

Senate Engrossed

money transmission; money transmitter licensure

State of Arizona
Senate
Fifty-fifth Legislature
Second Regular Session
2022

SENATE BILL 1580

AN ACT

AMENDING SECTION 6-123.01, ARIZONA REVISED STATUTES; REPEALING TITLE 6, CHAPTER 12, ARTICLE 1, ARIZONA REVISED STATUTES; AMENDING TITLE 6, CHAPTER 12, ARIZONA REVISED STATUTES, BY ADDING A NEW ARTICLE 1; PROVIDING FOR RENUMBERING; AMENDING TITLE 6, CHAPTER 12, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 6-1241; AMENDING SECTION 6-1242, ARIZONA REVISED STATUTES, AS RENUMBERED; AMENDING SECTION 6-1305, ARIZONA REVISED STATUTES; REPEALING SECTION 6-1306, ARIZONA REVISED STATUTES; AMENDING SECTION 13-2317, ARIZONA REVISED STATUTES; AMENDING SECTION 41-5605, ARIZONA REVISED STATUTES; RELATING TO MONEY TRANSMISSION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 6-123.01, Arizona Revised Statutes, is amended
3 to read:

4 6-123.01. Fingerprint requirements; fees

5 A. Before receiving and holding a license, permit, certificate or
6 permission to organize a bank, savings and loan association or credit
7 union, the deputy director may require an applicant, licensee, active
8 manager or responsible individual, ~~or~~ an organizer, director or officer of
9 any corporate applicant or licensee, **ANY INDIVIDUAL IN CONTROL OF A**
10 **LICENSEE OR APPLICANT, ANY INDIVIDUAL WHO SEEKS TO ACQUIRE CONTROL OF A**
11 **LICENSEE OR EACH KEY INDIVIDUAL** to submit a full set of fingerprints and
12 fees to the department. The department of insurance and financial
13 institutions shall submit the fingerprints and fees to the department of
14 public safety, or the nationwide mortgage licensing system and registry
15 established by the secure and fair enforcement for mortgage licensing act
16 of 2008 (P.L. 110-289; 122 Stat. 2810; 12 United States Code sections 5101
17 through 5116) or its successor, for the purpose of obtaining a state and
18 federal criminal records check pursuant to section 41-1750 and Public Law
19 92-544. The department of public safety may exchange this fingerprint
20 data with the federal bureau of investigation.

21 B. The fees that the department collects under subsection A of this
22 section shall be credited pursuant to section 35-148.

23 C. The applicant is responsible for providing the department with
24 readable fingerprints. The applicant shall pay any costs that are
25 attributable to refingerprinting due to the unreadability of any
26 fingerprints and any fees that are required for the resubmission of
27 fingerprints.

28 D. The department may issue a temporary license or certificate or
29 grant temporary permission to organize to an original applicant before the
30 department receives the results of a criminal records check if there is
31 not evidence or reasonable suspicion that the applicant has a criminal
32 history background that would be cause for denial of a license,
33 certificate or permission to organize. The department may terminate the
34 temporary license or certificate or permission to organize if a
35 fingerprint card is returned as unreadable and the applicant fails to
36 submit new fingerprints within ten days after being notified by the
37 department that the original card was unreadable or if the results of the
38 criminal records check reveal grounds for the denial of the license or
39 certificate or permission to organize. The temporary license or
40 certificate or permission to organize shall not be effective longer than
41 one hundred eighty days.

42 E. The deputy director may require a current licensee, organizer,
43 director, active manager, responsible individual or officer of any
44 corporate licensee to submit a full set of fingerprints to the department.
45 The department of insurance and financial institutions shall submit the

1 fingerprints and fees to the department of public safety for the purpose
2 of obtaining a state and federal criminal records check pursuant to
3 section 41-1750 and Public Law 92-544. The department of public safety
4 may exchange this fingerprint data with the federal bureau of
5 investigation.

6 F. This section does not affect the department's authority to
7 otherwise issue, deny, cancel, terminate, suspend or revoke a license.

8 Sec. 2. Repeal

9 Title 6, chapter 12, article 1, Arizona Revised Statutes, is
10 repealed.

11 Sec. 3. Title 6, chapter 12, Arizona Revised Statutes, is amended
12 by adding a new article 1, to read:

13 ARTICLE 1. MONEY TRANSMISSION

14 6-1201. Definitions

15 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

16 1. "ACTING IN CONCERT" MEANS PERSONS KNOWINGLY ACTING TOGETHER WITH
17 A COMMON GOAL OF JOINTLY ACQUIRING CONTROL OF A LICENSEE WHETHER OR NOT
18 PURSUANT TO AN EXPRESS AGREEMENT.

19 2. "AUTHORIZED DELEGATE" MEANS A PERSON THAT A LICENSEE DESIGNATES
20 TO ENGAGE IN MONEY TRANSMISSION ON BEHALF OF THE LICENSEE.

21 3. "AVERAGE DAILY MONEY TRANSMISSION LIABILITY" MEANS THE AMOUNT OF
22 THE LICENSEE'S OUTSTANDING MONEY TRANSMISSION OBLIGATIONS AT THE END OF
23 EACH DAY IN QUARTERS ENDING MARCH 31, JUNE 30, SEPTEMBER 30 AND
24 DECEMBER 31, ADDED TOGETHER AND DIVIDED BY THE TOTAL NUMBER OF DAYS IN
25 EACH QUARTER.

26 4. "CLOSED LOOP STORED VALUE" MEANS STORED VALUE THAT IS REDEEMABLE
27 BY THE ISSUER ONLY FOR GOODS OR SERVICES PROVIDED BY THE ISSUER OR ITS
28 AFFILIATE OR FRANCHISEES OF THE ISSUER OR ITS AFFILIATE, EXCEPT TO THE
29 EXTENT REQUIRED BY APPLICABLE LAW TO BE REDEEMABLE IN CASH FOR ITS CASH
30 VALUE.

31 5. "CONTROL" MEANS:

32 (a) THE POWER TO VOTE, DIRECTLY OR INDIRECTLY, AT LEAST TWENTY-FIVE
33 PERCENT OF THE OUTSTANDING VOTING SHARES OR VOTING INTERESTS OF A LICENSEE
34 OR PERSON IN CONTROL OF A LICENSEE.

35 (b) THE POWER TO ELECT OR APPOINT A MAJORITY OF KEY INDIVIDUALS OR
36 EXECUTIVE OFFICERS, MANAGERS, DIRECTORS, TRUSTEES OR OTHER PERSONS
37 EXERCISING MANAGERIAL AUTHORITY OF A PERSON IN CONTROL OF A LICENSEE.

38 (c) THE POWER TO EXERCISE, DIRECTLY OR INDIRECTLY, A CONTROLLING
39 INFLUENCE OVER THE MANAGEMENT OR POLICIES OF A LICENSEE OR PERSON IN
40 CONTROL OF A LICENSEE.

41 6. "ELIGIBLE RATING" MEANS A CREDIT RATING OF ANY OF THE THREE
42 HIGHEST RATING CATEGORIES PROVIDED BY AN ELIGIBLE RATING SERVICE AND EACH
43 CATEGORY MAY INCLUDE RATING CATEGORY MODIFIERS SUCH AS "PLUS" OR "MINUS"
44 FOR STANDARD AND POOR'S OR THE EQUIVALENT FOR ANY OTHER ELIGIBLE RATING
45 SERVICE.

1 7. "ELIGIBLE RATING SERVICE" MEANS ANY NATIONALLY RECOGNIZED
2 STATISTICAL RATING ORGANIZATION AS DEFINED BY THE UNITED STATES SECURITIES
3 AND EXCHANGE COMMISSION AND ANY OTHER ORGANIZATION DESIGNATED BY THE
4 DIRECTOR.

5 8. "FEDERALLY INSURED DEPOSITORY FINANCIAL INSTITUTION" MEANS A
6 BANK, CREDIT UNION, SAVINGS AND LOAN ASSOCIATION, TRUST COMPANY, SAVINGS
7 ASSOCIATION, SAVINGS BANK, INDUSTRIAL BANK OR INDUSTRIAL LOAN COMPANY
8 ORGANIZED UNDER THE LAWS OF THE UNITED STATES OR ANY STATE OF THE UNITED
9 STATES, WHEN THE BANK, CREDIT UNION, SAVINGS AND LOAN ASSOCIATION, TRUST
10 COMPANY, SAVINGS ASSOCIATION, SAVINGS BANK, INDUSTRIAL BANK OR INDUSTRIAL
11 LOAN COMPANY HAS FEDERALLY INSURED DEPOSITS.

12 9. "INDIVIDUAL" MEANS A NATURAL PERSON.

13 10. "IN THIS STATE":

14 (a) MEANS AT A PHYSICAL LOCATION WITHIN THIS STATE IF A TRANSACTION
15 IS REQUESTED IN PERSON.

16 (b) INCLUDES ANY OF THE FOLLOWING IF A PERSON REQUESTS A
17 TRANSACTION ELECTRONICALLY OR BY TELEPHONE:

18 (i) THE LOCATION OF THE PERSON'S RESIDENTIAL ADDRESS IF THE PERSON
19 IS AN INDIVIDUAL.

20 (ii) A PERSON'S PRINCIPAL PLACE OF BUSINESS OR OTHER PHYSICAL
21 ADDRESS LOCATION WITHIN THIS STATE IF THE PERSON IS A BUSINESS ENTITY.

22 (iii) ANY ADDRESS WITHIN THIS STATE THAT IS ASSOCIATED WITH AN
23 ACCOUNT BASED ON RECORDS THAT THE MONEY TRANSMISSION PROVIDER HAS OR
24 INFORMATION THAT THE PERSON PROVIDES.

25 11. "KEY INDIVIDUAL" MEANS ANY INDIVIDUAL ULTIMATELY RESPONSIBLE
26 FOR ESTABLISHING OR DIRECTING POLICIES AND PROCEDURES OF THE LICENSEE,
27 SUCH AS AN EXECUTIVE OFFICER, MANAGER, DIRECTOR OR TRUSTEE.

28 12. "LICENSEE" MEANS A PERSON LICENSED UNDER THIS ARTICLE.

29 13. "MATERIAL LITIGATION" MEANS LITIGATION THAT, ACCORDING TO
30 UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, IS SIGNIFICANT TO
31 A PERSON'S FINANCIAL HEALTH AND WOULD BE REQUIRED TO BE DISCLOSED IN THE
32 PERSON'S ANNUAL AUDITED FINANCIAL STATEMENTS, REPORT TO SHAREHOLDERS OR
33 SIMILAR RECORDS.

34 14. "MONETARY VALUE" MEANS A MEDIUM OF EXCHANGE, WHETHER OR NOT
35 REDEEMABLE IN MONEY.

36 15. "MONEY":

37 (a) MEANS A MEDIUM OF EXCHANGE THAT IS AUTHORIZED OR ADOPTED BY THE
38 UNITED STATES OR A FOREIGN GOVERNMENT.

39 (b) INCLUDES A MONETARY UNIT OF ACCOUNT ESTABLISHED BY AN
40 INTERGOVERNMENTAL ORGANIZATION OR BY AGREEMENT BETWEEN TWO OR MORE
41 GOVERNMENTS.

42 16. "MONEY SERVICES BUSINESS ACCREDITED STATE" MEANS A STATE AGENCY
43 THAT IS ACCREDITED BY A CONFERENCE OF STATE BANK SUPERVISORS AND MONEY
44 TRANSMITTER REGULATORS ASSOCIATION FOR MONEY TRANSMISSION LICENSING AND
45 SUPERVISION.

- 1 17. "MONEY TRANSMISSION":
2 (a) MEANS ANY OF THE FOLLOWING:
3 (i) SELLING OR ISSUING PAYMENT INSTRUMENTS TO A PERSON LOCATED IN
4 THIS STATE.
5 (ii) SELLING OR ISSUING STORED VALUE TO A PERSON LOCATED IN THIS
6 STATE.
7 (iii) RECEIVING MONEY FOR TRANSMISSION FROM A PERSON LOCATED IN
8 THIS STATE.
9 (b) DOES NOT INCLUDE PROVIDING SOLELY ONLINE TELECOMMUNICATIONS
10 SERVICES OR NETWORK ACCESS.
11 18. "MULTISTATE LICENSING PROCESS" MEANS A PROCEDURE AMONG STATE
12 REGULATORS RELATING TO THE COORDINATED PROCESSING OF APPLICATIONS FOR
13 MONEY TRANSMISSION LICENSES, APPLICATIONS FOR THE ACQUISITION OF CONTROL
14 OF A LICENSEE, CONTROL DETERMINATIONS OR NOTICE AND INFORMATION
15 REQUIREMENTS FOR A CHANGE OF KEY INDIVIDUALS.
16 19. "NMLS" MEANS THE NATIONWIDE MULTISTATE LICENSING SYSTEM AND
17 REGISTRY DEVELOPED BY A CONFERENCE OF STATE BANK SUPERVISORS AND THE
18 AMERICAN ASSOCIATION OF RESIDENTIAL MORTGAGE REGULATORS AND OWNED AND
19 OPERATED BY A STATE REGULATORY REGISTRY FOR THE LICENSING AND REGISTRATION
20 OF PERSONS IN FINANCIAL SERVICES INDUSTRIES.
21 20. "OUTSTANDING MONEY TRANSMISSION OBLIGATION" MEANS EITHER OF THE
22 FOLLOWING:
23 (a) ANY PAYMENT INSTRUMENT OR STORED VALUE ISSUED OR SOLD BY THE
24 LICENSEE TO A PERSON LOCATED IN THE UNITED STATES OR REPORTED AS SOLD BY
25 AN AUTHORIZED DELEGATE OF THE LICENSEE TO A PERSON THAT IS LOCATED IN THE
26 UNITED STATES THAT HAS NOT YET BEEN PAID OR REFUNDED BY OR FOR THE
27 LICENSEE OR ESCHEATED IN ACCORDANCE WITH APPLICABLE ABANDONED PROPERTY
28 LAWS.
29 (b) ANY MONEY RECEIVED FOR TRANSMISSION BY THE LICENSEE OR AN
30 AUTHORIZED DELEGATE IN THE UNITED STATES FROM A PERSON LOCATED IN THE
31 UNITED STATES THAT HAS NOT BEEN RECEIVED BY THE PAYEE OR REFUNDED TO THE
32 SENDER OR ESCHEATED IN ACCORDANCE WITH APPLICABLE ABANDONED PROPERTY LAWS.
33 21. "PASSIVE INVESTOR" MEANS A PERSON THAT:
34 (a) DOES NOT HAVE THE POWER TO ELECT A MAJORITY OF KEY INDIVIDUALS
35 OR EXECUTIVE OFFICERS, MANAGERS, DIRECTORS, TRUSTEES OR OTHER PERSONS
36 EXERCISING MANAGERIAL AUTHORITY OF A PERSON IN CONTROL OF A LICENSEE.
37 (b) IS NOT EMPLOYED BY AND DOES NOT HAVE ANY MANAGERIAL DUTIES OF
38 THE LICENSEE OR PERSON IN CONTROL OF A LICENSEE.
39 (c) DOES NOT HAVE THE POWER TO EXERCISE, DIRECTLY OR INDIRECTLY, A
40 CONTROLLING INFLUENCE OVER THE MANAGEMENT OR POLICIES OF A LICENSEE OR
41 PERSON IN CONTROL OF A LICENSEE.
42 (d) DOES EITHER OF THE FOLLOWING:
43 (i) ATTESTS TO SUBDIVISIONS (a), (b) AND (c) OF THIS PARAGRAPH IN A
44 FORM AND IN A MEDIUM PRESCRIBED BY THE DIRECTOR.

1 (ii) COMMITS TO THE PASSIVITY CHARACTERISTICS OF SUBDIVISIONS (a),
2 (b) AND (c) OF THIS PARAGRAPH IN A WRITTEN DOCUMENT.

3 22. "PAYMENT INSTRUMENT":

4 (a) MEANS A WRITTEN OR ELECTRONIC CHECK, DRAFT, MONEY ORDER,
5 TRAVELER'S CHECK OR OTHER WRITTEN OR ELECTRONIC INSTRUMENT FOR THE
6 TRANSMISSION OR PAYMENT OF MONEY OR MONETARY VALUE, WHETHER OR NOT
7 NEGOTIABLE.

8 (b) DOES NOT INCLUDE STORED VALUE OR ANY INSTRUMENT THAT IS EITHER:

9 (i) REDEEMABLE BY THE ISSUER ONLY FOR GOODS OR SERVICES PROVIDED BY
10 THE ISSUER OR ITS AFFILIATE OR FRANCHISEES OF THE ISSUER OR ITS AFFILIATE,
11 EXCEPT TO THE EXTENT REQUIRED BY APPLICABLE LAW TO BE REDEEMABLE IN CASH
12 FOR ITS CASH VALUE.

13 (ii) NOT SOLD TO THE PUBLIC BUT ISSUED AND DISTRIBUTED AS PART OF A
14 LOYALTY, REWARDS OR PROMOTIONAL PROGRAM.

15 23. "PERSON" MEANS ANY INDIVIDUAL, GENERAL PARTNERSHIP, LIMITED
16 PARTNERSHIP, LIMITED LIABILITY COMPANY, CORPORATION, TRUST, ASSOCIATION,
17 JOINT STOCK CORPORATION OR OTHER CORPORATE ENTITY IDENTIFIED BY THE
18 DIRECTOR.

19 24. "RECEIVING MONEY FOR TRANSMISSION" OR "MONEY RECEIVED FOR
20 TRANSMISSION" MEANS RECEIVING MONEY OR MONETARY VALUE IN THE UNITED STATES
21 FOR TRANSMISSION WITHIN OR OUTSIDE THE UNITED STATES BY ELECTRONIC OR
22 OTHER MEANS.

23 25. "STORED VALUE":

24 (a) MEANS MONETARY VALUE REPRESENTING A CLAIM AGAINST THE ISSUER
25 EVIDENCED BY AN ELECTRONIC OR DIGITAL RECORD AND THAT IS INTENDED AND
26 ACCEPTED FOR USE AS A MEANS OF REDEMPTION FOR MONEY OR MONETARY VALUE OR
27 PAYMENT FOR GOODS OR SERVICES.

28 (b) INCLUDES PREPAID ACCESS AS DEFINED IN 31 CODE OF FEDERAL
29 REGULATIONS SECTION 1010.100

30 (c) DOES NOT INCLUDE A PAYMENT INSTRUMENT OR CLOSED LOOP STORED
31 VALUE OR STORED VALUE NOT SOLD TO THE PUBLIC BUT ISSUED AND DISTRIBUTED AS
32 PART OF A LOYALTY, REWARDS OR PROMOTIONAL PROGRAM.

33 26. "TANGIBLE NET WORTH" MEANS THE AGGREGATE ASSETS OF A LICENSEE
34 EXCLUDING ALL INTANGIBLE ASSETS, MINUS LIABILITIES, AS DETERMINED IN
35 ACCORDANCE WITH UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

36 6-1202. Exemptions

37 A. THIS ARTICLE DOES NOT APPLY TO ANY OF THE FOLLOWING:

38 1. AN OPERATOR OF A PAYMENT SYSTEM THAT PROVIDES PROCESSING,
39 CLEARING OR SETTLEMENT SERVICES BETWEEN OR AMONG PERSONS EXEMPTED BY THIS
40 SECTION OR LICENSEES IN CONNECTION WITH WIRE TRANSFERS, CREDIT CARD
41 TRANSACTIONS, DEBIT CARD TRANSACTIONS, STORED VALUE TRANSACTIONS,
42 AUTOMATED CLEARING HOUSE TRANSFERS OR SIMILAR TRANSFERS OF MONEY.

1 2. A PERSON APPOINTED AS AN AGENT OF A PAYEE TO COLLECT AND PROCESS
2 A PAYMENT FROM A PAYOR TO THE PAYEE FOR GOODS OR SERVICES, OTHER THAN
3 MONEY TRANSMISSION, PROVIDED TO THE PAYOR BY THE PAYEE, IF ALL OF THE
4 FOLLOWING APPLY:

5 (a) A WRITTEN AGREEMENT EXISTS BETWEEN THE PAYEE AND THE AGENT
6 DIRECTING THE AGENT TO COLLECT AND PROCESS PAYMENTS FROM PAYORS ON THE
7 PAYEE'S BEHALF.

8 (b) THE PAYEE HOLDS THE AGENT OUT TO THE PUBLIC AS ACCEPTING
9 PAYMENTS FOR GOODS OR SERVICES ON THE PAYEE'S BEHALF.

10 (c) PAYMENT FOR THE GOODS AND SERVICES IS TREATED AS RECEIVED BY
11 THE PAYEE ON RECEIPT BY THE AGENT SO THAT THE PAYOR'S OBLIGATION IS
12 EXTINGUISHED AND THERE IS NO RISK OF LOSS TO THE PAYOR IF THE AGENT FAILS
13 TO REMIT THE MONEY TO THE PAYEE.

14 3. A PERSON THAT ACTS AS AN INTERMEDIARY BY PROCESSING PAYMENTS
15 BETWEEN AN ENTITY THAT HAS DIRECTLY INCURRED AN OUTSTANDING MONEY
16 TRANSMISSION OBLIGATION TO A SENDER AND THE SENDER'S DESIGNATED RECIPIENT,
17 IF THE ENTITY DOES ALL OF THE FOLLOWING:

18 (a) IS PROPERLY LICENSED OR EXEMPT FROM THE LICENSING REQUIREMENTS
19 UNDER THIS ARTICLE.

20 (b) PROVIDES A RECEIPT, ELECTRONIC RECORD OR OTHER WRITTEN
21 CONFIRMATION TO THE SENDER IDENTIFYING THE ENTITY AS THE PROVIDER OF MONEY
22 TRANSMISSION IN THE TRANSACTION.

23 (c) BEARS SOLE RESPONSIBILITY TO SATISFY THE OUTSTANDING MONEY
24 TRANSMISSION OBLIGATION TO THE SENDER, INCLUDING THE OBLIGATION TO MAKE
25 THE SENDER WHOLE IN CONNECTION WITH ANY FAILURE TO TRANSMIT THE MONEY TO
26 THE SENDER'S DESIGNATED RECIPIENT.

27 4. THE UNITED STATES OR A DEPARTMENT, AN AGENCY OR AN
28 INSTRUMENTALITY OF THE UNITED STATES OR ITS AGENT.

29 5. MONEY TRANSMISSION BY THE UNITED STATES POSTAL SERVICE OR BY AN
30 AGENT OF THE UNITED STATES POSTAL SERVICE.

31 6. A STATE, COUNTY, CITY OR TOWN OR ANY OTHER GOVERNMENTAL AGENCY
32 OR GOVERNMENTAL SUBDIVISION OR INSTRUMENTALITY OF A STATE OR ITS AGENT.

33 7. A FEDERALLY INSURED DEPOSITORY FINANCIAL INSTITUTION, BANK
34 HOLDING COMPANY, OFFICE OF AN INTERNATIONAL BANKING CORPORATION, FOREIGN
35 BANK THAT ESTABLISHES A FEDERAL BRANCH PURSUANT TO 12 UNITED STATES CODE
36 SECTION 3102, A CORPORATION ORGANIZED AS A BANK SERVICE COMPANY PURSUANT
37 TO 12 UNITED STATES CODE SECTIONS 1861 THROUGH 1867 OR A CORPORATION
38 ORGANIZED PURSUANT TO 12 UNITED STATES CODE SECTIONS 611 THROUGH 633.

39 8. ELECTRONIC FUNDS TRANSFER OF GOVERNMENTAL BENEFITS FOR A
40 FEDERAL, STATE, COUNTY OR GOVERNMENTAL AGENCY BY A CONTRACTOR ON BEHALF OF
41 THE UNITED STATES OR A DEPARTMENT, AGENCY OR INSTRUMENTALITY OF THE UNITED
42 STATES OR ON BEHALF OF A STATE OR GOVERNMENTAL SUBDIVISION, AGENCY OR
43 INSTRUMENTALITY OF A STATE.

1 9. A BOARD OF TRADE DESIGNATED AS A CONTRACT MARKET UNDER THE
2 COMMODITY EXCHANGE ACT (7 UNITED STATES CODE SECTIONS 1 THROUGH 26) OR A
3 PERSON THAT, IN THE ORDINARY COURSE OF BUSINESS, PROVIDES CLEARANCE AND
4 SETTLEMENT SERVICES FOR A BOARD OF TRADE TO THE EXTENT OF ITS OPERATION AS
5 OR FOR THE BOARD OF TRADE.

6 10. A REGISTERED FUTURES COMMISSION MERCHANT UNDER THE FEDERAL
7 COMMODITIES LAWS TO THE EXTENT OF ITS OPERATION AS A MERCHANT.

8 11. A PERSON REGISTERED AS A SECURITIES BROKER OR DEALER UNDER
9 FEDERAL OR STATE SECURITIES LAWS TO THE EXTENT OF THE PERSON'S OPERATION.

10 12. AN INDIVIDUAL EMPLOYED BY A LICENSEE, AN AUTHORIZED DELEGATE OR
11 ANY PERSON EXEMPT FROM THE LICENSING REQUIREMENTS OF THIS ARTICLE WHEN
12 ACTING WITHIN THE SCOPE OF EMPLOYMENT AND UNDER THE SUPERVISION OF THE
13 LICENSEE, AUTHORIZED DELEGATE OR EXEMPT PERSON AS AN EMPLOYEE AND NOT AS
14 AN INDEPENDENT CONTRACTOR.

15 13. A PERSON EXPRESSLY APPOINTED AS A THIRD-PARTY SERVICE PROVIDER
16 TO OR AGENT OF AN ENTITY EXEMPT UNDER PARAGRAPH 7 OF THIS SUBSECTION
17 SOLELY TO THE EXTENT THAT BOTH:

18 (a) THE SERVICE PROVIDER OR AGENT IS ENGAGING IN MONEY TRANSMISSION
19 ON BEHALF OF AND PURSUANT TO A WRITTEN AGREEMENT WITH THE EXEMPT ENTITY
20 THAT SETS FORTH THE SPECIFIC FUNCTIONS THAT THE SERVICE PROVIDER OR AGENT
21 IS TO PERFORM.

22 (b) THE EXEMPT ENTITY ASSUMES ALL RISK OF LOSS AND ALL LEGAL
23 RESPONSIBILITY FOR SATISFYING THE OUTSTANDING MONEY TRANSMISSION
24 OBLIGATIONS OWED TO PURCHASERS AND HOLDERS OF THE OUTSTANDING MONEY
25 TRANSMISSION OBLIGATIONS ON RECEIPT OF THE PURCHASER'S OR HOLDER'S MONEY
26 OR MONETARY VALUE BY THE SERVICE PROVIDER OR AGENT.

27 14. A PERSON EXEMPT BY REGULATION OR ORDER IF THE DIRECTOR FINDS
28 SUCH EXEMPTION TO BE IN THE PUBLIC INTEREST AND THAT REGULATING THE PERSON
29 IS NOT NECESSARY FOR THE PURPOSES OF THIS ARTICLE.

30 B. THE DIRECTOR MAY REQUIRE THAT ANY PERSON CLAIMING TO BE EXEMPT
31 FROM LICENSING PURSUANT TO THIS SECTION PROVIDE INFORMATION AND
32 DOCUMENTATION TO THE DIRECTOR DEMONSTRATING THAT THE PERSON QUALIFIES FOR
33 ANY CLAIMED EXEMPTION.

34 6-1203. Implementation; fees

35 A. TO IMPLEMENT THIS ARTICLE, THE DIRECTOR MAY:

36 1. ENTER INTO AGREEMENTS OR RELATIONSHIPS WITH OTHER GOVERNMENT
37 OFFICIALS OR FEDERAL AND STATE REGULATORY AGENCIES AND REGULATORY
38 ASSOCIATIONS IN ORDER TO IMPROVE EFFICIENCIES AND REDUCE REGULATORY BURDEN
39 BY STANDARDIZING METHODS OR PROCEDURES, PROVIDING FOR LICENSURE BY
40 RECIPROCITY AND SHARING RESOURCES, RECORDS OR RELATED INFORMATION OBTAINED
41 UNDER THIS ARTICLE.

42 2. USE, HIRE, CONTRACT OR EMPLOY ANALYTICAL SYSTEMS, METHODS OR
43 SOFTWARE TO EXAMINE OR INVESTIGATE ANY PERSON SUBJECT TO THIS ARTICLE.

1 3. ACCEPT THE FOLLOWING FROM OTHER STATE OR FEDERAL GOVERNMENT
2 AGENCIES OR OFFICIALS:

3 (a) LICENSING, EXAMINATION OR INVESTIGATION REPORTS MADE BY OTHER
4 STATE OR FEDERAL GOVERNMENT AGENCIES OR OFFICIALS.

5 (b) AUDIT REPORTS MADE BY AN INDEPENDENT CERTIFIED PUBLIC
6 ACCOUNTANT OR OTHER QUALIFIED THIRD-PARTY AUDITOR FOR AN APPLICANT OR
7 LICENSEE AND INCORPORATE THE AUDIT REPORT IN ANY REPORT OF EXAMINATION OR
8 INVESTIGATION.

9 B. THE DIRECTOR SHALL ADMINISTER, INTERPRET AND ENFORCE THIS
10 ARTICLE AND ADOPT RULES TO IMPLEMENT THIS ARTICLE. THE DIRECTOR MAY
11 IMPOSE FEES TO ADMINISTER AND ENFORCE THIS ARTICLE.

12 6-1204. Examinations; investigations; records

13 A. THE DIRECTOR MAY CONDUCT AN EXAMINATION OR INVESTIGATION AND
14 TAKE ACTION AUTHORIZED BY THIS TITLE OR BY A RULE ADOPTED OR ORDER ISSUED
15 UNDER THIS TITLE TO ADMINISTER AND ENFORCE THIS ARTICLE AND OTHER
16 APPLICABLE LAW, INCLUDING THE BANK SECRECY ACT (P.L. 91-508; 84 STAT.
17 1114) AND THE PATRIOT ACT (P.L. 107-56; 115 STAT. 272).

18 B. PERSONS WHOSE ACTIVITY IS REGULATED UNDER THIS ARTICLE SHALL
19 PROVIDE, AND THE DIRECTOR SHALL HAVE FULL AND COMPLETE ACCESS TO, ALL
20 RECORDS THE DIRECTOR MAY REASONABLY REQUIRE TO CONDUCT A COMPLETE
21 EXAMINATION OR INVESTIGATION. THE RECORDS MUST BE PROVIDED AT THE
22 LOCATION AND IN THE FORMAT SPECIFIED BY THE DIRECTOR. THE DIRECTOR MAY
23 USE MULTISTATE RECORD PRODUCTION STANDARDS AND EXAMINATION PROCEDURES WHEN
24 THE STANDARDS REASONABLY ACHIEVE THE REQUIREMENTS OF THIS SUBSECTION.

25 6-1205. Multistate supervision

26 A. THE DIRECTOR MAY PARTICIPATE IN MULTISTATE SUPERVISORY PROCESSES
27 ESTABLISHED BETWEEN STATES FOR ALL LICENSEES THAT HOLD LICENSES IN THIS
28 STATE AND OTHER STATES. AS A PARTICIPANT IN MULTISTATE SUPERVISION, THE
29 DIRECTOR SHALL:

30 1. COOPERATE, COORDINATE AND SHARE INFORMATION WITH OTHER STATE AND
31 FEDERAL REGULATORS IN ACCORDANCE WITH THIS TITLE.

32 2. ENTER INTO WRITTEN COOPERATION, COORDINATION OR
33 INFORMATION-SHARING CONTRACTS OR AGREEMENTS WITH ORGANIZATIONS THAT HAVE
34 STATE OR FEDERAL GOVERNMENTAL AGENCIES AS MEMBERS.

35 3. COOPERATE, COORDINATE AND SHARE INFORMATION WITH ORGANIZATIONS
36 THAT HAVE STATE OR FEDERAL GOVERNMENTAL AGENCIES AS MEMBERS IF THE
37 ORGANIZATIONS AGREE IN WRITING TO MAINTAIN THE CONFIDENTIALITY AND
38 SECURITY OF THE SHARED INFORMATION PURSUANT TO SECTION 6-129.

39 B. THE DIRECTOR MAY NOT WAIVE AND THIS SECTION DOES NOT CONSTITUTE
40 A WAIVER OF THE DIRECTOR'S AUTHORITY TO CONDUCT AN EXAMINATION OR
41 INVESTIGATION OR OTHERWISE TAKE ACTION AUTHORIZED BY THIS TITLE OR A RULE
42 ADOPTED OR ORDER ISSUED UNDER THIS TITLE TO ENFORCE COMPLIANCE WITH AN
43 APPLICABLE STATE OR FEDERAL LAW.

1 C. A JOINT EXAMINATION OR INVESTIGATION OR ACCEPTANCE OF AN
2 EXAMINATION OR INVESTIGATION REPORT DOES NOT WAIVE AN EXAMINATION
3 ASSESSMENT PROVIDED FOR IN THIS TITLE.

4 6-1206. Relationship to federal law

5 A. IF A STATE MONEY TRANSMISSION JURISDICTION IS CONDITIONED ON A
6 FEDERAL LAW, ANY INCONSISTENCIES BETWEEN THIS ARTICLE AND THE FEDERAL LAW
7 RELATING TO MONEY TRANSMISSION SHALL BE GOVERNED BY THE APPLICABLE FEDERAL
8 LAW TO THE EXTENT OF THE INCONSISTENCY.

9 B. IF THERE IS AN INCONSISTENCY BETWEEN THIS ARTICLE AND A FEDERAL
10 LAW THAT GOVERNS PURSUANT TO SUBSECTION A OF THIS SECTION, THE DIRECTOR
11 MAY PROVIDE INTERPRETIVE GUIDANCE THAT IDENTIFIES BOTH OF THE FOLLOWING:

- 12 1. THE INCONSISTENCY.
- 13 2. THE APPROPRIATE MEANS OF COMPLIANCE WITH FEDERAL LAW.

14 6-1207. Licensure; prohibition; applicability

15 A. A PERSON MAY NOT ENGAGE IN THE BUSINESS OF MONEY TRANSMISSION OR
16 ADVERTISE, SOLICIT OR HOLD ITSELF OUT AS PROVIDING MONEY TRANSMISSION
17 UNLESS THE PERSON IS LICENSED UNDER THIS ARTICLE.

18 B. SUBSECTION A OF THIS SECTION DOES NOT APPLY TO EITHER OF THE
19 FOLLOWING:

- 20 1. A PERSON THAT IS AN AUTHORIZED DELEGATE OF A PERSON LICENSED
21 UNDER THIS ARTICLE THAT IS ACTING WITHIN THE SCOPE OF AUTHORITY CONFERRED
22 BY A WRITTEN CONTRACT WITH THE LICENSEE.
- 23 2. A PERSON THAT IS EXEMPT PURSUANT TO SECTION 6-1202 AND DOES NOT
24 ENGAGE IN MONEY TRANSMISSION OUTSIDE THE SCOPE OF THE EXEMPTION.

25 C. A LICENSE ISSUED UNDER SECTION 6-1211 IS NOT TRANSFERABLE OR
26 ASSIGNABLE.

27 6-1208. Consistent licensure

28 A. TO ESTABLISH CONSISTENT LICENSURE BETWEEN THIS STATE AND OTHER
29 STATES, THE DIRECTOR MAY DO BOTH OF THE FOLLOWING:

- 30 1. IMPLEMENT ALL LICENSING PROVISIONS OF THIS ARTICLE IN A MANNER
31 THAT IS CONSISTENT WITH OTHER STATES THAT HAVE ADOPTED LAWS THAT ARE
32 SUBSTANTIVELY SIMILAR TO THIS ARTICLE OR MULTISTATE LICENSING PROCESSES.
- 33 2. PARTICIPATE IN NATIONWIDE PROTOCOLS FOR LICENSING COOPERATION
34 AND COORDINATION AMONG STATE REGULATORS IF THE PROTOCOLS ARE CONSISTENT
35 WITH THIS ARTICLE.

36 B. THE DIRECTOR MAY ESTABLISH RELATIONSHIPS OR CONTRACTS WITH NMLS
37 OR OTHER ENTITIES DESIGNATED BY NMLS TO ENABLE THE DIRECTOR TO DO ALL OF
38 THE FOLLOWING:

- 39 1. COLLECT AND MAINTAIN RECORDS.
- 40 2. COORDINATE MULTISTATE LICENSING PROCESSES AND SUPERVISION
41 PROCESSES.
- 42 3. PROCESS FEES.
- 43 4. FACILITATE COMMUNICATION BETWEEN THIS STATE AND LICENSEES OR
44 OTHER PERSONS SUBJECT TO THIS ARTICLE.

1 C. THE DIRECTOR MAY USE NMLS FOR ALL ASPECTS OF LICENSURE PURSUANT
2 TO THIS ARTICLE, INCLUDING LICENSE APPLICATIONS, APPLICATIONS FOR
3 ACQUISITIONS OF CONTROL, SURETY BONDS, REPORTING, CRIMINAL HISTORY
4 BACKGROUND CHECKS, CREDIT CHECKS, FEE PROCESSING AND EXAMINATIONS.

5 D. THE DIRECTOR MAY USE NMLS FORMS, PROCESSES AND FUNCTIONALITIES
6 PURSUANT TO THIS ARTICLE. IF NMLS DOES NOT PROVIDE FUNCTIONALITY, FORMS
7 OR PROCESSES FOR A PROVISION OF THIS ARTICLE, THE DIRECTOR MAY STRIVE TO
8 IMPLEMENT THE REQUIREMENTS IN A MANNER THAT FACILITATES UNIFORMITY WITH
9 RESPECT TO LICENSING, SUPERVISION, REPORTING AND REGULATION OF LICENSEES
10 THAT ARE LICENSED IN MULTIPLE JURISDICTIONS.

11 E. FOR THE PURPOSE OF PARTICIPATING IN THE NATIONWIDE MULTISTATE
12 LICENSURE SYSTEM AND REGISTRY, THE DIRECTOR MAY WAIVE OR MODIFY, IN WHOLE
13 OR IN PART, BY RULE OR ORDER, ANY OR ALL OF THE REQUIREMENTS AND ESTABLISH
14 NEW REQUIREMENTS AS REASONABLY NECESSARY TO PARTICIPATE IN THE NATIONWIDE
15 MULTISTATE LICENSURE SYSTEM AND REGISTRY.

16 6-1209. Application for licensure

17 A. AN APPLICANT FOR A LICENSE SHALL APPLY IN A FORM PRESCRIBED BY
18 THE DIRECTOR AND PAY ALL APPLICABLE NONREFUNDABLE FEES AS PRESCRIBED IN
19 SECTION 6-126. THE APPLICATION MUST CONTAIN ALL OF THE FOLLOWING:

20 1. THE LEGAL NAME AND RESIDENTIAL AND BUSINESS ADDRESSES OF THE
21 APPLICANT AND ANY FICTITIOUS OR TRADE NAME USED BY THE APPLICANT IN
22 CONDUCTING THE APPLICANT'S BUSINESS.

23 2. A LIST OF ANY CRIMINAL CONVICTIONS OF THE APPLICANT AND ANY
24 MATERIAL LITIGATION IN WHICH THE APPLICANT HAS BEEN INVOLVED IN THE
25 TEN-YEAR PERIOD PRECEDING THE SUBMISSION OF THE APPLICATION.

26 3. A DESCRIPTION OF ANY MONEY TRANSMISSION PREVIOUSLY PROVIDED BY
27 THE APPLICANT AND THE MONEY TRANSMISSION THAT THE APPLICANT SEEKS TO
28 PROVIDE IN THIS STATE.

29 4. A LIST OF THE APPLICANT'S PROPOSED AUTHORIZED DELEGATES AND THE
30 LOCATIONS IN THIS STATE WHERE THE APPLICANT AND ITS AUTHORIZED DELEGATES
31 PROPOSE TO ENGAGE IN MONEY TRANSMISSION.

32 5. A LIST OF OTHER STATES IN WHICH THE APPLICANT IS LICENSED TO
33 ENGAGE IN MONEY TRANSMISSION AND ANY LICENSE REVOCATIONS OR SUSPENSIONS OR
34 OTHER DISCIPLINARY ACTION TAKEN AGAINST THE APPLICANT IN ANOTHER STATE.

35 6. INFORMATION CONCERNING ANY BANKRUPTCY OR RECEIVERSHIP
36 PROCEEDINGS AFFECTING THE LICENSEE OR A PERSON IN CONTROL OF THE LICENSEE.

37 7. A SAMPLE FORM OF A CONTRACT FOR AUTHORIZED DELEGATES, IF
38 APPLICABLE.

39 8. A SAMPLE FORM OF A PAYMENT INSTRUMENT OR STORED VALUE, AS
40 APPLICABLE.

41 9. THE NAME AND ADDRESS OF ANY FEDERALLY INSURED DEPOSITORY
42 FINANCIAL INSTITUTION THROUGH WHICH THE APPLICANT PLANS TO CONDUCT MONEY
43 TRANSMISSION.

44 10. ANY OTHER INFORMATION THE DIRECTOR REASONABLY REQUIRES WITH
45 RESPECT TO THE APPLICANT.

1 B. IN ADDITION TO THE REQUIREMENTS PRESCRIBED IN SUBSECTION A OF
2 THIS SECTION, IF AN APPLICANT IS A CORPORATION, LIMITED LIABILITY COMPANY,
3 PARTNERSHIP OR OTHER LEGAL ENTITY, THE APPLICANT SHALL ALSO PROVIDE ALL OF
4 THE FOLLOWING:

5 1. THE DATE OF THE APPLICANT'S INCORPORATION OR FORMATION AND THE
6 STATE OR COUNTRY OF INCORPORATION OR FORMATION.

7 2. IF APPLICABLE, A CERTIFICATE OF GOOD STANDING FROM THE STATE OR
8 COUNTRY IN WHICH THE APPLICANT IS INCORPORATED OR FORMED.

9 3. A BRIEF DESCRIPTION OF THE STRUCTURE OR ORGANIZATION OF THE
10 APPLICANT, INCLUDING ANY PARENTS OR SUBSIDIARIES OF THE APPLICANT, AND
11 WHETHER ANY PARENTS OR SUBSIDIARIES ARE PUBLICLY TRADED.

12 4. THE LEGAL NAME, ANY FICTITIOUS OR TRADE NAME, ALL BUSINESS AND
13 RESIDENTIAL ADDRESSES AND THE EMPLOYMENT, AS APPLICABLE, IN THE TEN-YEAR
14 PERIOD IMMEDIATELY PRECEDING THE SUBMISSION OF THE APPLICATION OF EACH KEY
15 INDIVIDUAL AND PERSON IN CONTROL OF THE APPLICANT.

16 5. A LIST OF ANY CRIMINAL CONVICTIONS AND MATERIAL LITIGATION IN
17 WHICH A PERSON IN CONTROL OF THE APPLICANT THAT IS NOT AN INDIVIDUAL HAS
18 BEEN INVOLVED IN THE TEN-YEAR PERIOD IMMEDIATELY PRECEDING THE SUBMISSION
19 OF THE APPLICATION.

20 6. A COPY OF AUDITED FINANCIAL STATEMENTS OF THE APPLICANT FOR THE
21 MOST RECENT FISCAL YEAR AND FOR THE TWO-YEAR PERIOD IMMEDIATELY PRECEDING
22 THE SUBMISSION OF THE APPLICATION OR, IF DETERMINED TO BE ACCEPTABLE TO
23 THE DIRECTOR, UNAUDITED FINANCIAL STATEMENTS FOR THE MOST RECENT FISCAL
24 YEAR OR OTHER PERIOD ACCEPTABLE TO THE DIRECTOR.

25 7. A COPY OF UNAUDITED FINANCIAL STATEMENTS OF THE APPLICANT FOR
26 THE MOST RECENT FISCAL QUARTER.

27 8. IF THE APPLICANT IS A PUBLICLY TRADED CORPORATION, A COPY OF THE
28 MOST RECENT REPORT FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE
29 COMMISSION PURSUANT TO 15 UNITED STATES CODE SECTION 78m.

30 9. IF THE APPLICANT IS A WHOLLY OWNED SUBSIDIARY OF:

31 (a) A CORPORATION PUBLICLY TRADED IN THE UNITED STATES, A COPY OF
32 AUDITED FINANCIAL STATEMENTS FOR THE PARENT CORPORATION FOR THE MOST
33 RECENT FISCAL YEAR OR A COPY OF THE PARENT CORPORATION'S MOST RECENT
34 REPORT FILED PURSUANT TO 15 UNITED STATES CODE SECTION 78m.

35 (b) A CORPORATION PUBLICLY TRADED OUTSIDE THE UNITED STATES, A COPY
36 OF SIMILAR DOCUMENTATION FILED WITH THE REGULATOR OF THE PARENT
37 CORPORATION'S DOMICILE OUTSIDE THE UNITED STATES.

38 10. THE NAME AND ADDRESS OF THE APPLICANT'S REGISTERED AGENT IN
39 THIS STATE.

40 11. ANY OTHER INFORMATION THE DIRECTOR REASONABLY REQUIRES.

41 C. THE DIRECTOR MAY WAIVE ONE OR MORE REQUIREMENTS OF SUBSECTIONS A
42 AND B OF THIS SECTION OR ALLOW AN APPLICANT TO SUBMIT OTHER INFORMATION IN
43 LIEU OF THE REQUIRED INFORMATION.

1 6-1210. Information requirements for certain individuals

2 A. ANY INDIVIDUAL IN CONTROL OF A LICENSEE OR APPLICANT, ANY
3 INDIVIDUAL WHO SEEKS TO ACQUIRE CONTROL OF A LICENSEE AND EACH KEY
4 INDIVIDUAL SHALL SUBMIT BOTH:

5 1. A FULL SET OF FINGERPRINTS PURSUANT TO SECTION 6-123.01.

6 2. THE INDIVIDUAL'S PERSONAL HISTORY AND EXPERIENCE TO THE DIRECTOR
7 IN A FORM PRESCRIBED BY THE DIRECTOR SO THE DIRECTOR MAY OBTAIN THE
8 FOLLOWING:

9 (a) AN INDEPENDENT CREDIT REPORT FROM A CONSUMER REPORTING AGENCY
10 IF THE INDIVIDUAL HAS A SOCIAL SECURITY NUMBER.

11 (b) INFORMATION RELATED TO ANY CRIMINAL CONVICTIONS OR PENDING
12 CHARGES.

13 (c) INFORMATION RELATED TO ANY REGULATORY OR ADMINISTRATIVE ACTION
14 AND ANY CIVIL LITIGATION INVOLVING CLAIMS OF FRAUD, MISREPRESENTATION,
15 CONVERSION, MISMANAGEMENT OF FUNDS, BREACH OF FIDUCIARY DUTY OR BREACH OF
16 CONTRACT.

17 B. A PERSON IS PRESUMED TO EXERCISE A CONTROLLING INFLUENCE WHEN
18 THE PERSON HOLDS THE POWER TO VOTE, DIRECTLY OR INDIRECTLY, AT LEAST TEN
19 PERCENT OF THE OUTSTANDING VOTING SHARES OR VOTING INTERESTS OF A LICENSEE
20 OR PERSON IN CONTROL OF A LICENSEE. A PERSON PRESUMED TO EXERCISE A
21 CONTROLLING INFLUENCE MAY REBUT THE PRESUMPTION OF CONTROL IF THE PERSON
22 IS A PASSIVE INVESTOR.

23 C. IF THE INDIVIDUAL HAS RESIDED OUTSIDE OF THE UNITED STATES AT
24 ANY TIME IN THE LAST TEN YEARS, THE INDIVIDUAL SHALL ALSO PROVIDE AN
25 INVESTIGATIVE BACKGROUND REPORT PREPARED BY AN INDEPENDENT SEARCH FIRM
26 THAT MEETS THE FOLLOWING REQUIREMENTS:

27 1. AT A MINIMUM, THE SEARCH FIRM SHALL DO BOTH OF THE FOLLOWING:

28 (a) DEMONSTRATE THAT IT HAS SUFFICIENT KNOWLEDGE, RESOURCES AND
29 EMPLOYS ACCEPTED AND REASONABLE METHODOLOGIES TO CONDUCT THE RESEARCH OF
30 THE BACKGROUND REPORT.

31 (b) NOT BE AFFILIATED WITH OR HAVE AN INTEREST IN THE INDIVIDUAL IT
32 IS RESEARCHING.

33 2. AT A MINIMUM, THE INVESTIGATIVE BACKGROUND REPORT SHALL BE
34 WRITTEN IN ENGLISH AND SHALL CONTAIN THE FOLLOWING:

35 (a) IF AVAILABLE IN THE INDIVIDUAL'S CURRENT JURISDICTION OF
36 RESIDENCY, A COMPREHENSIVE CREDIT REPORT OR ANY EQUIVALENT INFORMATION
37 OBTAINED OR GENERATED BY THE INDEPENDENT SEARCH FIRM TO ACCOMPLISH THE
38 REPORT, INCLUDING A SEARCH OF THE COURT DATA IN THE COUNTRIES, PROVINCES,
39 STATES, CITIES, TOWNS AND CONTIGUOUS AREAS WHERE THE INDIVIDUAL RESIDED
40 AND WORKED.

41 (b) CRIMINAL RECORDS INFORMATION FOR THE PAST TEN YEARS, INCLUDING
42 FELONIES, MISDEMEANORS OR SIMILAR CONVICTIONS FOR VIOLATIONS OF LAW IN THE
43 COUNTRIES, PROVINCES, STATES, CITIES, TOWNS AND CONTIGUOUS AREAS WHERE THE
44 INDIVIDUAL RESIDED AND WORKED.

45 (c) EMPLOYMENT HISTORY.

1 (d) MEDIA HISTORY, INCLUDING AN ELECTRONIC SEARCH OF NATIONAL AND
2 LOCAL PUBLICATIONS, WIRE SERVICES AND BUSINESS APPLICATIONS.

3 (e) FINANCIAL SERVICES-RELATED REGULATORY HISTORY, INCLUDING MONEY
4 TRANSMISSION, SECURITIES, BANKING, INSURANCE AND MORTGAGE-RELATED
5 INDUSTRIES.

6 6-1211. License issuance

7 A. WHEN AN APPLICATION FOR AN ORIGINAL LICENSE UNDER THIS ARTICLE
8 INCLUDES ALL OF THE REQUIRED ITEMS AND ADDRESSES, THE APPLICATION IS
9 COMPLETE AND THE DIRECTOR SHALL PROMPTLY NOTIFY THE APPLICANT IN A RECORD
10 OF THE DATE ON WHICH THE APPLICATION IS DETERMINED TO BE COMPLETE. THE
11 DIRECTOR SHALL APPROVE OR DENY THE APPLICATION WITHIN ONE HUNDRED TWENTY
12 DAYS AFTER THE COMPLETION DATE. IF THE APPLICATION IS NOT APPROVED OR
13 DENIED WITHIN ONE HUNDRED TWENTY DAYS AFTER THE COMPLETION DATE, ALL OF
14 THE FOLLOWING APPLY:

15 1. THE APPLICATION IS APPROVED.

16 2. THE LICENSE TAKES EFFECT AS OF THE FIRST BUSINESS DAY AFTER
17 EXPIRATION OF THE ONE HUNDRED TWENTY-DAY PERIOD.

18 3. THE DIRECTOR FOR GOOD CAUSE MAY EXTEND THE APPLICATION PERIOD.

19 B. THE DIRECTOR'S DETERMINATION THAT AN APPLICATION IS COMPLETE AND
20 IS ACCEPTED FOR PROCESSING MEANS ONLY THAT THE APPLICATION, ON ITS FACE,
21 APPEARS TO INCLUDE ALL OF THE ITEMS, INCLUDING THE CRIMINAL BACKGROUND
22 CHECK RESPONSE FROM THE FEDERAL BUREAU OF INVESTIGATION, AND ADDRESS ALL
23 OF THE MATTERS THAT ARE REQUIRED, AND IS NOT AN ASSESSMENT OF THE
24 SUBSTANCE OF THE APPLICATION OR OF THE SUFFICIENCY OF THE INFORMATION
25 PROVIDED.

26 C. WHEN AN APPLICATION IS FILED AND CONSIDERED COMPLETE UNDER THIS
27 THIS SECTION, THE DIRECTOR SHALL INVESTIGATE THE APPLICANT'S FINANCIAL
28 CONDITION AND RESPONSIBILITY, FINANCIAL AND BUSINESS EXPERIENCE, CHARACTER
29 AND GENERAL FITNESS. THE DIRECTOR MAY CONDUCT AN ON-SITE INVESTIGATION OF
30 THE APPLICANT, THE REASONABLE COST OF WHICH THE APPLICANT MUST PAY. THE
31 DIRECTOR SHALL ISSUE A LICENSE TO AN APPLICANT UNDER THIS SECTION IF THE
32 DIRECTOR FINDS THAT ALL OF THE FOLLOWING CONDITIONS HAVE BEEN FULFILLED:

33 1. THE APPLICANT HAS COMPLIED WITH SECTIONS 6-1209 AND 6-1210.

34 2. THE FINANCIAL CONDITION AND RESPONSIBILITY, FINANCIAL AND
35 BUSINESS EXPERIENCE, COMPETENCE, CHARACTER AND GENERAL FITNESS OF THE
36 APPLICANT AND THE COMPETENCE, EXPERIENCE, CHARACTER AND GENERAL FITNESS OF
37 THE KEY INDIVIDUALS AND PERSONS IN CONTROL OF THE APPLICANT INDICATE THAT
38 IT IS IN THE INTEREST OF THE PUBLIC TO ALLOW THE APPLICANT TO ENGAGE IN
39 MONEY TRANSMISSION.

40 D. IF AN APPLICANT AVAILS ITSELF OR IS OTHERWISE SUBJECT TO A
41 MULTISTATE LICENSING PROCESS, EITHER:

42 1. THE DIRECTOR MAY ACCEPT THE INVESTIGATION RESULTS OF A LEAD
43 INVESTIGATIVE STATE FOR THE PURPOSE OF SUBSECTION C OF THIS SECTION IF THE
44 LEAD INVESTIGATIVE STATE HAS SUFFICIENT STAFFING, EXPERTISE AND MINIMUM
45 STANDARDS.

1 2. IF THIS STATE IS A LEAD INVESTIGATIVE STATE, THE DIRECTOR MAY
2 INVESTIGATE THE APPLICANT PURSUANT TO SUBSECTION C OF THIS SECTION AND THE
3 TIME FRAMES ESTABLISHED BY AGREEMENT THROUGH THE MULTISTATE LICENSING
4 PROCESS APPLY, EXCEPT THAT THE TIME FRAME MUST ALSO COMPLY WITH THE
5 APPLICATION PERIOD IN SUBSECTION A OF THIS SECTION.

6 E. THE DIRECTOR SHALL ISSUE A FORMAL WRITTEN NOTICE OF THE DENIAL
7 OF A LICENSE APPLICATION WITHIN THIRTY DAYS AFTER THE DECISION IS MADE TO
8 DENY THE APPLICATION. THE DIRECTOR SHALL SET FORTH IN THE NOTICE OF
9 DENIAL THE SPECIFIC REASONS FOR THE DENIAL OF THE APPLICATION AND INFORM
10 THE APPLICANT OF ITS RIGHT TO APPEAL PURSUANT TO TITLE 41, CHAPTER 6,
11 ARTICLE 10.

12 F. THE INITIAL LICENSE TERM SHALL BEGIN ON THE DAY THE APPLICATION
13 IS APPROVED. THE LICENSE SHALL EXPIRE ON DECEMBER 31 OF THE YEAR IN WHICH
14 THE LICENSE TERM BEGAN EXCEPT THAT IF THE INITIAL LICENSE DATE IS BETWEEN
15 NOVEMBER 1 AND DECEMBER 31, THE INITIAL LICENSE TERM SHALL RUN THROUGH
16 DECEMBER 31 OF THE FOLLOWING YEAR.

17 6-1212. License renewal

18 A. A LICENSE UNDER THIS ARTICLE SHALL BE RENEWED ANNUALLY.

19 B. AN APPLICANT FOR LICENSE RENEWAL SHALL PAY ALL APPLICABLE FEES
20 AS PRESCRIBED IN SECTION 6-126 NOT MORE THAN SIXTY DAYS BEFORE THE LICENSE
21 EXPIRES.

22 C. THE RENEWAL TERM SHALL BE FOR A PERIOD OF ONE YEAR AND SHALL
23 BEGIN ON JANUARY 1 OF EACH YEAR AFTER THE INITIAL LICENSE TERM AND SHALL
24 EXPIRE ON DECEMBER 31 OF THE YEAR THE RENEWAL TERM BEGINS.

25 D. A LICENSEE SHALL SUBMIT A RENEWAL REPORT WITH THE RENEWAL FEE IN
26 A FORM PRESCRIBED BY THE DIRECTOR. THE RENEWAL REPORT MUST SPECIFY
27 INFORMATION THAT IS MATERIALLY DIFFERENT FROM THE INFORMATION THAT THE
28 LICENSEE SUBMITTED IN THE ORIGINAL LICENSE APPLICATION IF THE LICENSEE HAS
29 NOT PREVIOUSLY REPORTED THE INFORMATION TO THE DIRECTOR.

30 E. A LICENSEE MAY RENEW AN EXPIRED LICENSE NOT LATER THAN JANUARY
31 31 AND IS SUBJECT TO A LATE FEE OF \$500.

32 F. THE DIRECTOR MAY USE NMLS TO PROCESS LICENSE RENEWALS IF
33 FUNCTIONALITY IS CONSISTENT WITH THIS SECTION.

34 6-1213. License maintenance

35 A. IF A LICENSEE DOES NOT CONTINUE TO MEET THE QUALIFICATIONS OR
36 SATISFY THE REQUIREMENTS THAT APPLY TO AN APPLICANT FOR A NEW MONEY
37 TRANSMISSION LICENSE PURSUANT TO THIS ARTICLE, THE DIRECTOR MAY SUSPEND OR
38 REVOKE THE LICENSEE'S LICENSE.

39 B. AN APPLICANT FOR A MONEY TRANSMISSION LICENSE MUST DEMONSTRATE
40 THAT THE APPLICANT MEETS OR WILL MEET THE REQUIREMENTS PRESCRIBED IN
41 SECTIONS 6-1227, 6-1228 AND 6-1229.

42 6-1214. Acquisition of control

43 A. ANY PERSON OR GROUP OF PERSONS ACTING IN CONCERT, SEEKING TO
44 ACQUIRE CONTROL OF A LICENSEE, SHALL OBTAIN THE WRITTEN APPROVAL OF THE
45 DIRECTOR BEFORE ACQUIRING CONTROL. AN INDIVIDUAL IS NOT DEEMED TO ACQUIRE

1 CONTROL OF A LICENSEE AND IS NOT SUBJECT TO THIS SECTION WHEN THE
2 INDIVIDUAL BECOMES A KEY INDIVIDUAL IN THE ORDINARY COURSE OF BUSINESS.

3 B. A PERSON OR GROUP OF PERSONS ACTING IN CONCERT, SEEKING TO
4 ACQUIRE CONTROL OF A LICENSEE, IN COOPERATION WITH THE LICENSEE SHALL:

5 1. SUBMIT AN APPLICATION IN A FORM PRESCRIBED BY THE DIRECTOR.

6 2. SUBMIT A NONREFUNDABLE FEE AS PRESCRIBED IN SECTION 6-126.

7 C. ON REQUEST, THE DIRECTOR MAY ALLOW A LICENSEE OR THE PERSON OR
8 GROUP OF PERSONS ACTING IN CONCERT TO SUBMIT SOME OR ALL INFORMATION
9 REQUIRED BY THE DIRECTOR PURSUANT TO SUBSECTION B, PARAGRAPH 1 OF THIS
10 SECTION WITHOUT USING NMLS.

11 D. THE APPLICATION REQUIRED BY SUBSECTION B, PARAGRAPH 1 OF THIS
12 SECTION SHALL INCLUDE INFORMATION REQUIRED BY SECTION 6-1210 FOR ANY NEW
13 KEY INDIVIDUALS THAT HAVE NOT PREVIOUSLY COMPLETED THE REQUIREMENTS OF
14 SECTION 6-1210 FOR A LICENSEE.

15 E. WHEN AN APPLICATION FOR ACQUISITION OF CONTROL UNDER THIS
16 SECTION APPEARS TO INCLUDE ALL OF THE ITEMS AND ADDRESS ALL OF THE MATTERS
17 THAT ARE REQUIRED, THE APPLICATION SHALL BE CONSIDERED COMPLETE AND THE
18 DIRECTOR SHALL PROMPTLY NOTIFY THE APPLICANT IN A RECORD OF THE DATE ON
19 WHICH THE APPLICATION WAS DETERMINED TO BE COMPLETE AND ALL OF THE
20 FOLLOWING APPLY:

21 1. THE DIRECTOR SHALL APPROVE OR DENY THE APPLICATION WITHIN SIXTY
22 DAYS AFTER THE COMPLETION DATE.

23 2. IF THE APPLICATION IS NOT APPROVED OR DENIED WITHIN SIXTY DAYS
24 AFTER THE COMPLETION DATE:

25 (a) THE APPLICATION IS APPROVED.

26 (b) THE PERSON OR GROUP OF PERSONS ACTING IN CONCERT ARE NOT
27 PROHIBITED FROM ACQUIRING CONTROL.

28 3. THE DIRECTOR MAY EXTEND THE APPLICATION PERIOD FOR GOOD CAUSE.

29 F. A DETERMINATION BY THE DIRECTOR THAT AN APPLICATION IS COMPLETE
30 AND IS ACCEPTED FOR PROCESSING MEANS ONLY THAT THE APPLICATION APPEARS TO
31 INCLUDE ALL OF THE ITEMS AND ADDRESS ALL OF THE MATTERS THAT ARE REQUIRED
32 AND IS NOT AN ASSESSMENT OF THE SUBSTANCE OF THE APPLICATION OR OF THE
33 SUFFICIENCY OF THE INFORMATION PROVIDED.

34 G. WHEN AN APPLICATION IS FILED AND CONSIDERED COMPLETE UNDER
35 SUBSECTION E OF THIS SECTION, THE DIRECTOR SHALL INVESTIGATE THE FINANCIAL
36 CONDITION AND RESPONSIBILITY, FINANCIAL AND BUSINESS EXPERIENCE, CHARACTER
37 AND GENERAL FITNESS OF THE PERSON OR GROUP OF PERSONS ACTING IN CONCERT,
38 SEEKING TO ACQUIRE CONTROL. THE DIRECTOR SHALL APPROVE AN ACQUISITION OF
39 CONTROL PURSUANT TO THIS SECTION IF THE DIRECTOR FINDS THAT ALL OF THE
40 FOLLOWING CONDITIONS HAVE BEEN FULFILLED:

41 1. THE REQUIREMENTS OF SUBSECTIONS B AND D OF THIS SECTION HAVE
42 BEEN MET, AS APPLICABLE.

43 2. THE FINANCIAL CONDITION AND RESPONSIBILITY, FINANCIAL AND
44 BUSINESS EXPERIENCE, COMPETENCE, CHARACTER AND GENERAL FITNESS OF THE
45 PERSON OR GROUP OF PERSONS ACTING IN CONCERT, SEEKING TO ACQUIRE CONTROL

1 AND THE COMPETENCE, EXPERIENCE, CHARACTER AND GENERAL FITNESS OF THE KEY
2 INDIVIDUALS AND PERSONS THAT WOULD BE IN CONTROL OF THE LICENSEE AFTER THE
3 ACQUISITION OF CONTROL INDICATE THAT IT IS IN THE INTEREST OF THE PUBLIC
4 TO ALLOW THE PERSON OR GROUP OF PERSONS ACTING IN CONCERT TO CONTROL THE
5 LICENSEE.

6 H. IF AN APPLICANT PARTICIPATES IN A MULTISTATE LICENSING PROCESS:

7 1. THE DIRECTOR MAY ACCEPT THE INVESTIGATION RESULTS OF A LEAD
8 INVESTIGATIVE STATE FOR THE PURPOSE OF SUBSECTION G OF THIS SECTION IF THE
9 LEAD INVESTIGATIVE STATE HAS SUFFICIENT STAFFING, EXPERTISE AND MINIMUM
10 STANDARDS.

11 2. IF THIS STATE IS A LEAD INVESTIGATIVE STATE, THE DIRECTOR MAY
12 INVESTIGATE THE APPLICANT PURSUANT TO SUBSECTION G OF THIS SECTION AND THE
13 TIME FRAMES ESTABLISHED BY AGREEMENT THROUGH THE MULTISTATE LICENSING
14 PROCESS APPLY.

15 I. THE DIRECTOR SHALL ISSUE A FORMAL WRITTEN NOTICE OF THE DENIAL
16 OF AN APPLICATION TO ACQUIRE CONTROL WITHIN THIRTY DAYS AFTER THE DECISION
17 IS MADE TO DENY THE APPLICATION. THE DIRECTOR SHALL SET FORTH IN THE
18 NOTICE OF DENIAL THE SPECIFIC REASONS FOR THE DENIAL OF THE APPLICATION
19 AND INFORM THE APPLICANT OF ITS RIGHT TO APPEAL PURSUANT TO TITLE 41,
20 CHAPTER 6, ARTICLE 10.

21 J. THE REQUIREMENTS OF SUBSECTIONS A AND B OF THIS SECTION DO NOT
22 APPLY TO ANY OF THE FOLLOWING:

23 1. A PERSON THAT ACTS AS A PROXY FOR THE SOLE PURPOSE OF VOTING AT
24 A DESIGNATED MEETING OF THE SHAREHOLDERS OR HOLDERS OF VOTING SHARES OR
25 VOTING INTERESTS OF A LICENSEE OR A PERSON IN CONTROL OF A LICENSEE.

26 2. A PERSON THAT ACQUIRES CONTROL OF A LICENSEE BY DEVISE OR
27 DESCENT.

28 3. A PERSON THAT ACQUIRES CONTROL OF A LICENSEE AS A PERSONAL
29 REPRESENTATIVE, CUSTODIAN, GUARDIAN, CONSERVATOR OR TRUSTEE OR AS AN
30 OFFICER APPOINTED BY A COURT OF COMPETENT JURISDICTION OR BY OPERATION OF
31 LAW.

32 4. A PERSON THAT IS EXEMPT UNDER SECTION 6-1202, SUBSECTION A,
33 PARAGRAPH 7.

34 5. A PERSON THAT THE DIRECTOR DETERMINES IS NOT SUBJECT TO
35 SUBSECTION A OF THIS SECTION BASED ON THE PUBLIC INTEREST.

36 6. A PUBLIC OFFERING OF SECURITIES OF A LICENSEE OR A PERSON IN
37 CONTROL OF A LICENSEE.

38 7. AN INTERNAL REORGANIZATION OF A PERSON IN CONTROL OF THE
39 LICENSEE IN WHICH THE ULTIMATE PERSON IN CONTROL OF THE LICENSEE REMAINS
40 THE SAME.

41 K. PERSONS IN SUBSECTION J, PARAGRAPHS 2, 3, 4, 6 AND 7 OF THIS
42 SECTION, IN COOPERATION WITH THE LICENSEE, SHALL NOTIFY THE DIRECTOR
43 WITHIN FIFTEEN DAYS AFTER THE ACQUISITION OF CONTROL.

1 L. THE REQUIREMENTS OF SUBSECTIONS A AND B OF THIS SECTION DO NOT
2 APPLY TO A PERSON THAT RECEIVES APPROVAL TO ENGAGE IN MONEY TRANSMISSION
3 UNDER THIS ARTICLE OR IS IDENTIFIED AS A PERSON IN CONTROL IN A PRIOR
4 APPLICATION FILED WITH AND APPROVED BY THE DIRECTOR OR BY A MONEY SERVICES
5 BUSINESS ACCREDITED STATE PURSUANT TO A MULTISTATE LICENSING PROCESS, IF:

6 1. THE PERSON HAS NOT HAD A LICENSE REVOKED OR SUSPENDED OR
7 CONTROLLED A LICENSEE THAT HAS HAD A LICENSE REVOKED OR SUSPENDED WHILE
8 THE PERSON WAS IN CONTROL OF THE LICENSEE IN THE PREVIOUS FIVE YEARS.

9 2. THE PERSON IS A LICENSEE AND WELL MANAGED AND RECEIVES AT LEAST
10 A SATISFACTORY RATING FOR COMPLIANCE AT ITS MOST RECENT EXAMINATION BY AN
11 MONEY SERVICES BUSINESS ACCREDITED STATE IF A RATING WAS GIVEN.

12 3. THE LICENSEE TO BE ACQUIRED IS PROJECTED TO MEET THE
13 REQUIREMENTS OF SECTIONS 6-1227, 6-1228 AND 6-1229 AFTER THE ACQUISITION
14 OF CONTROL IS COMPLETED AND IF THE PERSON ACQUIRING CONTROL IS A LICENSEE,
15 THAT LICENSEE IS ALSO PROJECTED TO MEET THE REQUIREMENTS OF SECTIONS
16 6-1227, 6-1228 AND 6-1229 AFTER THE ACQUISITION OF CONTROL IS COMPLETED.

17 4. THE LICENSEE TO BE ACQUIRED WILL NOT IMPLEMENT ANY MATERIAL
18 CHANGES TO ITS BUSINESS PLAN AS A RESULT OF THE ACQUISITION OF CONTROL AND
19 IF THE PERSON ACQUIRING CONTROL IS A LICENSEE, THAT LICENSEE WILL NOT
20 IMPLEMENT ANY MATERIAL CHANGES TO ITS BUSINESS PLAN AS A RESULT OF THE
21 ACQUISITION OF CONTROL.

22 5. THE PERSON PROVIDES NOTICE OF THE ACQUISITION IN COOPERATION
23 WITH THE LICENSEE AND ATTESTS TO PARAGRAPHS 1 THROUGH 4 OF THIS SUBSECTION
24 IN A FORM PRESCRIBED BY THE DIRECTOR. IF THE NOTICE IS NOT DISAPPROVED
25 WITHIN THIRTY DAYS AFTER THE DATE ON WHICH THE NOTICE WAS DETERMINED TO BE
26 COMPLETE, THE NOTICE IS DEEMED APPROVED.

27 M. BEFORE FILING AN APPLICATION FOR APPROVAL TO ACQUIRE CONTROL OF
28 A LICENSEE, A PERSON MAY REQUEST IN WRITING A DETERMINATION FROM THE
29 DIRECTOR AS TO WHETHER THE PERSON WOULD BE CONSIDERED A PERSON IN CONTROL
30 OF A LICENSEE ON CONSUMMATION OF A PROPOSED TRANSACTION. IF THE DIRECTOR
31 DETERMINES THAT THE PERSON WOULD NOT BE A PERSON IN CONTROL OF A LICENSEE,
32 THE PROPOSED PERSON AND TRANSACTION IS NOT SUBJECT TO THE REQUIREMENTS OF
33 SUBSECTIONS A AND B OF THIS SECTION.

34 N. IF A MULTISTATE LICENSING PROCESS INCLUDES A DETERMINATION
35 PURSUANT TO SUBSECTION M OF THIS SECTION AND AN APPLICANT IS SUBJECT TO
36 THE MULTISTATE LICENSING PROCESS:

37 1. THE DIRECTOR MAY ACCEPT THE CONTROL DETERMINATION OF A LEAD
38 INVESTIGATIVE STATE WITH SUFFICIENT STAFFING, EXPERTISE AND MINIMUM
39 STANDARDS.

40 2. IF THIS STATE IS A LEAD INVESTIGATIVE STATE, THE DIRECTOR MAY
41 INVESTIGATE THE APPLICANT SUBJECT TO THE TIME FRAMES ESTABLISHED BY
42 AGREEMENT THROUGH THE MULTISTATE LICENSING PROCESS.

1 6-1215. Notice and information requirements for a change of
2 key individuals

3 A. A LICENSEE ADDING OR REPLACING ANY KEY INDIVIDUAL SHALL PROVIDE
4 BOTH OF THE FOLLOWING:

5 1. NOTICE IN A MANNER PRESCRIBED BY THE DIRECTOR WITHIN FIFTEEN
6 DAYS AFTER THE EFFECTIVE DATE OF THE KEY INDIVIDUAL'S ADDITION OR
7 REPLACEMENT.

8 2. INFORMATION AS REQUIRED BY SECTION 6-1210 WITHIN FORTY-FIVE DAYS
9 AFTER THE EFFECTIVE DATE OF THE KEY INDIVIDUAL'S ADDITION OR REPLACEMENT.

10 B. WITHIN NINETY DAYS AFTER THE DATE ON WHICH THE NOTICE PROVIDED
11 PURSUANT TO SUBSECTION A OF THIS SECTION IS DETERMINED TO BE COMPLETE, THE
12 DIRECTOR MAY ISSUE A NOTICE OF DISAPPROVAL OF A KEY INDIVIDUAL IF THE
13 COMPETENCE, EXPERIENCE, CHARACTER OR INTEGRITY OF THE INDIVIDUAL IS NOT IN
14 THE BEST INTERESTS OF THE PUBLIC OR THE CUSTOMERS OF THE LICENSEE TO ALLOW
15 THE INDIVIDUAL TO BE A KEY INDIVIDUAL OF THE LICENSEE.

16 C. A NOTICE OF DISAPPROVAL SHALL CONTAIN A STATEMENT OF THE BASIS
17 FOR DISAPPROVAL AND SHALL BE SENT TO THE LICENSEE AND THE DISAPPROVED
18 INDIVIDUAL. A LICENSEE MAY APPEAL A NOTICE OF DISAPPROVAL PURSUANT TO
19 TITLE 41, CHAPTER 6, ARTICLE 10.

20 D. IF THE NOTICE PROVIDED PURSUANT TO SUBSECTION A OF THIS SECTION
21 IS NOT DISAPPROVED WITHIN NINETY DAYS AFTER THE DATE ON WHICH THE NOTICE
22 IS DETERMINED TO BE COMPLETE, THE KEY INDIVIDUAL IS APPROVED.

23 E. IF A MULTISTATE LICENSING PROCESS INCLUDES A KEY INDIVIDUAL
24 NOTICE REVIEW AND DISAPPROVAL PROCESS PURSUANT TO THIS SECTION AND THE
25 LICENSEE IS SUBJECT TO THE MULTISTATE LICENSING PROCESS:

26 1. THE DIRECTOR MAY ACCEPT THE DETERMINATION OF ANOTHER STATE IF
27 THE INVESTIGATING STATE HAS SUFFICIENT STAFFING, EXPERTISE AND MINIMUM
28 STANDARDS FOR THE PURPOSES OF THIS SECTION.

29 2. IF THIS STATE IS A LEAD INVESTIGATIVE STATE, THE DIRECTOR MAY
30 INVESTIGATE THE APPLICANT SUBJECT TO THE TIME FRAMES ESTABLISHED BY
31 AGREEMENT THROUGH THE MULTISTATE LICENSING PROCESS.

32 6-1216. Report of condition

33 A. EACH LICENSEE SHALL SUBMIT A REPORT OF CONDITION WITHIN
34 FORTY-FIVE DAYS AFTER THE END OF THE CALENDAR QUARTER OR WITHIN ANY
35 EXTENDED TIME AS THE DIRECTOR PRESCRIBES.

36 B. THE REPORT OF CONDITION SHALL INCLUDE:

37 1. A CONSOLIDATED FINANCIAL STATEMENT, INCLUDING A BALANCE SHEET
38 AND INCOME AND EXPENSE STATEMENTS AT THE LICENSEE LEVEL.

39 2. NATIONWIDE AND STATE-SPECIFIC MONEY TRANSMISSION TRANSACTION
40 INFORMATION IN EVERY JURISDICTION IN THE UNITED STATES WHERE THE LICENSEE
41 IS LICENSED TO ENGAGE IN MONEY TRANSMISSION.

42 3. A PERMISSIBLE INVESTMENTS REPORT.

1 4. TRANSACTION DESTINATION COUNTRY REPORTING FOR MONEY RECEIVED FOR
2 TRANSMISSION. THIS PARAGRAPH APPLIES ONLY TO A REPORT OF CONDITION
3 SUBMITTED WITHIN FORTY-FIVE DAYS AFTER THE END OF THE FOURTH CALENDAR
4 QUARTER.

5 5. ANY OTHER INFORMATION THE DIRECTOR REASONABLY REQUIRES WITH
6 RESPECT TO THE LICENSEE.

7 C. THE DIRECTOR MAY USE NMLS FOR THE SUBMISSION OF THE REPORT
8 REQUIRED BY THIS SECTION AND IS AUTHORIZED TO CHANGE OR UPDATE AS
9 NECESSARY THE REQUIREMENTS OF THIS SECTION TO CARRY OUT THE PURPOSES OF
10 THIS ARTICLE AND MAINTAIN CONSISTENCY WITH NMLS REPORTING.

11 6-1217. Audited financials

12 A. WITHIN NINETY DAYS AFTER THE END OF EACH FISCAL YEAR OR WITHIN
13 ANY EXTENDED TIME AS THE DIRECTOR PRESCRIBES, EACH LICENSEE SHALL FILE
14 WITH THE DIRECTOR BOTH OF THE FOLLOWING:

15 1. AN AUDITED FINANCIAL STATEMENT OF THE LICENSEE FOR THE FISCAL
16 YEAR PREPARED IN ACCORDANCE WITH UNITED STATES GENERALLY ACCEPTED
17 ACCOUNTING PRINCIPLES.

18 2. ANY OTHER INFORMATION THE DIRECTOR REASONABLY REQUIRES.

19 B. THE AUDITED FINANCIAL STATEMENTS SHALL BE PREPARED BY AN
20 INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT OR INDEPENDENT PUBLIC ACCOUNTANT
21 WHO IS SATISFACTORY TO THE DIRECTOR.

22 C. THE AUDITED FINANCIAL STATEMENTS SHALL INCLUDE OR BE ACCOMPANIED
23 BY A CERTIFICATE OF OPINION OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT
24 OR INDEPENDENT PUBLIC ACCOUNTANT THAT IS SATISFACTORY IN FORM AND CONTENT
25 TO THE DIRECTOR. IF THE CERTIFICATE OR OPINION IS QUALIFIED, THE DIRECTOR
26 MAY ORDER THE LICENSEE TO TAKE ANY ACTION AS THE DIRECTOR MAY FIND
27 NECESSARY TO ENABLE THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT OR
28 INDEPENDENT PUBLIC ACCOUNTANT TO REMOVE THE QUALIFICATION.

29 6-1218. Authorized delegate reporting

30 A. EACH LICENSEE SHALL SUBMIT A REPORT OF AUTHORIZED DELEGATES
31 WITHIN FORTY-FIVE DAYS AFTER THE END OF THE CALENDAR QUARTER. THE
32 DIRECTOR MAY USE NMLS FOR THE SUBMISSION OF THE REPORT REQUIRED BY THIS
33 SUBSECTION IF FUNCTIONALITY COMPLIES WITH THIS SECTION.

34 B. THE AUTHORIZED DELEGATE REPORT SHALL INCLUDE THE FOLLOWING
35 INFORMATION FOR EACH AUTHORIZED DELEGATE:

36 1. THE COMPANY LEGAL NAME.

37 2. THE TAXPAYER EMPLOYER IDENTIFICATION NUMBER.

38 3. THE PRINCIPAL PROVIDER IDENTIFIER.

39 4. THE PHYSICAL ADDRESS, IF ANY.

40 5. THE MAILING ADDRESS.

41 6. ANY BUSINESS CONDUCTED IN OTHER STATES.

42 7. ANY FICTITIOUS OR TRADE NAME.

43 8. THE CONTACT PERSON NAME, TELEPHONE NUMBER AND EMAIL ADDRESS.

44 9. THE START DATE AS THE LICENSEE'S AUTHORIZED DELEGATE.

1 10. THE END DATE AS THE LICENSEE'S AUTHORIZED DELEGATE, IF
2 APPLICABLE.

3 11. ANY OTHER INFORMATION THE DIRECTOR REASONABLY REQUIRES WITH
4 RESPECT TO THE AUTHORIZED DELEGATE.

5 6-1219. Reports

6 A. A LICENSEE SHALL FILE A REPORT WITH THE DIRECTOR WITHIN ONE
7 BUSINESS DAY AFTER THE LICENSEE HAS REASON TO KNOW OF THE OCCURRENCE OF
8 ANY OF THE FOLLOWING:

9 1. THE FILING OF A PETITION BY OR AGAINST THE LICENSEE UNDER THE
10 UNITED STATES BANKRUPTCY CODE (11 UNITED STATES CODE SECTIONS 101
11 THROUGH 112) FOR BANKRUPTCY OR REORGANIZATION.

12 2. THE FILING OF A PETITION BY OR AGAINST THE LICENSEE FOR
13 RECEIVERSHIP, THE COMMENCEMENT OF ANY OTHER JUDICIAL OR ADMINISTRATIVE
14 PROCEEDING FOR ITS DISSOLUTION OR REORGANIZATION OR THE MAKING OF A
15 GENERAL ASSIGNMENT FOR THE BENEFIT OF ITS CREDITORS.

16 3. THE COMMENCEMENT OF A PROCEEDING TO REVOKE OR SUSPEND THE
17 LICENSEE'S LICENSE IN A STATE OR COUNTRY IN WHICH THE LICENSEE ENGAGES IN
18 BUSINESS OR IS LICENSED.

19 B. A LICENSEE SHALL FILE A REPORT WITH THE DIRECTOR WITHIN THREE
20 BUSINESS DAYS AFTER THE LICENSEE HAS REASON TO KNOW OF THE OCCURRENCE OF
21 EITHER OF THE FOLLOWING:

22 1. A FELONY CHARGE OR CONVICTION OF THE LICENSEE OR OF A KEY
23 INDIVIDUAL OR PERSON IN CONTROL OF THE LICENSEE.

24 2. A FELONY CHARGE OR CONVICTION OF AN AUTHORIZED DELEGATE.

25 6-1220. Bank secrecy act reports

26 A LICENSEE AND AN AUTHORIZED DELEGATE SHALL FILE ALL REPORTS
27 REQUIRED BY FEDERAL CURRENCY REPORTING, RECORDKEEPING AND SUSPICIOUS
28 ACTIVITY REPORTING REQUIREMENTS AS SET FORTH IN THE BANK SECRECY ACT
29 (P.L. 91-508; 84 STAT. 1114) AND OTHER FEDERAL AND STATE LAWS RELATING TO
30 MONEY LAUNDERING. THE TIMELY FILING OF A COMPLETE AND ACCURATE REPORT
31 REQUIRED UNDER THIS SECTION WITH THE APPROPRIATE FEDERAL AGENCY IS DEEMED
32 COMPLIANCE WITH THE REQUIREMENTS OF THIS SECTION.

33 6-1221. Records

34 A. TO HELP THE DIRECTOR DETERMINE THE LICENSEE'S COMPLIANCE WITH
35 THIS ARTICLE, A LICENSEE SHALL MAINTAIN THE FOLLOWING RECORDS FOR AT LEAST
36 FIVE YEARS:

37 1. A RECORD OF EACH OUTSTANDING MONEY TRANSMISSION OBLIGATION SOLD.

38 2. A GENERAL LEDGER POSTED AT LEAST MONTHLY THAT CONTAINS ALL
39 ASSET, LIABILITY, CAPITAL, INCOME AND EXPENSE ACCOUNTS.

40 3. BANK STATEMENTS AND BANK RECONCILIATION RECORDS.

41 4. RECORDS OF OUTSTANDING MONEY TRANSMISSION OBLIGATIONS.

42 5. RECORDS OF EACH OUTSTANDING MONEY TRANSMISSION OBLIGATION PAID
43 DURING THE FIVE-YEAR PERIOD.

44 6. A LIST OF THE LAST KNOWN NAMES AND ADDRESSES OF ALL OF THE
45 LICENSEE'S AUTHORIZED DELEGATES.

1 7. ANY OTHER RECORDS THE DIRECTOR REASONABLY REQUIRES BY RULE.
2 B. THE ITEMS SPECIFIED IN SUBSECTION A OF THIS SECTION MAY BE
3 MAINTAINED IN ANY FORM OF RECORD.
4 C. RECORDS SPECIFIED IN SUBSECTION A OF THIS SECTION MAY BE
5 MAINTAINED OUTSIDE OF THIS STATE IF THEY ARE MADE ACCESSIBLE TO THE
6 DIRECTOR WITH SEVEN BUSINESS DAYS' NOTICE THAT IS SENT IN A RECORD.
7 6-1222. Relationship between licensees and authorized
8 delegates
9 A. BEFORE A LICENSEE IS AUTHORIZED TO CONDUCT BUSINESS THROUGH AN
10 AUTHORIZED DELEGATE OR ALLOWS A PERSON TO ACT AS THE LICENSEE'S AUTHORIZED
11 DELEGATE, THE LICENSEE MUST:
12 1. ADOPT, AND UPDATE AS NECESSARY, WRITTEN POLICIES AND PROCEDURES
13 REASONABLY DESIGNED TO ENSURE THAT THE LICENSEE'S AUTHORIZED DELEGATES
14 COMPLY WITH APPLICABLE STATE AND FEDERAL LAW.
15 2. ENTER INTO A WRITTEN CONTRACT THAT COMPLIES WITH SUBSECTION C OF
16 THIS SECTION.
17 3. CONDUCT A REASONABLE RISK-BASED BACKGROUND INVESTIGATION
18 SUFFICIENT FOR THE LICENSEE TO DETERMINE WHETHER THE AUTHORIZED DELEGATE
19 COMPLIES WITH APPLICABLE STATE AND FEDERAL LAW.
20 B. AN AUTHORIZED DELEGATE MUST COMPLY WITH THIS ARTICLE.
21 C. THE WRITTEN CONTRACT REQUIRED BY SUBSECTION A OF THIS SECTION
22 MUST BE SIGNED BY THE LICENSEE AND THE AUTHORIZED DELEGATE AND MUST:
23 1. APPOINT THE PERSON SIGNING THE CONTRACT AS THE LICENSEE'S
24 AUTHORIZED DELEGATE WITH THE AUTHORITY TO CONDUCT MONEY TRANSMISSION ON
25 BEHALF OF THE LICENSEE.
26 2. DESCRIBE THE NATURE AND SCOPE OF THE RELATIONSHIP BETWEEN THE
27 LICENSEE AND THE AUTHORIZED DELEGATE AND THE RESPECTIVE RIGHTS AND
28 RESPONSIBILITIES OF THE PARTIES.
29 3. REQUIRE THE AUTHORIZED DELEGATE TO AGREE TO FULLY COMPLY WITH
30 ALL APPLICABLE STATE AND FEDERAL LAWS RELATING TO MONEY TRANSMISSION.
31 4. REQUIRE THE AUTHORIZED DELEGATE TO REMIT AND HANDLE MONEY AND
32 MONETARY VALUE IN ACCORDANCE WITH THE TERMS OF THE CONTRACT BETWEEN THE
33 LICENSEE AND THE AUTHORIZED DELEGATE. FOR THE PURPOSES OF THIS PARAGRAPH,
34 "REMIT" MEANS TO MAKE DIRECT PAYMENTS OF MONEY TO A LICENSEE OR THE
35 LICENSEE'S REPRESENTATIVE OR TO DEPOSIT MONEY IN A BANK IN AN ACCOUNT
36 SPECIFIED BY THE LICENSEE.
37 5. IMPOSE A TRUST ON MONEY AND MONETARY VALUE NET OF FEES RECEIVED
38 FOR MONEY TRANSMISSION FOR THE BENEFIT OF THE LICENSEE.
39 6. REQUIRE THE AUTHORIZED DELEGATE TO PREPARE AND MAINTAIN RECORDS
40 AS REQUIRED BY THIS ARTICLE OR AS REASONABLY REQUESTED BY THE DIRECTOR.
41 7. ACKNOWLEDGE THAT THE AUTHORIZED DELEGATE CONSENTS TO EXAMINATION
42 OR INVESTIGATION BY THE DIRECTOR.
43 8. STATE THAT THE LICENSEE IS SUBJECT TO REGULATION BY THE DIRECTOR
44 AND THAT THE DIRECTOR MAY SUSPEND OR REVOKE AN AUTHORIZED DELEGATE
45 DESIGNATION.

1 9. ACKNOWLEDGE RECEIPT OF THE WRITTEN POLICIES AND PROCEDURES
2 REQUIRED UNDER SUBSECTION A, PARAGRAPH 1 OF THIS SECTION.

3 D. WITHIN FIVE BUSINESS DAYS AFTER A LICENSEE'S LICENSE IS
4 SUSPENDED, REVOKED, SURRENDERED OR EXPIRED, THE LICENSEE MUST PROVIDE
5 DOCUMENTATION TO THE DIRECTOR THAT THE LICENSEE HAS PROVIDED NOTICE OF THE
6 SUSPENSION, REVOCATION, SURRENDER OR EXPIRATION TO ALL APPLICABLE
7 AUTHORIZED DELEGATES OF THE LICENSEE WHOSE NAMES ARE IN A RECORD FILED
8 WITH THE DIRECTOR. ON SUSPENSION, REVOCATION, SURRENDER OR EXPIRATION OF
9 A LICENSE, APPLICABLE AUTHORIZED DELEGATES SHALL IMMEDIATELY CEASE TO
10 PROVIDE MONEY TRANSMISSION AS AN AUTHORIZED DELEGATE OF THE LICENSEE.

11 E. AN AUTHORIZED DELEGATE OF A LICENSEE HOLDS IN TRUST FOR THE
12 BENEFIT OF THE LICENSEE ALL MONEY NET OF FEES RECEIVED FROM MONEY
13 TRANSMISSION. IF ANY AUTHORIZED DELEGATE COMMINGLES ANY MONEY RECEIVED
14 FROM MONEY TRANSMISSION WITH ANY OTHER MONEY OR PROPERTY OWNED OR
15 CONTROLLED BY THE AUTHORIZED DELEGATE, ALL COMMINGLED MONEY AND OTHER
16 PROPERTY SHALL BE CONSIDERED HELD IN TRUST IN FAVOR OF THE LICENSEE IN AN
17 AMOUNT EQUAL TO THE AMOUNT OF MONEY NET OF FEES RECEIVED FROM MONEY
18 TRANSMISSION.

19 F. AN AUTHORIZED DELEGATE MAY NOT USE A SUBDELEGATE TO CONDUCT
20 MONEY TRANSMISSION ON BEHALF OF A LICENSEE.

21 6-1223. Unauthorized activities

22 A PERSON MAY NOT ENGAGE IN THE BUSINESS OF MONEY TRANSMISSION ON
23 BEHALF OF A PERSON THAT IS NOT LICENSED UNDER THIS ARTICLE OR THAT IS NOT
24 EXEMPT PURSUANT TO SECTION 6-1202. A PERSON THAT ENGAGES IN THE ACTIVITY
25 IN VIOLATION OF THIS SECTION IS JOINTLY AND SEVERALLY LIABLE WITH THE
26 UNLICENSED OR NONEXEMPT PERSON.

27 6-1224. Timely transmission

28 A. EVERY LICENSEE SHALL FORWARD ALL MONEY RECEIVED FOR TRANSMISSION
29 IN ACCORDANCE WITH THE TERMS OF THE AGREEMENT BETWEEN THE LICENSEE AND THE
30 SENDER UNLESS THE LICENSEE HAS A REASONABLE BELIEF OR A REASONABLE BASIS
31 TO BELIEVE THAT THE SENDER MAY BE A VICTIM OF FRAUD OR THAT A CRIME OR
32 VIOLATION OF LAW HAS OCCURRED, IS OCCURRING OR MAY OCCUR.

33 B. IF A LICENSEE FAILS TO FORWARD MONEY RECEIVED FOR TRANSMISSION
34 PURSUANT TO THIS SECTION, THE LICENSEE MUST RESPOND TO INQUIRIES BY THE
35 SENDER WITH THE REASON FOR THE FAILURE UNLESS PROVIDING A RESPONSE WOULD
36 VIOLATE A STATE OR FEDERAL LAW.

37 6-1225. Refunds

38 A. EXCEPT AS PROVIDED IN SUBSECTION B OF THIS SECTION, EVERY
39 LICENSEE SHALL REFUND TO THE SENDER WITHIN TEN DAYS AFTER RECEIPT OF THE
40 SENDER'S WRITTEN REQUEST FOR A REFUND OF MONEY RECEIVED FOR TRANSMISSION
41 UNLESS ANY OF THE FOLLOWING OCCURS:

42 1. THE MONEY IS FORWARDED WITHIN TEN DAYS AFTER THE DATE ON WHICH
43 THE MONEY IS RECEIVED FOR TRANSMISSION.

1 2. INSTRUCTIONS HAVE BEEN GIVEN COMMITTING AN EQUIVALENT AMOUNT OF
2 MONEY TO THE PERSON DESIGNATED BY THE SENDER WITHIN TEN DAYS AFTER THE
3 DATE ON WHICH THE MONEY IS RECEIVED FOR TRANSMISSION.

4 3. THE AGREEMENT BETWEEN THE LICENSEE AND THE SENDER INSTRUCTS THE
5 LICENSEE TO FORWARD THE MONEY AT A TIME THAT IS MORE THAN TEN DAYS AFTER
6 THE DATE ON WHICH THE MONEY IS RECEIVED FOR TRANSMISSION. IF MONIES HAVE
7 NOT YET BEEN FORWARDED IN ACCORDANCE WITH THE TERMS OF THE AGREEMENT
8 BETWEEN THE LICENSEE AND THE SENDER, THIS PARAGRAPH DOES NOT APPLY.

9 4. THE REFUND IS REQUESTED FOR A TRANSACTION THAT THE LICENSEE HAS
10 NOT COMPLETED BASED ON A REASONABLE BELIEF THAT A CRIME OR VIOLATION OF
11 LAW HAS OCCURRED, IS OCCURRING OR MAY OCCUR.

12 5. THE REFUND REQUEST DOES NOT ENABLE THE LICENSEE TO IDENTIFY
13 EITHER:

14 (a) THE SENDER'S NAME AND ADDRESS OR TELEPHONE NUMBER.

15 (b) THE PARTICULAR TRANSACTION TO BE REFUNDED IF THE SENDER HAS
16 MULTIPLE TRANSACTIONS OUTSTANDING.

17 B. THIS SECTION DOES NOT APPLY TO:

18 1. MONEY RECEIVED FOR TRANSMISSION SUBJECT TO THE FEDERAL
19 REMITTANCE RULE (12 CODE OF FEDERAL REGULATIONS SECTIONS 1005.30 THROUGH
20 1005.36).

21 2. MONEY RECEIVED FOR TRANSMISSION PURSUANT TO A WRITTEN AGREEMENT
22 BETWEEN THE LICENSEE AND PAYEE TO PROCESS PAYMENTS FOR GOODS OR SERVICES
23 PROVIDED BY THE PAYEE.

24 6-1226. Receipts; requirements; exceptions; definition

25 A. EXCEPT AS PROVIDED IN SUBSECTION C OF THIS SECTION, EVERY
26 LICENSEE OR ITS AUTHORIZED DELEGATE SHALL PROVIDE THE SENDER A RECEIPT FOR
27 MONEY RECEIVED FOR TRANSMISSION. FOR A TRANSACTION CONDUCTED IN PERSON,
28 THE RECEIPT MAY BE PROVIDED ELECTRONICALLY IF THE SENDER REQUESTS OR
29 AGREES TO RECEIVE AN ELECTRONIC RECEIPT. FOR A TRANSACTION CONDUCTED
30 ELECTRONICALLY OR BY TELEPHONE, A RECEIPT MAY BE PROVIDED ELECTRONICALLY.
31 ALL ELECTRONIC RECEIPTS SHALL BE PROVIDED IN A RETAINABLE FORM. THE
32 RECEIPT SHALL BE IN ENGLISH AND IN THE LANGUAGE PRINCIPALLY USED BY THE
33 LICENSEE OR AUTHORIZED DELEGATE TO ADVERTISE, SOLICIT OR NEGOTIATE, EITHER
34 ORALLY OR IN WRITING, FOR A TRANSACTION CONDUCTED IN PERSON,
35 ELECTRONICALLY OR BY TELEPHONE, IF OTHER THAN ENGLISH. THE RECEIPT SHALL
36 CONTAIN THE FOLLOWING INFORMATION, AS APPLICABLE:

37 1. THE NAME OF THE SENDER.

38 2. THE NAME OF THE DESIGNATED RECIPIENT.

39 3. THE DATE OF THE TRANSACTION.

40 4. THE UNIQUE TRANSACTION OR IDENTIFICATION NUMBER.

41 5. THE NAME OF THE LICENSEE, THE NMLS UNIQUE IDENTIFIER, THE
42 LICENSEE'S BUSINESS ADDRESS AND THE LICENSEE'S CUSTOMER SERVICE TELEPHONE
43 NUMBER.

44 6. THE AMOUNT OF THE TRANSACTION IN UNITED STATES DOLLARS.

1 7. ANY FEE CHARGED BY THE LICENSEE TO THE SENDER FOR THE
2 TRANSACTION.

3 8. ANY TAXES COLLECTED BY THE LICENSEE FROM THE SENDER FOR THE
4 TRANSACTION.

5 B. EVERY LICENSEE OR AUTHORIZED DELEGATE SHALL INCLUDE ON A RECEIPT
6 OR DISCLOSE ON THE LICENSEE'S WEBSITE OR MOBILE APPLICATION THE NAME AND
7 TELEPHONE NUMBER OF THE DEPARTMENT AND A STATEMENT THAT THE LICENSEE'S
8 CUSTOMERS CAN CONTACT THE DEPARTMENT WITH QUESTIONS OR COMPLAINTS ABOUT
9 THE LICENSEE'S MONEY TRANSMISSION SERVICES.

10 C. THIS SECTION DOES NOT APPLY TO:

11 1. MONEY RECEIVED FOR TRANSMISSION SUBJECT TO THE FEDERAL
12 REMITTANCE RULE (12 CODE OF FEDERAL REGULATIONS SECTIONS 1005.30 THROUGH
13 1005.36).

14 2. MONEY RECEIVED FOR TRANSMISSION THAT IS NOT PRIMARILY FOR
15 PERSONAL, FAMILY OR HOUSEHOLD PURPOSES.

16 3. MONEY RECEIVED FOR TRANSMISSION PURSUANT TO A WRITTEN AGREEMENT
17 BETWEEN THE LICENSEE AND PAYEE TO PROCESS PAYMENTS FOR GOODS OR SERVICES
18 PROVIDED BY THE PAYEE.

19 D. FOR THE PURPOSES OF THIS SECTION, "RECEIPT" MEANS A PAPER
20 RECEIPT, ELECTRONIC RECORD OR OTHER WRITTEN CONFIRMATION.

21 6-1227. Net worth requirements; exemption

22 A. A LICENSEE SHALL MAINTAIN AT ALL TIMES A TANGIBLE NET WORTH AS
23 FOLLOWS:

24 1. THE GREATER OF \$100,000 OR THREE PERCENT OF TOTAL ASSETS FOR THE
25 FIRST \$100,000,000.

26 2. TWO PERCENT OF ADDITIONAL ASSETS FOR \$100,000,000 TO
27 \$1,000,000,000.

28 3. ONE-HALF PERCENT OF ADDITIONAL ASSETS FOR OVER \$1,000,000,000.

29 B. TANGIBLE NET WORTH MUST BE DEMONSTRATED AT INITIAL APPLICATION
30 BY THE APPLICANT'S MOST RECENT AUDITED OR UNAUDITED FINANCIAL STATEMENTS
31 PURSUANT TO SECTION 6-1209, SUBSECTION B, PARAGRAPH 6.

32 C. THE DIRECTOR MAY EXEMPT, IN PART OR IN WHOLE, AN APPLICANT OR
33 LICENSEE FROM THIS SECTION.

34 6-1228. Surety bond

35 A. AN APPLICANT FOR A MONEY TRANSMISSION LICENSE MUST PROVIDE AND A
36 LICENSEE AT ALL TIMES MUST MAINTAIN A SURETY BOND IN A FORM SATISFACTORY
37 TO THE DIRECTOR.

38 B. EXCEPT AS PROVIDED IN SUBSECTION C OF THIS SECTION, THE AMOUNT
39 OF THE REQUIRED SECURITY SHALL BE THE GREATER OF \$25,000 OR AN AMOUNT
40 EQUAL TO ONE HUNDRED PERCENT OF THE LICENSEE'S AVERAGE DAILY MONEY
41 TRANSMISSION LIABILITY IN THIS STATE CALCULATED FOR THE MOST RECENTLY
42 COMPLETED THREE-MONTH PERIOD, UP TO A MAXIMUM OF \$500,000.

43 C. IF A LICENSEE'S TANGIBLE NET WORTH EXCEEDS TEN PERCENT OF TOTAL
44 ASSETS, THE LICENSEE MAY MAINTAIN A SURETY BOND OF \$25,000.

1 D. A LICENSEE THAT MAINTAINS A BOND IN THE MAXIMUM AMOUNT PROVIDED
2 FOR IN SUBSECTION B OF THIS SECTION IS NOT REQUIRED TO CALCULATE THE
3 LICENSEE'S AVERAGE DAILY MONEY TRANSMISSION LIABILITY IN THIS STATE FOR
4 PURPOSES OF THIS SECTION.

5 E. A LICENSEE MAY EXCEED THE MAXIMUM REQUIRED BOND AMOUNT PURSUANT
6 TO SECTION 6-1230, SUBSECTION A, PARAGRAPH 6.

7 6-1229. Maintenance of permissible investments

8 A. A LICENSEE SHALL MAINTAIN AT ALL TIMES PERMISSIBLE INVESTMENTS
9 THAT HAVE A MARKET VALUE COMPUTED IN ACCORDANCE WITH UNITED STATES
10 GENERALLY ACCEPTED ACCOUNTING PRINCIPLES OF NOT LESS THAN THE AGGREGATE
11 AMOUNT OF ALL OF ITS OUTSTANDING MONEY TRANSMISSION OBLIGATIONS.

12 B. EXCEPT FOR PERMISSIBLE INVESTMENTS ENUMERATED IN SECTION 6-1230,
13 SUBSECTION A, THE DIRECTOR MAY LIMIT THE EXTENT TO WHICH A SPECIFIC
14 INVESTMENT MAINTAINED BY A LICENSEE WITHIN A CLASS OF PERMISSIBLE
15 INVESTMENTS MAY BE CONSIDERED A PERMISSIBLE INVESTMENT IF THE SPECIFIC
16 INVESTMENT REPRESENTS UNDUE RISK TO CUSTOMERS NOT REFLECTED IN THE MARKET
17 VALUE OF INVESTMENTS.

18 C. PERMISSIBLE INVESTMENTS, EVEN IF COMMINGLED WITH OTHER ASSETS OF
19 THE LICENSEE, ARE HELD IN TRUST FOR THE BENEFIT OF THE PURCHASERS AND
20 HOLDERS OF THE LICENSEE'S OUTSTANDING MONEY TRANSMISSION OBLIGATIONS IN
21 THE EVENT OF INSOLVENCY, THE FILING OF A PETITION BY OR AGAINST THE
22 LICENSEE UNDER THE UNITED STATES BANKRUPTCY CODE (11 UNITED STATES CODE
23 SECTIONS 101 THROUGH 112) FOR BANKRUPTCY OR REORGANIZATION, THE FILING OF
24 A PETITION BY OR AGAINST THE LICENSEE FOR RECEIVERSHIP, THE COMMENCEMENT
25 OF ANY OTHER JUDICIAL OR ADMINISTRATIVE PROCEEDING FOR ITS DISSOLUTION OR
26 REORGANIZATION OR IN AN ACTION BY A CREDITOR AGAINST THE LICENSEE THAT IS
27 NOT A BENEFICIARY OF THIS STATUTORY TRUST. A PERMISSIBLE INVESTMENT
28 IMPRESSED WITH A TRUST PURSUANT TO THIS SUBSECTION IS NOT SUBJECT TO
29 ATTACHMENT, LEVY OF EXECUTION OR SEQUESTRATION BY ORDER OF ANY COURT,
30 EXCEPT FOR A BENEFICIARY OF THIS STATUTORY TRUST.

31 D. ON THE ESTABLISHMENT OF A STATUTORY TRUST PURSUANT TO
32 SUBSECTION C OF THIS SECTION OR WHEN ANY MONEY ARE DRAWN ON A LETTER OF
33 CREDIT PURSUANT TO SECTION 6-1230, SUBSECTION A, PARAGRAPH 7 THE DIRECTOR
34 SHALL NOTIFY THE APPLICABLE REGULATOR OF EACH STATE IN WHICH THE LICENSEE
35 IS LICENSED TO ENGAGE IN MONEY TRANSMISSION OF THE ESTABLISHMENT OF THE
36 TRUST OR THE MONEY DRAWN ON THE LETTER OF CREDIT. NOTICE IS SATISFIED IF
37 PERFORMED PURSUANT TO A MULTISTATE AGREEMENT OR THROUGH NMLS. MONEY DRAWN
38 ON A LETTER OF CREDIT AND ANY OTHER PERMISSIBLE INVESTMENTS HELD IN TRUST
39 FOR THE BENEFIT OF THE PURCHASERS AND HOLDERS OF THE LICENSEE'S
40 OUTSTANDING MONEY TRANSMISSION OBLIGATIONS ARE DEEMED HELD IN TRUST FOR
41 THE BENEFIT OF SUCH PURCHASERS AND HOLDERS ON A PRO RATA AND EQUITABLE
42 BASIS IN ACCORDANCE WITH STATUTES PURSUANT TO WHICH PERMISSIBLE
43 INVESTMENTS ARE REQUIRED TO BE HELD IN THIS STATE AND OTHER STATES, AS
44 APPLICABLE. A STATUTORY TRUST IS TERMINATED ON EXTINGUISHMENT OF ALL OF
45 THE LICENSEE'S OUTSTANDING MONEY TRANSMISSION OBLIGATIONS.

1 E. THE DIRECTOR MAY ALLOW OTHER TYPES OF INVESTMENTS THAT THE
2 DIRECTOR DETERMINES ARE OF SUFFICIENT LIQUIDITY AND QUALITY TO BE A
3 PERMISSIBLE INVESTMENT. THE DIRECTOR MAY PARTICIPATE IN EFFORTS WITH
4 OTHER STATE REGULATORS TO DETERMINE THAT OTHER TYPES OF INVESTMENTS ARE OF
5 SUFFICIENT LIQUIDITY AND QUALITY TO BE A PERMISSIBLE INVESTMENT.

6 6-1230. Types of permissible investments

7 A. THE FOLLOWING INVESTMENTS ARE PERMISSIBLE UNDER SECTION 6-1229:

8 1. CASH, INCLUDING DEMAND DEPOSITS, SAVINGS DEPOSITS AND MONIES IN
9 SUCH ACCOUNTS HELD FOR THE BENEFIT OF THE LICENSEE'S CUSTOMERS IN A
10 FEDERALLY INSURED DEPOSITORY FINANCIAL INSTITUTION, AND CASH EQUIVALENTS,
11 INCLUDING AUTOMATED CLEARINGHOUSE ITEMS IN TRANSIT TO THE LICENSEE AND
12 AUTOMATED CLEARINGHOUSE ITEMS OR INTERNATIONAL WIRES IN TRANSIT TO A
13 PAYEE, CASH IN TRANSIT BY ARMORED CAR, CASH IN SMART SAFES, CASH IN
14 LICENSEE-OWNED LOCATIONS, DEBIT CARD OR CREDIT CARD-FUNDED TRANSMISSION
15 RECEIVABLES OWED BY ANY BANK OR MONEY MARKET MUTUAL FUNDS RATED "AAA" BY
16 STANDARD AND POOR'S OR THE EQUIVALENT FROM ANY ELIGIBLE RATING SERVICE.

17 2. CERTIFICATES OF DEPOSIT OR SENIOR DEBT OBLIGATIONS OF AN INSURED
18 DEPOSITORY INSTITUTION AS DEFINED IN THE FEDERAL DEPOSIT INSURANCE ACT
19 (12 UNITED STATES CODE SECTION 1813) OR AS DEFINED IN THE FEDERAL CREDIT
20 UNION ACT (12 UNITED STATES CODE SECTION 1752).

21 3. AN OBLIGATION OF THE UNITED STATES OR A COMMISSION, AGENCY OR
22 INSTRUMENTALITY OF THE UNITED STATES.

23 4. AN OBLIGATION THAT IS GUARANTEED FULLY AS TO PRINCIPAL AND
24 INTEREST BY THE UNITED STATES.

25 5. AN OBLIGATION OF A STATE OR A GOVERNMENTAL SUBDIVISION, AGENCY
26 OR INSTRUMENTALITY OF A STATE.

27 6. ONE HUNDRED PERCENT OF THE SURETY BOND PROVIDED FOR UNDER
28 SECTION 6-1228 THAT EXCEEDS THE AVERAGE DAILY MONEY TRANSMISSION LIABILITY
29 IN THIS STATE.

30 7. THE FULL DRAWABLE AMOUNT OF AN IRREVOCABLE STANDBY LETTER OF
31 CREDIT FOR WHICH THE STATED BENEFICIARY IS THE DIRECTOR THAT STIPULATES
32 THAT THE BENEFICIARY ONLY NEEDS TO DRAW A SIGHT DRAFT UNDER THE LETTER OF
33 CREDIT AND PRESENT IT TO OBTAIN MONEY UP TO THE LETTER OF CREDIT AMOUNT
34 WITHIN SEVEN DAYS AFTER PRESENTATION OF THE ITEMS REQUIRED BY SUBSECTION C
35 OF THIS SECTION. THE LETTER OF CREDIT MUST:

36 (a) BE ISSUED BY A FEDERALLY INSURED DEPOSITORY FINANCIAL
37 INSTITUTION, A FOREIGN BANK THAT IS AUTHORIZED UNDER FEDERAL LAW TO
38 MAINTAIN A FEDERAL AGENCY OR FEDERAL BRANCH OFFICE IN A STATE OR A FOREIGN
39 BANK THAT IS AUTHORIZED UNDER STATE LAW TO MAINTAIN A BRANCH IN A STATE
40 THAT:

41 (i) BEARS AN ELIGIBLE RATING OR WHOSE PARENT COMPANY BEARS AN
42 ELIGIBLE RATING.

43 (ii) IS REGULATED, SUPERVISED AND EXAMINED BY UNITED STATES FEDERAL
44 OR STATE AUTHORITIES THAT HAVE REGULATORY AUTHORITY OVER BANKS, CREDIT
45 UNIONS AND TRUST COMPANIES.

1 (b) BE IRREVOCABLE, UNCONDITIONAL AND INDICATE THAT IT IS NOT
2 SUBJECT TO ANY CONDITION OR QUALIFICATIONS OUTSIDE OF THE LETTER OF
3 CREDIT.

4 (c) NOT CONTAIN REFERENCE TO ANY OTHER AGREEMENTS, DOCUMENTS OR
5 ENTITIES OR OTHERWISE PROVIDE FOR ANY SECURITY INTEREST IN THE LICENSEE.

6 (d) CONTAIN AN ISSUE DATE AND EXPIRATION DATE AND EXPRESSLY PROVIDE
7 FOR AUTOMATIC EXTENSION, WITHOUT A WRITTEN AMENDMENT, FOR AN ADDITIONAL
8 PERIOD OF ONE YEAR AFTER THE PRESENT OR FUTURE EXPIRATION DATE, UNLESS THE
9 ISSUER OF THE LETTER OF CREDIT NOTIFIES THE DIRECTOR IN WRITING BY
10 CERTIFIED OR REGISTERED MAIL OR COURIER MAIL OR OTHER RECEIPTED MEANS, AT
11 LEAST SIXTY DAYS BEFORE ANY EXPIRATION DATE, THAT THE IRREVOCABLE LETTER
12 OF CREDIT WILL NOT BE EXTENDED.

13 B. FOR A NOTICE OF EXPIRATION OR NONEXTENSION OF A LETTER OF CREDIT
14 ISSUED UNDER SUBSECTION A, PARAGRAPH 7, SUBDIVISION (d) OF THIS SECTION,
15 AT LEAST FIFTEEN DAYS BEFORE THE EXPIRATION OF THE LETTER OF CREDIT, THE
16 LICENSEE SHALL DEMONSTRATE TO THE SATISFACTION OF THE DIRECTOR THAT THE
17 LICENSEE MAINTAINS PERMISSIBLE INVESTMENTS PURSUANT TO SECTION 6-1229,
18 SUBSECTION A. IF THE LICENSEE DOES NOT COMPLY WITH THIS SUBSECTION, THE
19 DIRECTOR MAY DRAW ON THE LETTER OF CREDIT IN AN AMOUNT UP TO THE AMOUNT
20 NECESSARY TO MEET THE LICENSEE'S REQUIREMENTS TO MAINTAIN PERMISSIBLE
21 INVESTMENTS PURSUANT TO SECTION 6-1229, SUBSECTION A. THE DRAW SHALL BE
22 OFFSET AGAINST THE LICENSEE'S OUTSTANDING MONEY TRANSMISSION OBLIGATIONS.
23 THE DRAWN MONEY SHALL BE HELD IN TRUST BY THE DIRECTOR OR THE DIRECTOR'S
24 DESIGNATED AGENT, TO THE EXTENT AUTHORIZED BY LAW, AS AGENT FOR THE
25 BENEFIT OF THE PURCHASERS AND HOLDERS OF THE LICENSEE'S OUTSTANDING MONEY
26 TRANSMISSION OBLIGATIONS.

27 C. THE LETTER OF CREDIT ISSUED UNDER SUBSECTION A, PARAGRAPH 7,
28 SUBDIVISION (d) OF THIS SECTION SHALL PROVIDE THAT THE ISSUER OF THE
29 LETTER OF CREDIT WILL HONOR A PRESENTATION MADE BY THE BENEFICIARY TO THE
30 ISSUER OF THE FOLLOWING DOCUMENTS ON OR BEFORE THE EXPIRATION DATE OF THE
31 LETTER OF CREDIT:

32 1. THE ORIGINAL LETTER OF CREDIT, INCLUDING ANY AMENDMENTS.

33 2. A WRITTEN STATEMENT FROM THE BENEFICIARY STATING THAT ANY OF THE
34 FOLLOWING EVENTS HAVE OCCURRED:

35 (a) THE FILING OF A PETITION BY OR AGAINST THE LICENSEE UNDER THE
36 UNITED STATES BANKRUPTCY CODE (11 UNITED STATES CODE SECTIONS 101
37 THROUGH 112) FOR BANKRUPTCY OR REORGANIZATION.

38 (b) THE FILING OF A PETITION BY OR AGAINST THE LICENSEE FOR
39 RECEIVERSHIP OR THE COMMENCEMENT OF ANY OTHER JUDICIAL OR ADMINISTRATIVE
40 PROCEEDING FOR ITS DISSOLUTION OR REORGANIZATION.

41 (c) THE SEIZURE OF ASSETS OF A LICENSEE BY THE DIRECTOR PURSUANT TO
42 AN EMERGENCY ORDER ISSUED IN ACCORDANCE WITH APPLICABLE LAW, ON THE BASIS
43 OF AN ACTION, VIOLATION OR CONDITION THAT HAS CAUSED OR IS LIKELY TO CAUSE
44 THE INSOLVENCY OF THE LICENSEE.

1 (d) THE BENEFICIARY HAS RECEIVED NOTICE OF EXPIRATION OR
2 NONEXTENSION OF A LETTER OF CREDIT AND THE LICENSEE FAILS TO DEMONSTRATE
3 TO THE SATISFACTION OF THE BENEFICIARY THAT THE LICENSEE WILL MAINTAIN
4 PERMISSIBLE INVESTMENTS PURSUANT TO SECTION 6-1229, SUBSECTION A ON THE
5 EXPIRATION OR NONEXTENSION OF THE LETTER OF CREDIT.

6 D. THE DIRECTOR MAY DESIGNATE AN AGENT TO SERVE ON THE DIRECTOR'S
7 BEHALF AS BENEFICIARY TO A LETTER OF CREDIT IF THE AGENT AND LETTER OF
8 CREDIT MEET REQUIREMENTS ESTABLISHED BY THE DIRECTOR. THE DIRECTOR'S
9 AGENT MAY SERVE AS AGENT FOR MULTIPLE LICENSING AUTHORITIES FOR A SINGLE
10 IRREVOCABLE LETTER OF CREDIT IF THE PROCEEDS OF THE DRAWABLE AMOUNT FOR
11 THE PURPOSES OF SUBSECTION A, PARAGRAPH 7 OF THIS SECTION ARE ASSIGNED TO
12 THE DIRECTOR.

13 E. THE DIRECTOR MAY PARTICIPATE IN MULTISTATE PROCESSES DESIGNED TO
14 FACILITATE ISSUING AND ADMINISTERING LETTERS OF CREDIT, INCLUDING SERVICES
15 PROVIDED BY THE NMLS AND A STATE REGULATORY REGISTRY.

16 F. UNLESS OTHERWISE ALLOWED BY THE DIRECTOR, THE FOLLOWING
17 INVESTMENTS ARE PERMISSIBLE UNDER SECTION 6-1229 AS FOLLOWS:

18 1. RECEIVABLES THAT ARE PAYABLE TO A LICENSEE FROM ITS AUTHORIZED
19 DELEGATES IN THE ORDINARY COURSE OF BUSINESS THAT ARE LESS THAN SEVEN DAYS
20 OLD, UP TO FIFTY PERCENT OF THE AGGREGATE VALUE OF THE LICENSEE'S TOTAL
21 PERMISSIBLE INVESTMENTS. OF THE RECEIVABLES PERMISSIBLE UNDER THIS
22 PARAGRAPH, RECEIVABLES THAT ARE PAYABLE TO A LICENSEE FROM A SINGLE
23 AUTHORIZED DELEGATE IN THE ORDINARY COURSE OF BUSINESS MAY NOT EXCEED TEN
24 PERCENT OF THE AGGREGATE VALUE OF THE LICENSEE'S TOTAL PERMISSIBLE
25 INVESTMENTS.

26 2. THE FOLLOWING INVESTMENTS ARE PERMISSIBLE UP TO TWENTY PERCENT
27 PER CATEGORY AND COMBINED UP TO FIFTY PERCENT OF THE AGGREGATE VALUE OF
28 THE LICENSEE'S TOTAL PERMISSIBLE INVESTMENTS:

29 (a) A SHORT-TERM INVESTMENT BEARING AN ELIGIBLE RATING. FOR THE
30 PURPOSES OF THIS SUBDIVISION, "SHORT-TERM" MEANS UP TO SIX MONTHS.

31 (b) COMMERCIAL PAPER BEARING AN ELIGIBLE RATING.

32 (c) A BILL, NOTE, BOND OR DEBENTURE BEARING AN ELIGIBLE RATING.

33 (d) UNITED STATES TRI-PARTY REPURCHASE AGREEMENTS COLLATERALIZED AT
34 ONE HUNDRED PERCENT OR MORE WITH UNITED STATES GOVERNMENT OR AGENCY
35 SECURITIES, MUNICIPAL BONDS OR OTHER SECURITIES BEARING AN ELIGIBLE
36 RATING.

37 (e) MONEY MARKET MUTUAL FUNDS RATED LESS THAN "AAA" AND EQUAL TO OR
38 HIGHER THAN "A-" BY STANDARD AND POOR'S, OR THE EQUIVALENT FROM ANY OTHER
39 ELIGIBLE RATING SERVICE.

40 (f) A MUTUAL FUND OR OTHER INVESTMENT FUND COMPOSED SOLELY AND
41 EXCLUSIVELY OF ONE OR MORE PERMISSIBLE INVESTMENTS LISTED IN SUBSECTION A,
42 PARAGRAPH 1, 2, 3, 4 OR 5 OF THIS SECTION.

43 3. CASH, INCLUDING DEMAND DEPOSITS AND SAVINGS DEPOSITS AND MONEY
44 IN SUCH ACCOUNTS HELD FOR THE BENEFIT OF THE LICENSEE'S CUSTOMERS, AT
45 FOREIGN DEPOSITORY INSTITUTIONS ARE PERMISSIBLE UP TO TEN PERCENT OF THE

1 AGGREGATE VALUE OF THE LICENSEE'S TOTAL PERMISSIBLE INVESTMENTS IF THE
2 LICENSEE HAS RECEIVED A SATISFACTORY RATING IN ITS MOST RECENT EXAMINATION
3 AND THE FOREIGN DEPOSITORY INSTITUTION:

4 (a) HAS AN ELIGIBLE RATING.

5 (b) IS REGISTERED UNDER THE FOREIGN ACCOUNT TAX COMPLIANCE ACT.

6 (c) IS NOT LOCATED IN ANY COUNTRY SUBJECT TO SANCTIONS FROM THE
7 OFFICE OF FOREIGN ASSETS CONTROL.

8 (d) IS NOT LOCATED IN A HIGH-RISK OR NONCOOPERATIVE JURISDICTION AS
9 DETERMINED BY THE DIRECTOR.

10 G. FOR THE PURPOSES OF THIS SECTION:

11 1. LONG-TERM CREDIT RATINGS ARE ELIGIBLE IF THE RATING IS EQUAL TO
12 OR HIGHER THAN AN "A-" BY STANDARD AND POOR'S OR THE EQUIVALENT FROM ANY
13 OTHER ELIGIBLE RATING SERVICE. IF RATINGS DIFFER AMONG ELIGIBLE RATING
14 SERVICES, THE HIGHEST RATING APPLIES WHEN DETERMINING WHETHER A SECURITY
15 BEARS AN ELIGIBLE RATING.

16 2. SHORT-TERM CREDIT RATINGS ARE ELIGIBLE IF THE RATING IS EQUAL TO
17 OR HIGHER THAN A-2 OR SP-2 BY STANDARD AND POOR'S OR THE EQUIVALENT FROM
18 ANY OTHER ELIGIBLE RATING SERVICE. IF RATINGS DIFFER AMONG ELIGIBLE
19 RATING SERVICES, THE HIGHEST RATING APPLIES WHEN DETERMINING WHETHER A
20 SECURITY BEARS AN ELIGIBLE RATING.

21 6-1231. License suspension and revocation

22 A. THE DIRECTOR MAY SUSPEND OR REVOKE A LICENSE IF:

23 1. THE LICENSEE VIOLATES THIS ARTICLE.

24 2. THE LICENSEE DOES NOT COOPERATE WITH AN EXAMINATION OR
25 INVESTIGATION BY THE DIRECTOR.

26 3. THE LICENSEE ENGAGES IN FRAUD, INTENTIONAL MISREPRESENTATION OR
27 GROSS NEGLIGENCE.

28 4. AN AUTHORIZED DELEGATE IS CONVICTED OF A VIOLATION OF A STATE OR
29 FEDERAL ANTI-MONEY LAUNDERING STATUTE OR VIOLATES THIS ARTICLE AS A RESULT
30 OF THE LICENSEE'S WILFUL MISCONDUCT.

31 5. THE COMPETENCE, EXPERIENCE, CHARACTER OR GENERAL FITNESS OF THE
32 LICENSEE, PERSON IN CONTROL OF A LICENSEE OR KEY INDIVIDUAL INDICATES THAT
33 IT IS NOT IN THE PUBLIC INTEREST TO ALLOW THE PERSON TO PROVIDE MONEY
34 TRANSMISSION.

35 6. THE LICENSEE ENGAGES IN AN UNSAFE OR UNSOUND PRACTICE.

36 7. THE LICENSEE IS INSOLVENT, SUSPENDS PAYMENT OF ITS OBLIGATIONS
37 OR MAKES A GENERAL ASSIGNMENT FOR THE BENEFIT OF ITS CREDITORS.

38 8. THE LICENSEE DOES NOT REMOVE AN AUTHORIZED DELEGATE AFTER THE
39 DIRECTOR ISSUES AND SERVES ON THE LICENSEE A FINAL ORDER THAT INCLUDES A
40 FINDING THAT THE AUTHORIZED DELEGATE HAS VIOLATED THIS ARTICLE.

41 9. THE LICENSEE HAS MADE A MATERIAL MISSTATEMENT OR SUPPRESSED OR
42 WITHHELD INFORMATION ON AN APPLICATION FOR A LICENSE OR ANY DOCUMENT
43 REQUIRED TO BE FILED WITH THE DIRECTOR.

1 B. IN DETERMINING WHETHER A LICENSEE IS ENGAGING IN AN UNSAFE OR
2 UNSOUND PRACTICE, THE DIRECTOR MAY CONSIDER THE SIZE AND CONDITION OF THE
3 LICENSEE'S MONEY TRANSMISSION, THE MAGNITUDE OF THE LOSS, THE GRAVITY OF
4 THE VIOLATION OF THIS ARTICLE AND THE PREVIOUS CONDUCT OF THE LICENSEE.

5 C. A LICENSEE MAY APPEAL ANY SUSPENSION OR REVOCATION PURSUANT TO
6 TITLE 41, CHAPTER 6, ARTICLE 10.

7 6-1232. Authorized delegate suspension and revocation

8 A. THE DIRECTOR MAY SUSPEND OR REVOKE THE DESIGNATION OF AN
9 AUTHORIZED DELEGATE IF THE DIRECTOR FINDS THAT:

10 1. THE AUTHORIZED DELEGATE VIOLATED THIS ARTICLE.

11 2. THE AUTHORIZED DELEGATE DID NOT COOPERATE WITH AN EXAMINATION OR
12 INVESTIGATION BY THE DIRECTOR.

13 3. THE AUTHORIZED DELEGATE ENGAGED IN FRAUD, INTENTIONAL
14 MISREPRESENTATION OR GROSS NEGLIGENCE.

15 4. THE AUTHORIZED DELEGATE IS CONVICTED OF A VIOLATION OF A STATE
16 OR FEDERAL ANTI-MONEY LAUNDERING STATUTE.

17 5. THE COMPETENCE, EXPERIENCE, CHARACTER OR GENERAL FITNESS OF THE
18 AUTHORIZED DELEGATE OR A PERSON IN CONTROL OF THE AUTHORIZED DELEGATE
19 INDICATES THAT IT IS NOT IN THE PUBLIC INTEREST TO ALLOW THE AUTHORIZED
20 DELEGATE TO PROVIDE MONEY TRANSMISSION.

21 6. THE AUTHORIZED DELEGATE IS ENGAGING IN AN UNSAFE OR UNSOUND
22 PRACTICE. TO DETERMINE WHETHER AN AUTHORIZED DELEGATE IS ENGAGING IN AN
23 UNSAFE OR UNSOUND PRACTICE, THE DIRECTOR MAY CONSIDER THE SIZE AND
24 CONDITION OF THE AUTHORIZED DELEGATE'S PROVISION OF MONEY TRANSMISSION,
25 THE MAGNITUDE OF THE LOSS, THE GRAVITY OF THE VIOLATION OF THIS ARTICLE
26 AND THE PREVIOUS CONDUCT OF THE AUTHORIZED DELEGATE.

27 B. AN AUTHORIZED DELEGATE MAY APPEAL A SUSPENSION OR REVOCATION
28 PURSUANT TO TITLE 41, CHAPTER 6, ARTICLE 10.

29 6-1233. Cease and desist order

30 IN ADDITION TO THE AUTHORITY UNDER SECTION 6-137, THE DIRECTOR MAY
31 ISSUE AN ORDER AGAINST THE LICENSEE TO CEASE AND DESIST FROM PROVIDING
32 MONEY TRANSMISSION THROUGH AN AUTHORIZED DELEGATE THAT VIOLATED, IS
33 VIOLATING OR IS ABOUT TO VIOLATE THIS TITLE.

34 6-1234. Uniformity

35 IN ENFORCING THIS ARTICLE, THE DIRECTOR SHALL CONSIDER THE NEED TO
36 PROMOTE UNIFORMITY OF THE LAW WITH RESPECT TO MONEY TRANSMITTERS AMONG
37 STATES THAT ENACT MONEY TRANSMITTER LAWS THAT ARE SUBSTANTIVELY SIMILAR TO
38 THIS ARTICLE.

39 Sec. 4. Renumber

40 Section 6-1241, Arizona Revised Statutes, is renumbered as section
41 6-1242, and section 6-1242, Arizona Revised Statutes, is renumbered as
42 section 6-1243.

1 Sec. 5. Title 6, chapter 12, article 2, Arizona Revised Statutes,
2 is amended by adding a new section 6-1241, to read:

3 6-1241. Definitions

4 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

5 1. "AUTHORIZED DELEGATE" MEANS A PERSON THAT A LICENSEE DESIGNATES
6 TO ENGAGE IN MONEY TRANSMISSION ON BEHALF OF THE LICENSEE PURSUANT TO
7 ARTICLE 1 OF THIS CHAPTER.

8 2. "LICENSEE" MEANS A PERSON THAT IS LICENSED UNDER ARTICLE 1 OF
9 THIS CHAPTER.

10 3. "MONEY TRANSMITTER" MEANS A PERSON THAT MEETS THE DEFINITION OF
11 A BANK, FINANCIAL AGENCY OR FINANCIAL INSTITUTION AS PRESCRIBED BY 31
12 UNITED STATES CODE SECTION 5312 OR 31 CODE OF FEDERAL REGULATIONS SECTION
13 1010.100.

14 4. "TRADE OR BUSINESS" HAS THE SAME MEANING PRESCRIBED IN SECTION
15 162 OF THE INTERNAL REVENUE CODE AND INCLUDES THE MONEY ACCUMULATION
16 BUSINESS.

17 Sec. 6. Section 6-1242, Arizona Revised Statutes, as renumbered, is
18 amended to read:

19 6-1242. Reports to the attorney general; investigation;
20 violation; classification

21 A. Within thirty days after any transaction or series or pattern of
22 transactions that is conducted or attempted by, at or through the business
23 and that involves or aggregates \$5,000 or more in funds or other assets,
24 each licensee and authorized delegate of a licensee and each money
25 transmitter shall file with the attorney general's office in a form
26 prescribed by the attorney general a report of the transaction or series
27 or pattern of transactions if the licensee, authorized delegate or money
28 transmitter knows, suspects or has reason to suspect that the activity
29 either:

30 1. Involves funds that are derived from illegal activities, is
31 intended or conducted in order to hide or disguise funds or other assets
32 that are derived from illegal activities, including the ownership, nature,
33 source, location or control of the funds or other assets, as part of a
34 plan to violate or evade any law or regulation or to avoid any transaction
35 reporting requirement under this chapter or may constitute a possible
36 money laundering violation under section 13-2317 or another racketeering
37 violation as defined in section 13-2301.

38 2. Has no business or apparent lawful purpose or is not the sort of
39 activity in which the particular customer would normally be expected to
40 engage and the licensee, authorized delegate or money transmitter knows of
41 no reasonable explanation for the activity after examining the available
42 facts, including the background and possible purpose of the activity.

43 B. A licensee, authorized delegate or money transmitter that is
44 required to file a report regarding business conducted in this state
45 pursuant to the currency and foreign transactions reporting act (31 United

1 States Code sections 5311 through 5326, including any special measures
2 that are established under 31 United States Code section 5318A, and 31
3 Code of Federal Regulations chapter X or 12 Code of Federal Regulations
4 section 21.11) shall file a duplicate of that report with the attorney
5 general.

6 C. All persons who are engaged in a trade or business and who
7 receive more than \$10,000 in money in one transaction or who receive more
8 than \$10,000 in money through two or more related transactions shall
9 complete and file with the attorney general the information required by 31
10 United States Code section 5331 and the federal regulations relating to
11 this section concerning reports relating to cash received in trade or
12 business.

13 D. A licensee, authorized delegate or money transmitter that is
14 regulated under the currency and foreign transactions reporting act
15 (31 United States Code section 5325 and 31 Code of Federal Regulations
16 chapter X) and that is required to make available prescribed records to
17 the secretary of the United States department of THE treasury on request
18 at any time shall follow the same prescribed procedures and create and
19 maintain the same prescribed records relating to each transaction.

20 ~~E. In addition to the requirements under subsection D of this~~
21 ~~section and in connection with each transaction that involves transmitting~~
22 ~~money in an amount of \$1,000 or more, whether sending or receiving, a~~
23 ~~licensee or, for transactions conducted through an authorized delegate, an~~
24 ~~authorized delegate shall retain a record of each of the following:~~

25 ~~1. The name and social security or taxpayer identification number,~~
26 ~~if any, of the individual presenting the transaction and the person and~~
27 ~~the entity on whose behalf the transaction is to be effected.~~

28 ~~2. The type and number of the customer's verified photographic~~
29 ~~identification, as described in 31 Code of Federal Regulations section~~
30 ~~1010.312.~~

31 ~~3. The customer's current occupation.~~

32 ~~4. The customer's current residential address.~~

33 ~~5. The customer's signature.~~

34 ~~F. Subsection E of this section does not apply to transactions by~~
35 ~~which the licensee's customer is making a bill payment either to a~~
36 ~~commercial creditor pursuant to a contract between the licensee and the~~
37 ~~commercial creditor or to a utility company.~~

38 ~~G.~~ E. Each licensee shall create records that reflect the
39 provision of updated operating policies and procedures pursuant to section
40 ~~6-1208~~ 6-1222, subsection ~~B~~ A, PARAGRAPH 1 and of instruction that
41 promotes compliance with this chapter, title 13, chapter 23 and 31 United
42 States Code section 5318, including the identification of the provider and
43 the material and instruction that were provided.

1 ~~H.~~ F. On request of the attorney general, a county attorney or the
2 deputy director, a licensee, authorized delegate or money transmitter
3 shall make any records that are created pursuant to this section available
4 to the attorney general, a county attorney or the deputy director at any
5 time.

6 ~~I.~~ A licensee or, for transactions conducted through an authorized
7 delegate, an authorized delegate shall maintain any customer
8 identification records that are created pursuant to subsection E of this
9 section for three years. After three years, the licensee or, for
10 transactions conducted through an authorized delegate, the authorized
11 delegate shall deliver the customer identification records to the attorney
12 general. The attorney general shall make the records available on request
13 to the deputy director or a county attorney but shall not otherwise
14 distribute the customer identification records without a court order. The
15 customer identification records shall not be used for any purpose other
16 than for criminal and civil prosecution and the prevention and detection
17 of fraud and other criminal conduct.

18 ~~J.~~ G. If the deputy director or the attorney general finds that
19 reasonable grounds exist for requiring additional recordkeeping and
20 reporting in order to carry out the purposes of this chapter and to
21 prevent the evasion of this chapter, the deputy director or the attorney
22 general may:

23 ~~I.~~ issue an order requiring any group of licensees, authorized
24 delegates or money transmitters in a geographic area to do any of the
25 following:

26 ~~(a)~~ 1. Obtain information regarding transactions that involve
27 total dollar amounts or denominations of \$500 or more, including the names
28 of any persons participating in those transactions and any persons or
29 entities on whose behalf they are to be effected.

30 ~~(b)~~ 2. Maintain records of that information for at least five
31 years and make those records available to the attorney general and the
32 deputy director.

33 ~~(c)~~ 3. File a report with the attorney general and the deputy
34 director regarding any transaction in the manner prescribed in the order.

35 ~~2.~~ Issue an order exempting any group of licensees or authorized
36 delegates from the requirements of subsection E of this section based on
37 the geographic area, the volume of business conducted, the record of
38 compliance with the reporting requirements of this chapter and other
39 objective criteria.

40 ~~K.~~ H. An order issued pursuant to subsection ~~J.~~ G of this section
41 is not effective for more than one hundred eighty days unless renewed
42 after finding that reasonable grounds exist for ~~continuation of~~ CONTINUING
43 the order.

1 ~~I.~~ I. The timely filing of a report required by this section with
2 the appropriate federal agency shall be deemed compliance with the
3 reporting requirements of this section, unless the attorney general has
4 notified the deputy director that reports of that type are not regularly
5 and comprehensively transmitted by that federal agency to the attorney
6 general.

7 ~~M.~~ J. This chapter does not preclude a licensee, authorized
8 delegate, money transmitter, financial institution or person engaged in a
9 trade or business from instituting contact with and disclosing customer
10 financial records to appropriate state or local law enforcement agencies
11 if the licensee, authorized delegate, money transmitter, financial
12 institution or person has information that may be relevant to a possible
13 violation of any criminal statute or to the evasion or attempted evasion
14 of any reporting requirement of this chapter.

15 ~~N.~~ K. A licensee, authorized delegate, money transmitter,
16 financial institution, person engaged in a trade or business or director,
17 officer, employee, agent or authorized delegate of any of them that keeps
18 or files a record as prescribed by this section, that communicates or
19 discloses information or records under subsection ~~M.~~ J of this section or
20 that requires another to make any such disclosure is not liable to any
21 person under any law or rule of this state or any political subdivision of
22 this state or under any contract or other legally enforceable agreement,
23 including any arbitration agreement, for the disclosure or for the failure
24 to provide notice of the disclosure to the person who is the subject of
25 the disclosure or to any other person who is identified in the disclosure.
26 This subsection is consistent with 31 United States Code section
27 5318(g)(3).

28 ~~O.~~ L. The attorney general may report any possible violations
29 indicated by analysis of the reports required by this chapter to any
30 appropriate law enforcement agency for use in the proper discharge of its
31 official duties. If an officer or employee of this state or any political
32 subdivision of this state receives a report pursuant to 31 United States
33 Code section 5318(g), the report shall be disclosed only as provided in 31
34 United States Code section 5318(g). A person who releases information
35 received pursuant to this subsection except in the proper discharge of
36 official duties is guilty of a class 2 misdemeanor.

37 ~~P.~~ M. The requirements of this section are consistent with the
38 requirements of the currency and foreign transactions reporting act (31
39 United States Code sections 5311 through 5326 and federal regulations
40 prescribed under those sections) unless the context otherwise requires.

41 ~~Q.~~ N. A person who refuses to allow any lawful investigation by
42 the deputy director, a county attorney or the attorney general or who
43 refuses to make records available to the deputy director, a county
44 attorney or the attorney general pursuant to subsection ~~H.~~ F of this
45 section is guilty of a class 6 felony.

1 Sec. 7. Section 6-1305, Arizona Revised Statutes, is amended to
2 read:

3 6-1305. Registration; renewal; reporting requirements

4 A. The deputy director shall register the applicant as an advance
5 fee loan broker when an applicant has fully complied with this chapter and
6 the rules prescribed by the deputy director.

7 B. The deputy director shall immediately notify the applicant ~~by~~
8 ~~mail~~ on registering the applicant as an advance fee loan broker.

9 C. A registered advance fee loan broker shall apply for renewal as
10 prescribed by the deputy director not later than June 30 of each year. A
11 registration for which a renewal application is not received by the deputy
12 director by June 30 is suspended and the registered advance fee loan
13 broker may not act as an advance fee loan broker until the registration is
14 renewed or a new registration is issued pursuant to this article. The
15 registration of an advance fee loan broker that has not filed a renewal
16 application and paid the renewal fee by July 31 expires. A registration
17 may not be granted to the holder of an expired registration except as
18 provided in this article for the issuance of an original registration.

19 D. An advance fee loan broker may annually renew the broker's
20 registration by filing a supplemental statement showing any changes in the
21 facts set forth in the original application for registration or any
22 previously filed supplemental statement made at the time of annual
23 renewal.

24 E. An advance fee loan broker shall file a supplemental statement
25 showing any changes in the facts set forth in the original application or
26 in any supplemental statement made at the time of annual renewal within
27 thirty days after a change in any material fact.

28 Sec. 8. Repeal

29 Section 6-1306, Arizona Revised Statutes, is repealed.

30 Sec. 9. Section 13-2317, Arizona Revised Statutes, is amended to
31 read:

32 13-2317. Money laundering; classification; definitions

33 A. A person is guilty of money laundering in the first degree if
34 the person does any of the following:

35 1. Knowingly initiates, organizes, plans, finances, directs,
36 manages, supervises or is in the business of money laundering in violation
37 of subsection B of this section.

38 2. Violates subsection B of this section in the course of or for
39 the purpose of facilitating terrorism or murder.

40 B. A person is guilty of money laundering in the second degree if
41 the person does any of the following:

42 1. Acquires or maintains an interest in, transacts, transfers,
43 transports, receives or conceals the existence or nature of racketeering
44 proceeds knowing or having reason to know that they are the proceeds of an
45 offense.

1 2. Makes property available to another by transaction,
2 transportation or otherwise knowing that it is intended to be used to
3 facilitate racketeering.

4 3. Conducts a transaction knowing or having reason to know that the
5 property involved is the proceeds of an offense and with the intent to
6 conceal or disguise the nature, location, source, ownership or control of
7 the property or the intent to facilitate racketeering.

8 4. Intentionally or knowingly makes a false statement,
9 misrepresentation or false certification or makes a false entry or omits a
10 material entry in any application, financial statement, account record,
11 customer receipt, report or other document that is filed or required to be
12 maintained or filed under title 6, chapter 12.

13 5. Intentionally or knowingly evades or attempts to evade any
14 reporting requirement under ~~section 6-1241~~ SECTIONS 6-1220 AND 6-1242,
15 whether by structuring transactions as described in 31 Code of Federal
16 Regulations chapter X, by causing any financial institution, money
17 transmitter, trade or business to fail to file the report, by failing to
18 file a required report or record or by any other means.

19 6. Intentionally or knowingly provides any false information or
20 fails to disclose information that causes any licensee, authorized
21 delegate, money transmitter, trade or business to either:

22 (a) Fail to file any report or record that is required under
23 ~~section 6-1241~~ SECTIONS 6-1220 AND 6-1242.

24 (b) File such a report or record that contains a material omission
25 or misstatement of fact.

26 7. Intentionally or knowingly falsifies, conceals, covers up or
27 misrepresents or attempts to falsify, conceal, cover up or misrepresent
28 the identity of any person in connection with any transaction with a
29 financial institution or money transmitter.

30 8. In connection with a transaction with a financial institution or
31 money transmitter, intentionally or knowingly makes, uses, offers or
32 presents or attempts to make, use, offer or present, whether accepted or
33 not, a forged instrument, a falsely altered or completed written
34 instrument or a written instrument that contains any materially false
35 personal identifying information.

36 9. If the person is a money transmitter, a person engaged in a
37 trade or business or any employee of a money transmitter or a person
38 engaged in a trade or business, intentionally or knowingly accepts false
39 personal identifying information from any person or otherwise knowingly
40 incorporates false personal identifying information into any report or
41 record that is required by ~~section 6-1241~~ SECTIONS 6-1220 AND 6-1242.

42 10. Intentionally conducts, controls, manages, supervises, directs
43 or owns all or part of a money transmitting business for which a license
44 is required by title 6, chapter 12 unless the business is licensed
45 pursuant to title 6, chapter 12 and complies with the money transmitting

1 business registration requirements under 31 United States Code section
2 5330.

3 C. A person is guilty of money laundering in the third degree if
4 the person intentionally or knowingly does any of the following:

5 1. In the course of any transaction transmitting money, confers or
6 agrees to confer anything of value on a money transmitter or any employee
7 of a money transmitter that is intended to influence or reward any person
8 for failing to comply with any requirement under title 6, chapter 12.

9 2. Engages in the business of receiving money for transmission or
10 transmitting money, as an employee or otherwise, and receives anything of
11 value on an agreement or understanding that it is intended to influence or
12 benefit the person for failing to comply with any requirement under
13 title 6, chapter 12.

14 D. In addition to any other criminal or civil remedy, if a person
15 violates subsection A or B of this section as part of a pattern of
16 violations that involve a total of \$100,000 or more in any twelve-month
17 period, the person is subject to forfeiture of substitute assets in an
18 amount that is three times the amount that was involved in the pattern,
19 including conduct that occurred before and after the twelve-month period.

20 E. Money laundering in the third degree is a class 6 felony. Money
21 laundering in the second degree is a class 3 felony. Money laundering in
22 the first degree is a class 2 felony.

23 F. THE EXCEPTION THAT IS ESTABLISHED BY 31 UNITED STATES CODE
24 SECTION 5313(c)(1) DOES NOT APPLY TO PERSONS WHO ARE ENGAGED IN THE MONEY
25 ACCUMULATION BUSINESS.

26 ~~F.~~ G. For the purposes of this section:

27 1. The following terms have the same ~~meaning~~ MEANINGS prescribed in
28 section ~~6-1201~~ 6-1241:

29 (a) "Authorized delegate".

30 (b) "Licensee".

31 ~~(c) "Money accumulation business".~~

32 ~~(d)~~ (c) "Money transmitter".

33 ~~(e)~~ (d) "Trade or business".

34 ~~(f) "Transmitting money".~~

35 2. The following terms have the same ~~meaning~~ MEANINGS prescribed in
36 section 13-2001:

37 (a) "Falsely alters a written instrument".

38 (b) "Falsely completes a written instrument".

39 (c) "Falsely makes a written instrument".

40 (d) "Forged instrument".

41 (e) "Personal identifying information".

42 (f) "Written instrument".

43 3. The following terms have the same ~~meaning~~ MEANINGS prescribed in
44 section 13-2301:

45 (a) "Financial institution".

1 (b) "Financial instrument".
2 (c) "Racketeering", except that for the purposes of civil remedies
3 sought by the attorney general, racketeering includes any act, regardless
4 of whether the act would be chargeable or indictable under the laws of
5 this state or whether the act is charged or indicted, that is committed
6 for financial gain, punishable by imprisonment for more than one year
7 under the laws of the United States and described in section
8 274(a)(1)(A)(i), (ii) or (iii) or (a)(2) of the immigration and
9 nationality act (8 United States Code section 1324(a)(1)(A)(i), (ii) or
10 (iii) or (a)(2)) if persons acting in concert in the conduct acquire a
11 total of more than \$5,000 through the conduct in a one-month period. For
12 the purpose of forfeiture of property other than real property, the
13 conduct must involve more than three aliens in a one-month period. For
14 the purpose of forfeiture of real property, the conduct must involve more
15 than fifteen aliens in a one-month period.

16 4. The following terms have the same meaning prescribed in section
17 13-2314:

18 (a) "Acquire".

19 (b) "Proceeds".

20 ~~H.~~ H. For the purposes of this section:

21 ~~1. "Deputy director" has the same meaning prescribed in section~~
22 ~~6-101.~~

23 1. "MONEY ACCUMULATION BUSINESS":

24 (a) MEANS OBTAINING MONEY FROM A MONEY TRANSMITTER AS PART OF ANY
25 ACTIVITY THAT IS CONDUCTED FOR FINANCIAL GAIN IF THE MONEY THAT IS
26 OBTAINED BY ALL PERSONS ACTING IN CONCERT IN THE ACTIVITY, IN AMOUNTS OF
27 \$1,000 OR MORE, TOTALS OVER \$50,000 IN THE PRECEDING TWELVE-MONTH PERIOD.

28 (b) DOES NOT INCLUDE A PERSON WHO IS SUBJECT TO THE REPORTING
29 REQUIREMENTS UNDER 31 UNITED STATES CODE SECTION 5331.

30 2. "Offense" has the same meaning prescribed in section 13-105 and
31 includes conduct for which a sentence to a term of incarceration is
32 provided by any law of the United States.

33 3. "Transaction" means a purchase, sale, trade, loan, pledge,
34 investment, gift, transfer, transmission, delivery, deposit, withdrawal,
35 payment, transfer between accounts, exchange of currency, extension of
36 credit, purchase or sale of any financial instrument or any other
37 acquisition or disposition of property by whatever means.

38 4. "TRANSMITTING MONEY" MEANS THE TRANSMISSION OF MONEY BY ANY
39 MEANS, INCLUDING TRANSMISSIONS WITHIN THIS COUNTRY OR TO OR FROM LOCATIONS
40 ABROAD BY PAYMENT INSTRUMENT, WIRE, FAX, INTERNET OR ANY OTHER ELECTRONIC
41 TRANSFER, COURIER OR OTHERWISE.

1 Sec. 10. Section 41-5605, Arizona Revised Statutes, is amended to
2 read:

3 41-5605. Scope

4 A. If the attorney general approves an application for entry into
5 the regulatory sandbox, the applicant is deemed a sandbox participant and
6 both of the following apply:

7 1. The sandbox participant has twenty-four months after the date of
8 approval to test the innovation described in the sandbox participant's
9 application.

10 2. The attorney general must issue the sandbox participant a
11 registration number.

12 B. Innovations tested within the regulatory sandbox are subject to
13 the following restrictions:

14 1. Consumers must be residents of this state, except for
15 transactions that involve an innovation provided by a sandbox participant
16 testing financial products or services as a money transmitter as defined
17 in section ~~6-1201~~ 6-1241 or A related innovation, in which case only
18 physical presence of the consumer in this state at the time of the
19 transaction may be required.

20 2. Except as provided in subsection C of this section or section
21 41-5608, an innovation may not be tested with more than ten thousand
22 consumers.

23 3. For a sandbox participant testing consumer lender loans as
24 defined in section 6-601, an individual consumer lender loan may be issued
25 for up to \$15,000, except that aggregate loans per consumer may not exceed
26 \$50,000. All consumer lender loans issued in the regulatory sandbox,
27 including loans in excess of \$10,000, are subject to all of the following:

- 28 (a) Section 6-114.
- 29 (b) Section 6-632.
- 30 (c) Section 6-635, subsections A, B and C.
- 31 (d) Section 6-637.

32 4. Except as provided in subsection C of this section, for a
33 sandbox participant testing financial products or services as a money
34 transmitter as defined in section ~~6-1201~~ 6-1241, individual transactions
35 per consumer may not exceed \$2,500 and aggregate transactions per consumer
36 may not exceed \$25,000.

37 5. For sandbox participants testing financial products or services
38 as a sales finance company as defined in section 44-281, all of the
39 following apply:

- 40 (a) Section 44-286.
- 41 (b) Section 44-287, except subsection B, paragraph 8.
- 42 (c) Section 44-288.
- 43 (d) Section 44-289.
- 44 (e) Section 44-290.
- 45 (f) Section 44-291.

1 (g) Section 44-293.

2 (h) Section 47-9601.

3 6. For sandbox participants testing financial products or services
4 that provide investment management that is regulated pursuant to title 44,
5 chapter 13:

6 (a) Section 44-3241 applies.

7 (b) The corporation commission rules adopted pursuant to title 44,
8 chapter 13 apply as they relate to dishonest and unethical practices.

9 C. If a sandbox participant demonstrates adequate financial
10 capitalization, risk management process and management oversight, the
11 attorney general may allow either or both of the following:

12 1. Except as provided in section 41-5608, an innovation ~~may~~ **TO** not
13 be tested with more than seventeen thousand five hundred consumers.

14 2. For a sandbox participant testing products or services as a
15 money transmitter as defined in section ~~6-1201~~ **6-1241**, individual
16 transactions per consumer that do not exceed \$15,000 and aggregate
17 transactions per consumer that do not exceed \$50,000.

18 D. This section does not restrict a sandbox participant who holds a
19 license or other authorization in another jurisdiction from acting
20 pursuant to and in accordance with that license or other authorization.

21 E. A sandbox participant is deemed to possess an appropriate
22 license under the laws of this state for purposes of any provision of
23 federal law requiring state licensure or authorization.

24 F. Except as otherwise provided in this chapter, a sandbox
25 participant is not subject to state laws that establish requirements
26 pursuant to a license or authorization issued by an applicable agency that
27 otherwise would or may regulate an innovative financial product or
28 service.

29 G. The attorney general may determine that certain state laws that
30 regulate a financial product or service apply to a sandbox participant.
31 If the attorney general makes this determination and approves an
32 application for entry into the regulatory sandbox, the attorney general
33 must notify the sandbox participant of the specific state regulatory laws
34 that will apply to the sandbox participant. Pursuant to section 41-5611,
35 the attorney general alone shall enforce the state regulatory laws
36 applicable to sandbox participants, including the restrictions established
37 by this section.

38 H. To the extent that a sandbox participant is required by this
39 chapter to obtain, record, provide or maintain any information, writing,
40 signature, record or disclosure, the sandbox participant may do so in
41 electronic form, including as provided in section 44-7601, or may
42 substitute any substantially similar equivalent information, writing,
43 signature, record or disclosure that is approved by the attorney general.

1 Sec. 11. Transition

2 A. A person who is licensed as a money transmitter pursuant to
3 title 6, chapter 12, article 1, Arizona Revised Statutes, as repealed by
4 this act, is not subject to title 6, chapter 12, article 1, Arizona
5 Revised Statutes, as added by this act if there are conflicts between the
6 two articles until the person renews the person's license or until six
7 months after the effective date of this act, whichever is later.

8 B. Notwithstanding any other law, a person who is licensed as a
9 money transmitter pursuant to title 6, chapter 12, article 1, Arizona
10 Revised Statutes, as repealed by this act, must only amend its authorized
11 delegate contracts for contracts entered into or amended after the
12 effective date of this act or after the completion of any period described
13 by subsection A of this section.