

FINAL BILL REPORT

HB 1142

C 176 L 93
Synopsis as Enacted

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

By Representatives Zellinsky, Mielke, R. Meyers and Tate; by request of Department of General Administration, Division of Banking.

House Committee on Financial Institutions & Insurance
Senate Committee on Labor & Commerce

Background: In 1992, the Legislature adopted a licensing and regulatory program for businesses engaged in cashing and selling checks, drafts, or money orders. Part of the licensing program required the posting of a bond by applicants wishing to sell checks. The bond was intended to protect consumers against a loss of funds by the check seller that would result in the purchased check being dishonored for nonpayment. The bonding requirement did not clearly differentiate among the variety of bonds available for purchase by licensees.

Summary: The 1992 law is amended to clarify the bonding requirements for check sellers. Before a check seller may obtain a license, the seller must post a bond conditioned on the licensee's paying all persons who purchase checks, drafts, or money orders from the licensee which are dishonored due to insufficient funds or the closure of the licensee's bank account.

Votes on Final Passage:

House	91	0
Senate	45	0

Effective: April 30, 1993