

SENATE BILL REPORT

SHB 2731

AS REPORTED BY COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE,  
FEBRUARY 28, 1992

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

**SPONSORS:** House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Dellwo and Paris)

**HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE**

**SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE**

**Majority Report:** Do pass.

Signed by Senators von Reichbauer, Chairman; Erwin, Vice Chairman; McCaslin, Moore, Pelz, and Vognild.

**Staff:** Benson Porter (786-7470)

**Hearing Dates:** February 21, 1992; February 28, 1992

**BACKGROUND:**

In 1991, the Legislature adopted a regulatory program for businesses that cash and sell checks, drafts, or money orders. This program required the posting of a bond by an applicant wishing to sell checks. The bond was intended to protect consumers against losses that would result if the purchased check was dishonored for nonpayment. It has been reported that the fidelity bonding requirement is not the appropriate type of bond for this protection.

**SUMMARY:**

The Check Cashers and Sellers Act is amended to clarify the bonding requirements for check sellers.

Before a check seller may obtain a license, the seller must post a surety bond conditioned on the licensee's paying all persons who purchase checks, drafts, or money orders from the licensee that are dishonored due to insufficient funds or the closure of the licensee's bank account. The bond is only liable for the face value of the instrument.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** none requested

**TESTIMONY FOR:**

This bill corrects statutory ambiguities. Without clarification of the bonding requirement, check sellers will be unable to purchase a bond.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Doug Bohlke, CBIC (pro); John Bley, Supervisor of Banking (pro)