8) "Licensee" means a person licensed under this chapter.

4 (9) "Material litigation" means litigation that according to
5 generally accepted accounting principles is significant to an
6 applicant's or a licensee's financial health and would be required to
7 be disclosed in the applicant's or licensee's annual audited financial
8 statements, report to shareholders, or similar records.

9 (10) "Money" means a medium of exchange that is authorized or
10 adopted by the United States or a foreign government or other
11 recognized medium of exchange. "Money" includes a monetary unit of
12 account established by an intergovernmental organization or by
13 agreement between two or more governments.

14 (11) "Money services" means money transmission or currency
15 exchange.

16 (12) "Money transmission" means receiving money or its equivalent
17 value to transmit, deliver, or instruct to be delivered the money or
18 its equivalent value to another location, inside or outside the United
19 States, by any means including but not limited to by wire, facsimile,
20 or electronic transfer. "Money transmission" does not include the
21 provision solely of connection services to the internet,
22 telecommunications services, or network access. "Money transmission"
23 includes selling, issuing, or acting as an intermediary for open loop
24 stored value devices and payment instruments, but not closed loop
25 stored value devices.

26 (13) "Outstanding money transmission" means the value of all money
27 transmissions reported to the licensee for which the money transmitter
28 has received money or its equivalent value from the customer for
29 transmission, but has not yet completed the money transmission by
30 delivering the money or monetary value to the person designated by the
31 customer.

32 (14) "Payment instrument" means a check, draft, money order, or
33 traveler's check~~((or other instrument)) for the transmission or
34 payment of money or its equivalent value, whether or not negotiable.
35 "Payment instrument" does not include a credit card voucher, letter of
36 credit, or instrument that is redeemable by the issuer in goods or
37 services.~~

1 (15) "Person" means an individual, corporation, business trust,
2 estate, trust, partnership, limited liability company, association,
3 joint venture; government, governmental subdivision, agency, or
4 instrumentality; public corporation; or any other legal or commercial
5 entity.

6 (16) "Record" means information that is inscribed on a tangible
7 medium, or that is stored in an electronic or other medium, and is
8 retrievable in perceivable form.

9 (17) "Responsible individual" means an individual who is employed
10 by a licensee and has principal managerial authority over the provision
11 of money services by the licensee in this state.

12 (18) "State" means a state of the United States, the District of
13 Columbia, Puerto Rico, the United States Virgin Islands, or any
14 territory or insular possession subject to the jurisdiction of the
15 United States.

16 (19) "Director" means the director of financial institutions.

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

23 (21) "Board director" means a member of the applicant's or
24 licensee's board of directors if the applicant is a corporation or
25 limited liability company, or a partner if the applicant or licensee is
26 a partnership.

27 (22) "Annual (~~license~~) assessment due date" means the date
28 specified in rule by the director upon which the annual (~~license~~)
29 assessment is due.

30 (23) "Currency exchanger" means a person that is engaged in
31 currency exchange.

32 (24) "Money transmitter" means a person that is engaged in money
33 transmission.

34 (25) "Mobile location" means a vehicle or movable facility where
35 money services are provided.

36 (26) "Closed loop stored value device" means (~~the recognition of~~
37 ~~value or credit to the account of persons~~) a stored value device, when
38 that value or credit is primarily intended to be redeemed for a limited

1 universe of goods, intangibles, services, or other items provided by
2 the issuer of the stored value, its affiliates, or others involved in
3 transactions functionally related to the issuer or its affiliates.

4 (27) "Open loop stored value device" means a stored value device
5 redeemable at multiple, unaffiliated merchants or service providers, or
6 automated teller machines.

7 (28) "Stored value device" means a card or other device that
8 electronically stores or provides access to funds and is available for
9 making payments to others.

10 (29) "Tangible net worth" means the physical worth of a licensee,
11 calculated by taking a licensee's assets and subtracting its
12 liabilities and its intangible assets, such as copyrights, patents,
13 intellectual property, and goodwill.

14 **Sec. 2.** RCW 19.230.020 and 2003 c 287 s 4 are each amended to read
15 as follows:

16 This chapter does not apply to:

17 (1) The United States or a department, agency, or instrumentality
18 thereof;

19 (2) Money transmission by the United States postal service or by a
20 contractor on behalf of the United States postal service;

21 (3) A state, county, city, or a department, agency, or
22 instrumentality thereof;

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

28 (5) Electronic funds transfer of governmental benefits for a
29 federal, state, county, or governmental agency by a contractor on
30 behalf of the United States or a department, agency, or instrumentality
31 thereof, or a state or governmental subdivision, agency, or
32 instrumentality thereof;

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

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

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

7 (9) An operator of a payment system only to the extent that it
8 provides processing, clearing, or settlement services, between or among
9 persons who are all excluded by this section, in connection with wire
10 transfers, credit card transactions, debit card transactions, stored-
11 value transactions, automated clearinghouse transfers, or similar funds
12 transfers;

13 (10) A person registered as a securities broker-dealer or
14 investment advisor under federal or state securities laws to the extent
15 of its operation as such a broker-dealer or investment advisor;

16 (11) An insurance company, title insurance company, or escrow agent
17 to the extent that such an entity is lawfully authorized to conduct
18 business in this state as an insurance company, title insurance
19 company, or escrow agent and to the extent that they engage in money
20 transmission or currency exchange as an ancillary service when
21 conducting insurance, title insurance, or escrow activity;

22 (12) The issuance, sale, use, redemption, or exchange of closed
23 loop stored value devices or of payment instruments by a person
24 licensed under chapter 31.45 RCW; ((or))

25 (13) An attorney, to the extent that the attorney is lawfully
26 authorized to practice law in this state and to the extent that the
27 attorney engages in money transmission or currency exchange as an
28 ancillary service to the practice of law; or

29 (14) A stored value device seller or issuer when the funds on the
30 device are covered by federal deposit insurance immediately upon sale
31 or issue.

32 The director may, at his or her discretion, waive applicability of
33 the licensing provisions of this chapter when the director determines
34 it necessary to facilitate commerce and protect consumers. The
35 director may adopt rules to implement this section.

36 **Sec. 3.** RCW 19.230.050 and 2003 c 287 s 7 are each amended to read
37 as follows:

1 (1) Each money transmitter licensee shall maintain a surety bond,
2 or other similar security acceptable to the director, in ~~((the))~~ an
3 amount ~~((of))~~ based on the previous year's money transmission dollar
4 volume; and the previous year's payment instrument dollar volume. The
5 minimum surety bond must be at least ten thousand dollars, and not
6 ~~((exceeding))~~ to exceed five hundred fifty thousand dollars~~((, as~~
7 ~~defined in rule by the director, plus ten thousand dollars per~~
8 ~~location, including locations of authorized delegates, not exceeding a~~
9 ~~total addition of five hundred thousand dollars))~~. The director may
10 adopt rules to implement this section.

11 (2) The surety bond shall run to the state of Washington as
12 obligee, and shall run to the benefit of the state and any person or
13 persons who suffer loss by reason of a licensee's or licensee's
14 authorized delegate's violation of this chapter or the rules adopted
15 under this chapter. A claimant against a money transmitter licensee
16 may maintain an action on the bond, or the director may maintain an
17 action on behalf of the claimant.

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

29 (4) A surety bond or other security must cover claims for at least
30 five years after the date of a money transmitter licensee's violation
31 of this chapter, or at least five years after the date the money
32 transmitter licensee ceases to provide money services in this state,
33 whichever is longer. However, the director may permit the amount of
34 the surety bond or other security to be reduced or eliminated before
35 the expiration of that time to the extent the amount of the licensee's
36 obligations outstanding in this state are reduced.

37 (5) In the event that a money transmitter licensee does not
38 maintain a surety bond or other form of security satisfactory to the

1 director in the amount required under subsection (1) of this section,
2 the director may issue a temporary cease and desist order under RCW
3 19.230.260.

4 (6) The director may increase the amount of security required to a
5 maximum of one million dollars if the financial condition of a money
6 transmitter licensee so requires, as evidenced by reduction of net
7 worth, financial losses, potential losses as a result of violations of
8 this chapter or rules adopted under this chapter, or other relevant
9 criteria specified by the director in rule.

10 **Sec. 4.** RCW 19.230.060 and 2003 c 287 s 8 are each amended to read
11 as follows:

12 A money transmitter licensed under this chapter shall maintain a
13 tangible net worth, determined in accordance with generally accepted
14 accounting principles, as determined in rule by the director. The
15 director shall require a tangible net worth of at least ten thousand
16 dollars and not more than (~~fifty thousand~~) three million dollars. In
17 the event that a licensee's tangible net worth, as determined in
18 accordance with generally accepted accounting principles, falls below
19 the amount required in rule, the director or the director's designee
20 may initiate action under RCW 19.230.230 and 19.230.260. The licensee
21 may request a hearing on such an action under chapter 34.05 RCW.

22 **Sec. 5.** RCW 19.230.070 and 2003 c 287 s 9 are each amended to read
23 as follows:

24 (1) When an application for a money transmitter license is filed
25 under this chapter, the director or the director's designee shall
26 investigate the applicant's financial condition and responsibility,
27 financial and business experience, competence, character, and general
28 fitness. The director or the director's designee may conduct an on-
29 site investigation of the applicant, the cost of which must be paid by
30 the applicant as specified in RCW 19.230.320 or rules adopted under
31 this chapter. The director shall issue a money transmitter license to
32 an applicant under this chapter if the director or the director's
33 designee finds that all of the following conditions have been
34 fulfilled:

35 (a) The applicant has complied with RCW 19.230.040, 19.230.050, and
36 19.230.060;

1 (b) The financial condition and responsibility, financial and
2 business experience, competence, character, and general fitness of the
3 applicant; and the competence, financial and business experience,
4 character, and general fitness of the executive officers, proposed
5 responsible individual, board directors, and persons in control of the
6 applicant; indicate that it is in the interest of the public to permit
7 the applicant to engage in the business of providing money transmission
8 services; and

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

14 (2) The director may for good cause extend the application review
15 period.

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

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

23 (5) A money transmitter licensee may surrender a license by
24 delivering the original license to the director along with a written
25 notice of surrender. The written notice of surrender must include
26 notice of where the records of the licensee will be stored and the
27 name, address, telephone number, and other contact information of a
28 responsible party who is authorized to provide access to the records.
29 The surrender of a license does not reduce or eliminate the licensee's
30 civil or criminal liability arising from acts or omissions occurring
31 prior to the surrender of the license, including any administrative
32 actions undertaken by the director or the director's designee to revoke
33 or suspend a license, to assess fines, to order payment of restitution,
34 or to exercise any other authority authorized under this chapter.

35 **Sec. 6.** RCW 19.230.110 and 2003 c 287 s 13 are each amended to
36 read as follows:

37 (1) A licensee shall pay an annual ((license)) assessment as

1 established in rule by the director no later than the annual
2 ((license)) assessment due date or, if the annual ((license))
3 assessment due date is not a business day, on the next business day.
4 A licensee shall pay an annual assessment based on the previous year's
5 Washington dollar volume of: (a) Money transmissions; (b) payment
6 instruments; (c) currency exchanges; and (d) stored value sales. The
7 total minimum assessment must be one thousand dollars per year, and the
8 maximum assessment may not exceed one hundred thousand dollars per
9 year.

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

13 (a) If the licensee is a money transmitter, a copy of the
14 licensee's most recent audited annual financial statement or, if the
15 licensee is a wholly owned subsidiary of another corporation, the most
16 recent audited consolidated annual financial statement of the parent
17 corporation or the licensee's most recent audited consolidated annual
18 financial statement;

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

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

27 (d) If the licensee is a money transmitter, proof that the licensee
28 continues to maintain adequate security as required by RCW 19.230.050;
29 and

30 (e) A list of the locations in this state where the licensee or an
31 authorized delegate of the licensee engages in or provides money
32 services.

33 (3) If a licensee does not file an annual report or pay its annual
34 ((license)) assessment by the annual ((license)) assessment due date,
35 the director or the director's designee shall send the licensee a
36 notice of suspension and assess the licensee a late fee not to exceed
37 twenty-five percent of the annual ((license)) assessment as established
38 in rule by the director. The licensee's annual report and payment of

1 both the annual (~~(license)~~) assessment and the late fee must arrive in
2 the department's offices by 5:00 p.m. on the thirtieth day after the
3 assessment due date or any extension of time granted by the director,
4 unless that date is not a business day, in which case the licensee's
5 annual report and payment of both the annual (~~(license)~~) assessment and
6 the late fee must arrive in the department's offices by 5:00 p.m. on
7 the next occurring business day. If the licensee's annual report and
8 payment of both the annual (~~(license)~~) assessment and late fee do not
9 arrive by such date, the expiration of the licensee's license is
10 effective at 5:00 p.m. on the thirtieth day after the assessment due
11 date, unless that date is not a business day, in which case the
12 expiration of the licensee's license is effective at 5:00 p.m. on the
13 next occurring business day. The director, or the director's designee,
14 may reinstate the license if, within twenty days after its effective
15 date, the licensee:

16 (a) Files the annual report and pays both the annual (~~(license)~~)
17 assessment and the late fee; and

18 (b) (~~(The licensee)~~) Did not engage in or provide money services
19 during the period its license was expired.

20 **Sec. 7.** RCW 19.230.170 and 2003 c 287 s 19 are each amended to
21 read as follows:

22 (1) A licensee shall maintain the following records for determining
23 its compliance with this chapter for at least five years:

24 (a) A general ledger posted at least monthly containing all assets,
25 liabilities, capital, income, and expense accounts;

26 (b) Bank statements and bank reconciliation records;

27 (c) Monthly reports about permissible investments;

28 (d) A list of the last known names and addresses of all of the
29 licensee's authorized delegates;

30 (~~(d)~~) (e) Copies of all currency transaction reports and
31 suspicious activity reports filed in compliance with RCW 19.230.180;
32 and

33 (~~(e)~~) (f) Any other records required in rule by the director.

34 (2) The items specified in subsection (1) of this section may be
35 maintained in any form of record that is readily accessible to the
36 director or the director's designee upon request.

1 (3) Records may be maintained outside this state if they are made
2 accessible to the director on seven business days' notice that is sent
3 in writing.

4 (4) All records maintained by the licensee are open to inspection
5 by the director or the director's designee.

6 **Sec. 8.** RCW 19.230.180 and 2003 c 287 s 20 are each amended to
7 read as follows:

8 ~~((1))~~ Every licensee and its authorized delegates shall file
9 ~~((with the director or the director's designee))~~ all reports required
10 by federal currency reporting, recordkeeping, and suspicious
11 transaction reporting requirements with the appropriate federal agency
12 as set forth in 31 U.S.C. Sec. 5311, 31 C.F.R. Sec. 103 (2000), and
13 other federal and state laws pertaining to money laundering. Every
14 licensee and its authorized delegates shall maintain copies of these
15 reports in its records in compliance with RCW 19.230.170.

16 ~~((2) The timely filing of a complete and accurate report required
17 under subsection (1) of this section with the appropriate federal
18 agency is compliance with the requirements of subsection (1) of this
19 section, unless the director notifies the licensee that reports of this
20 type are not being regularly and comprehensively transmitted by the
21 federal agency.))~~

22 **Sec. 9.** RCW 19.230.200 and 2003 c 287 s 22 are each amended to
23 read as follows:

24 (1) A money transmitter licensee shall maintain, at all times,
25 permissible investments that have a market value computed in accordance
26 with generally accepted accounting principles of not less than the
27 ~~((aggregate))~~ amount of ~~((all))~~ the licensee's average outstanding
28 money transmission liability. For the purposes of this section,
29 average outstanding money transmission liability means the sum of the
30 daily amounts of a licensee's money transmissions, as computed each day
31 of the month divided by the number of days in the month.

32 (2) The director, with respect to any money transmitter licensee,
33 may limit the extent to which a type of investment within a class of
34 permissible investments may be considered a permissible investment,
35 except for money, time deposits, savings deposits, demand deposits, and
36 certificates of deposit issued by a federally insured financial

1 institution. The director may prescribe in rule, or by order allow,
2 other types of investments that the director determines to have a
3 safety substantially equivalent to other permissible investments.

4 **Sec. 10.** RCW 19.230.210 and 2003 c 287 s 23 are each amended to
5 read as follows:

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

9 (a) Cash, time deposits, savings deposits, demand deposits, a
10 certificate of deposit, or senior debt obligation of an insured
11 depository institution as defined in section 3 of the federal Deposit
12 Insurance Act (12 U.S.C. Sec. 1813) or as defined under the federal
13 Credit Union Act (12 U.S.C. Sec. 1781);

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

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

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

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

34 (f) A share or a certificate issued by an open-end management
35 investment company that is registered with the United States securities
36 and exchange commission under the Investment Companies Act of 1940 (15

1 U.S.C. Sec. 80(a)(1) through (64), and whose portfolio is restricted by
2 the management company's investment policy to investments specified in
3 (a) through (d) of this subsection.

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

6 (a) An interest-bearing bill, note, bond, or debenture of a person
7 whose equity shares are traded on a national securities exchange or on
8 a national over-the-counter market, if the aggregate of investments
9 under this subsection (2)(a) does not exceed twenty percent of the
10 total permissible investments of a licensee and the licensee does not,
11 at one time, hold investments under this subsection (2)(a) in any one
12 person aggregating more than ten percent of the licensee's total
13 permissible investments;

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

27 (c) A demand-borrowing agreement made to a corporation or a
28 subsidiary of a corporation whose securities are traded on a national
29 securities exchange, if the aggregate of the amount of principal and
30 interest outstanding under demand-borrowing agreements under this
31 subsection (2)(c) does not exceed twenty percent of the total
32 permissible investments of a licensee and the licensee does not, at one
33 time, hold principal and interest outstanding under demand-borrowing
34 agreements under this subsection (2)(c) with any one person aggregating
35 more than ten percent of the licensee's total permissible investments;
36 and

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

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

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

8 **Sec. 11.** RCW 19.230.320 and 2003 c 287 s 34 are each amended to
9 read as follows:

10 (1) The director shall establish fees by rule sufficient to cover
11 the costs of administering this chapter. The director may establish
12 different fees for each type of license authorized under this chapter.
13 These fees may include:

14 (a) An annual (~~license~~) assessment specified in rule by the
15 director paid by each licensee on or before the annual (~~license~~)
16 assessment due date;

17 (b) A late fee for late payment of the annual (~~license~~)
18 assessment as specified in rule by the director;

19 (c) An hourly (~~examination or~~) investigation fee to cover the
20 costs of any (~~examination or~~) investigation of the books and records
21 of a licensee or other person subject to this chapter;

22 (d) A nonrefundable application fee to cover the costs of
23 processing license applications made to the director under this
24 chapter;

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

28 (f) A transaction fee or set of transaction fees to cover the
29 administrative costs associated with processing changes in control,
30 changes of address, and other administrative changes as specified in
31 rule by the director.

32 (2) The director shall ensure that when an examination or
33 investigation, or any part of the examination or investigation, of any
34 licensee applicant or person subject to licensing under this chapter,
35 requires travel and services outside this state by the director or
36 designee, the licensee applicant or person subject to licensing under

1 this chapter that is the subject of the examination or investigation
2 shall pay the actual travel expenses incurred by the director or
3 designee conducting the examination or investigation.

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

6 **Sec. 12.** RCW 19.230.330 and 2003 c 287 s 35 are each amended to
7 read as follows:

8 (1) Every money transmitter licensee and its authorized delegates
9 shall transmit the monetary equivalent of all money or equivalent value
10 received from a customer for transmission, net of any fees, or issue
11 instructions committing the money or its monetary equivalent, to the
12 person designated by the customer within ten business days after
13 receiving the money or equivalent value, unless otherwise ordered by
14 the customer or unless the licensee or its authorized delegate has
15 reason to believe that a crime has occurred, is occurring, or may occur
16 as a result of transmitting the money. For purposes of this
17 subsection, money is considered to have been transmitted when it is
18 available to the person designated by the customer and a reasonable
19 effort has been made to inform this designated person that the money is
20 available, whether or not the designated person has taken possession of
21 the money. As used in this subsection, "monetary equivalent," when
22 used in connection with a money transmission in which the customer
23 provides the licensee or its authorized delegate with the money of one
24 government, and the designated recipient is to receive the money of
25 another government, means the amount of money, in the currency of the
26 government that the designated recipient is to receive, as converted at
27 the retail exchange rate offered by the licensee or its authorized
28 delegate to the customer in connection with the transaction.

29 (2) Every money transmitter licensee and its authorized delegates
30 shall provide a receipt to the customer that clearly states the amount
31 of money presented for transmission and the total of any fees charged
32 by the licensee. If the rate of exchange for a money transmission to
33 be paid in the currency of another country is fixed by the licensee for
34 that transaction at the time the money transmission is initiated, then
35 the receipt provided to the customer shall disclose the rate of
36 exchange for that transaction, and the duration, if any, for the
37 payment to be made at the fixed rate of exchange so specified. If the

1 rate of exchange for a money transmission to be paid in the currency of
2 another country is not fixed at the time the money transmission is
3 sent, the receipt provided to the customer shall disclose that the rate
4 of exchange for that transaction will be set at the time the recipient
5 of the money transmission picks up the funds in the foreign country.
6 The receipt shall also contain the licensee name, address, and phone
7 number. As used in this section, "fees" does not include revenue that
8 a licensee or its authorized delegate generates, in connection with a
9 money transmission, in the conversion of the money of one government
10 into the money of another government.

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

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

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

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

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

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