
SENATE BILL 5031

State of Washington

65th Legislature

2017 Regular Session

By Senators Angel and Mullet; by request of Department of Financial Institutions

Read first time 01/10/17. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to licensing and enforcement provisions
2 applicable to money transmitters and currency exchanges under the
3 uniform money services act; amending RCW 19.230.010, 19.230.020,
4 19.230.030, 19.230.040, 19.230.050, 19.230.070, 19.230.100,
5 19.230.110, 19.230.130, 19.230.140, 19.230.150, 19.230.152,
6 19.230.180, 19.230.200, 19.230.210, 19.230.250, 19.230.290,
7 19.230.320, and 19.230.330; adding new sections to chapter 19.230
8 RCW; and prescribing penalties.

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

10 **Sec. 1.** RCW 19.230.010 and 2013 c 106 s 1 are each amended to
11 read as follows:

12 The definitions in this section apply throughout this chapter
13 unless the context clearly requires otherwise.

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

17 (2) "Annual assessment due date" means the date specified in rule
18 by the director upon which the annual assessment is due.

19 (3) "Applicant" means a person that files an application for a
20 license under this chapter, including the applicant's proposed

1 responsible individual and executive officers, and persons in control
2 of the applicant.

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

7 (5) "Board director" means a natural person who is a member of
8 the applicant's or licensee's board of directors if the applicant is
9 a corporation or limited liability company, or a partner if the
10 applicant or licensee is a partnership.

11 (6) "Closed loop (~~stored value~~) prepaid access" means (~~stored~~
12 ~~value, when that value or credit is primarily intended to~~) prepaid
13 access that can only be redeemed for a limited universe of goods,
14 intangibles, services, or other items provided by the issuer of the
15 (~~stored value~~) prepaid access, its affiliates, or others involved
16 in transactions functionally related to the issuer or its affiliates.

17 (7) "Control" means:

18 (a) Ownership of, or the power to vote, directly or indirectly,
19 at least twenty-five percent of a class of voting securities or
20 voting interests of a licensee or applicant, or person in control of
21 a licensee or applicant;

22 (b) Power to elect a majority of executive officers, managers,
23 directors, trustees, or other persons exercising managerial authority
24 of a licensee or applicant, or person in control of a licensee or
25 applicant; or

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

29 (8) "Currency exchange" means exchanging the money of one
30 government for money of another government, or holding oneself out as
31 able to exchange the money of one government for money of another
32 government. The following persons are not considered currency
33 exchangers:

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

36 (b) A person who provides currency exchange services for a person
37 acting primarily for a business, commercial, agricultural, or
38 investment purpose when the currency exchange is incidental to the
39 transaction;

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

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

10 (9) "Currency exchanger" means a person that is engaged in
11 currency exchange.

12 (10) "Director" means the director of financial institutions.

13 (11) "Executive officer" means a president, chairperson of the
14 executive committee, chief financial officer, responsible individual,
15 or other individual who performs similar functions.

16 (12) "Financial institution" means any person doing business
17 under the laws of any state or the United States relating to
18 commercial banks, bank holding companies, savings banks, savings and
19 loan associations, trust companies, or credit unions.

20 (13) "Licensee" means a person licensed under this chapter.
21 "Licensee" also means any person, whether located within or outside
22 of this state, who fails to obtain a license required by this
23 chapter.

24 (14) "Material litigation" means litigation that according to
25 generally accepted accounting principles is significant to an
26 applicant's or a licensee's financial health and would be required to
27 be disclosed in the applicant's or licensee's annual audited
28 financial statements, report to shareholders, or similar records.

29 (15) "Mobile location" means a vehicle or movable facility where
30 money services are provided.

31 (16) "Money" means a medium of exchange that is authorized or
32 adopted by the United States or a foreign government or other
33 recognized medium of exchange. "Money" includes a monetary unit of
34 account established by an intergovernmental organization or by
35 agreement between two or more governments.

36 (17) "Money services" means money transmission or currency
37 exchange.

38 (18) "Money transmission" means receiving money or its equivalent
39 value (equivalent value includes virtual currency) to transmit,
40 deliver, or instruct to be delivered (~~the money or its equivalent~~

1 value)) to another location, inside or outside the United States, by
2 any means including but not limited to by wire, facsimile, or
3 electronic transfer. (~~"Money transmission" does not include the~~
4 ~~provision solely of connection services to the internet,~~
5 ~~telecommunications services, or network access.~~) "Money
6 transmission" includes selling, issuing, or acting as an intermediary
7 for open loop (~~stored value~~) prepaid access and payment
8 instruments, but not closed loop (~~stored value~~) prepaid access.
9 "Money transmission" does not include: The provision solely of
10 connection services to the internet, telecommunications services, or
11 network access; units of value that are issued in affinity or rewards
12 programs that cannot be redeemed for either money or virtual
13 currencies; and units of value that are used solely within online
14 gaming platforms that have no market or application outside of the
15 gaming platforms.

16 (19) "Money transmitter" means a person that is engaged in money
17 transmission.

18 (20) "Open loop (~~stored value~~) prepaid access" means (~~stored~~
19 ~~value~~) prepaid access redeemable at multiple, unaffiliated merchants
20 or service providers, or automated teller machines.

21 (21) "Outstanding money transmission" means the value of all
22 money transmissions reported to the licensee for which the money
23 transmitter has received money or its equivalent value from the
24 customer for transmission, but has not yet completed the money
25 transmission by delivering the money or monetary value to the person
26 designated by the customer.

27 (22) "Payment instrument" means a check, draft, money order, or
28 traveler's check for the transmission or payment of money or its
29 equivalent value, whether or not negotiable. "Payment instrument"
30 does not include a credit card voucher, letter of credit, or
31 instrument that is redeemable by the issuer in goods or services.

32 (23) "Person" means an individual, corporation, business trust,
33 estate, trust, partnership, limited liability company, association,
34 joint venture; government, governmental subdivision, agency, or
35 instrumentality; public corporation; or any other legal or commercial
36 entity.

37 (24) "Prepaid access" means access to money that has been paid in
38 advance and can be retrieved or transferred through an electronic
39 device or vehicle, such as a card, code, electronic serial number,
40 mobile identification number, or personal identification number.

1 (25) "Record" means information that is inscribed on a tangible
2 medium, or that is stored in an electronic or other medium, and is
3 retrievable in perceivable form.

4 ~~((25))~~ (26) "Responsible individual" means an individual who is
5 employed by a licensee and has principal managerial authority over
6 the provision of money services by the licensee in this state.

7 ~~((26))~~ (27) "State" means a state of the United States, the
8 District of Columbia, Puerto Rico, the United States Virgin Islands,
9 or any territory or insular possession subject to the jurisdiction of
10 the United States.

11 ~~((27) "Stored value" means a card or other device that
12 electronically stores or provides access to funds and is available
13 for making payments to others.))~~

14 (28) "Tangible net worth" means the physical worth of a licensee,
15 calculated by taking a licensee's assets and subtracting its
16 liabilities and its intangible assets, such as copyrights, patents,
17 intellectual property, and goodwill.

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

24 (30) "Virtual currency" means a digital representation of value
25 used as a medium of exchange, a unit of account, or a store of value,
26 but does not have legal tender status as recognized by the United
27 States government. "Virtual currency" does not include the software
28 or protocols governing the transfer of the digital representation of
29 value or other uses of virtual distributed ledger systems to verify
30 ownership or authenticity in a digital capacity when the virtual
31 currency is not used as a medium of exchange.

32 **Sec. 2.** RCW 19.230.020 and 2013 c 106 s 2 are each amended to
33 read as follows:

34 This chapter does not apply to:

35 (1) The United States or a department, agency, or instrumentality
36 thereof;

37 (2) ~~((Money transmission by))~~ The United States postal service or
38 ~~((by))~~ a contractor on behalf of the United States postal service;

1 (3) A state, county, city, or a department, agency, or
2 instrumentality thereof;

3 (4) A financial institution or its subsidiaries, affiliates, and
4 service corporations, or any office of an international banking
5 corporation, branch of a foreign bank, or corporation organized
6 pursuant to the Bank Service Corporation Act (12 U.S.C. Sec.
7 1861-1867) or a corporation organized under the Edge Act (12 U.S.C.
8 Sec. 611-633);

9 (5) Electronic funds transfer of governmental benefits for a
10 federal, state, county, or governmental agency by a contractor on
11 behalf of the United States or a department, agency, or
12 instrumentality thereof, or a state or governmental subdivision,
13 agency, or instrumentality thereof;

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

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

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

25 (9) ~~((An operator of))~~ A person:

26 (a) Operating a payment system ~~((only to the extent that it))~~
27 that provides processing, clearing, or settlement services, between
28 or among persons who are all excluded by this section, in connection
29 with wire transfers, credit card transactions, debit card
30 transactions, ~~((stored-value))~~ prepaid access transactions, automated
31 clearinghouse transfers, or similar funds transfers;

32 (b) Who is a contracted service provider of an entity in
33 subsection (4) of this section that provides processing, clearing, or
34 settlement services in connection with wire transfers, credit card
35 transactions, debit card transactions, prepaid access transactions,
36 automated clearinghouse transfers, or similar funds transfers; or

37 (c) That facilitates payment for goods or services (not including
38 money transmission itself) or bill payment through a clearance and
39 settlement process using bank secrecy act regulated institutions
40 pursuant to a written contract with the payee and either payment to

1 the person facilitating the payment processing satisfies the payor's
2 obligation to the payee or that obligation is otherwise extinguished;

3 (10) A person registered as a securities broker-dealer or
4 investment advisor under federal or state securities laws to the
5 extent of its operation as such a broker-dealer or investment
6 advisor;

7 (11) An insurance company, title insurance company, or escrow
8 agent to the extent that such an entity is lawfully authorized to
9 conduct business in this state as an insurance company, title
10 insurance company, or escrow agent and to the extent that they engage
11 in money transmission or currency exchange as an ancillary service
12 when conducting insurance, title insurance, or escrow activity;

13 (12) The issuance, sale, use, redemption, or exchange of closed
14 loop (~~stored value~~) prepaid access or of payment instruments by a
15 person licensed under chapter 31.45 RCW;

16 (13) An attorney, to the extent that the attorney is lawfully
17 authorized to practice law in this state and to the extent that the
18 attorney engages in money transmission or currency exchange as an
19 ancillary service to the practice of law; (~~or~~)

20 (14) A (~~stored value~~) seller or issuer of prepaid access when
21 the funds are covered by federal deposit insurance immediately upon
22 sale or issue;

23 (15) A person that transmits wages, salaries, or employee
24 benefits on behalf of employers when the money transmission or
25 currency exchange is an ancillary service in a suite of services that
26 may include, but is not limited to, the following: Facilitate the
27 payment of payroll taxes to state and federal agencies, make payments
28 relating to employee benefit plans, make distribution of other
29 authorized deductions from an employees' wages or salaries, or
30 transmit other funds on behalf of an employer in connection with
31 transactions related to employees; or

32 (16) The lawful business of bookkeeping or accounting to the
33 extent the money transmission or currency exchange is an ancillary
34 service.

35 The director may, at his or her discretion, waive applicability
36 of the licensing provisions of this chapter when the director
37 determines it necessary to facilitate commerce and protect consumers.
38 The burden of proving the applicability of an exclusion or exception
39 from licensing is upon the person claiming the exclusion or
40 exception. The director may adopt rules to implement this section.

1 **Sec. 3.** RCW 19.230.030 and 2003 c 287 s 5 are each amended to
2 read as follows:

3 (1) A person may not engage in the business of money
4 transmission, or advertise, solicit, or hold itself out as providing
5 money transmission, unless the person is:

6 (a) Licensed as a money transmitter under this chapter; (~~(e)~~)

7 (b) An authorized delegate of a person licensed as a money
8 transmitter under this chapter; or

9 (c) Excluded under RCW 19.230.020.

10 (2) A money transmitter license is not transferable or
11 assignable.

12 **Sec. 4.** RCW 19.230.040 and 2013 c 106 s 3 are each amended to
13 read as follows:

14 (1) A person applying for a money transmitter license under this
15 chapter shall do so in a form and in a medium prescribed in rule by
16 the director. The application must state or contain:

17 (a) The legal name, business addresses, and residential address,
18 if applicable, of the applicant and any fictitious or trade name used
19 by the applicant in conducting its business;

20 (b) The legal name, residential and business addresses, date of
21 birth, social security number, employment history for the five-year
22 period preceding the submission of the application of the applicant's
23 proposed responsible individual, and documentation that the proposed
24 responsible individual is a citizen of the United States or has
25 obtained legal immigration status to work in the United States. In
26 addition, the applicant shall provide the fingerprints of the
27 proposed responsible individual upon the request of the director;

28 (c) For the ten-year period preceding submission of the
29 application, a list of any criminal convictions of the proposed
30 responsible individual of the applicant, any material litigation in
31 which the applicant has been involved, and any litigation involving
32 the proposed responsible individual relating to the provision of
33 money services;

34 (d) A description of any money services previously provided by
35 the applicant and the money services that the applicant seeks to
36 provide to persons in Washington state;

37 (e) A list of the applicant's proposed authorized delegates and
38 the locations where the applicant and its authorized delegates will

1 engage in the provision of money services to persons in Washington
2 state on behalf of the licensee;

3 (f) A list of other states in which the applicant is licensed to
4 engage in money transmission, or provide other money services, and
5 any license revocations, suspensions, restrictions, or other
6 disciplinary action taken against the applicant in another state;

7 (g) A list of any license revocations, suspensions, restrictions,
8 or other disciplinary action taken against any money services
9 business involving the proposed responsible individual;

10 (h) Information concerning any bankruptcy or receivership
11 proceedings involving or affecting the applicant or the proposed
12 responsible individual;

13 (i) A sample form of contract for authorized delegates, if
14 applicable;

15 (j) A description of the source of money and credit to be used by
16 the applicant to provide money services; and

17 (k) Any other information regarding the background, experience,
18 character, financial responsibility, and general fitness of the
19 applicant, the applicant's responsible individual, or authorized
20 delegates that the director may require in rule.

21 (2) If an applicant is a corporation, limited liability company,
22 partnership, or other entity, the applicant shall also provide:

23 (a) The date of the applicant's incorporation or formation and
24 state or country of incorporation or formation;

25 (b) If applicable, a certificate of good standing from the state
26 or country in which the applicant is incorporated or formed;

27 (c) A brief description of the structure or organization of the
28 applicant, including any parent or subsidiary of the applicant, and
29 whether any parent or subsidiary is publicly traded;

30 (d) The legal name, any fictitious or trade name, all business
31 and residential addresses, date of birth, social security number, and
32 employment history in the ten-year period preceding the submission of
33 the application for each executive officer, board director, or person
34 that has control of the applicant;

35 (e) If the applicant or its corporate parent is not a publicly
36 traded entity, the director may request the fingerprints of each
37 executive officer, board director, or person that has control of the
38 applicant;

39 (f) A list of any criminal convictions, material litigation, and
40 any litigation related to the provision of money services, in the

1 ten-year period preceding the submission of the application in which
2 any executive officer, board director, or person in control of the
3 applicant has been involved;

4 (g) A copy of the applicant's audited financial statements for
5 the most recent fiscal year or, if the applicant is a wholly owned
6 subsidiary of another corporation, the most recent audited
7 consolidated annual financial statement of the parent corporation or
8 the applicant's most recent audited consolidated annual financial
9 statement, and in each case, if available, for the two-year period
10 preceding the submission of the application;

11 (h) A copy of the applicant's unconsolidated financial statements
12 for the current fiscal year, whether audited or not, and, if
13 available, for the two-year period preceding the submission of the
14 application;

15 (i) If the applicant is publicly traded, a copy of the most
16 recent report filed with the United States securities and exchange
17 commission under section 13 of the federal Securities Exchange Act of
18 1934 (15 U.S.C. Sec. 78m);

19 (j) If the applicant is a wholly owned subsidiary of:

20 (i) A corporation publicly traded in the United States, a copy of
21 audited financial statements for the parent corporation for the most
22 recent fiscal year or a copy of the parent corporation's most recent
23 report filed under section 13 of the federal Securities Exchange Act
24 of 1934 (15 U.S.C. Sec. 78m); or

25 (ii) A corporation publicly traded outside the United States, a
26 copy of similar documentation filed with the regulator of the parent
27 corporation's domicile outside the United States;

28 (k) If the applicant has a registered agent in this state, the
29 name and address of the applicant's registered agent in this state;
30 and

31 (l) Any other information that the director may require in rule
32 regarding the applicant, each executive officer, or each board
33 director to determine the applicant's background, experience,
34 character, financial responsibility, and general fitness.

35 (3) A nonrefundable application fee and an initial license fee,
36 as determined in rule by the director, must accompany an application
37 for a license under this chapter. The initial license fee must be
38 refunded if the application is denied.

39 (4) As part of or in connection with an application for any
40 license under this section, or periodically upon license renewal,

1 each officer, director, responsible individual, and owner applicant
2 shall furnish information concerning his or her identity, including
3 fingerprints for submission to the Washington state patrol or the
4 federal bureau of investigation for a state and national criminal
5 history background check, personal history, experience, business
6 record, purposes, and other pertinent facts, as the director may
7 reasonably require. As part of or in connection with an application
8 for a license under this chapter, or periodically upon license
9 renewal, the director is authorized to receive criminal history
10 record information that includes nonconviction data as defined in RCW
11 10.97.030. The department may only disseminate nonconviction data
12 obtained under this section to criminal justice agencies. This
13 section does not apply to financial institutions regulated under
14 chapters 31.12 and 31.13 RCW and Titles (~~(30)~~) 32(~~(7)~~) and 33 RCW.
15 The requirements of this subsection do not apply when the applicant
16 or its corporate parents are publicly traded entities.

17 (5) For business models that store virtual currency on behalf of
18 others, the applicant must provide a third-party security audit of
19 all electronic information and data systems acceptable to the
20 director.

21 (6) The director or the director's designated representative may
22 deny an application for a proposed license or trade name if the
23 proposed license or trade name is similar to a currently existing
24 licensee name, including trade names.

25 (7) The director may waive one or more requirements of this
26 section or permit an applicant to submit other information in lieu of
27 the required information.

28 **Sec. 5.** RCW 19.230.050 and 2010 c 73 s 3 are each amended to
29 read as follows:

30 (1) Each money transmitter licensee shall maintain a surety
31 bond(~~(, or other similar security acceptable to the director,)~~) in an
32 amount based on the previous year's money transmission dollar volume;
33 and the previous year's payment instrument dollar volume. The minimum
34 surety bond must be at least ten thousand dollars, and not to exceed
35 five hundred fifty thousand dollars. The director may adopt rules to
36 implement this section.

37 (2) The surety bond shall run to the state of Washington as
38 obligee, and shall run to the benefit of the state and any person or
39 persons who suffer loss by reason of a licensee's or licensee's

1 authorized delegate's violation of this chapter or the rules adopted
2 under this chapter. A claimant against a money transmitter licensee
3 may maintain an action on the bond, or the director may maintain an
4 action on behalf of the claimant.

5 (3) The surety bond shall be continuous and may be canceled by
6 the surety upon the surety giving written notice to the director of
7 its intent to cancel the bond. The cancellation is effective thirty
8 days after the notice of cancellation is received by the director or
9 the director's designee. Whether or not the bond is renewed,
10 continued, replaced, or modified, including increases or decreases in
11 the penal sum, it is considered one continuous obligation, and the
12 surety upon the bond is not liable in an aggregate or cumulative
13 amount exceeding the penal sum set forth on the face of the bond. In
14 no event may the penal sum, or any portion thereof, at two or more
15 points in time, be added together in determining the surety's
16 liability.

17 (4) A surety bond (~~(or other security)~~) must cover claims for at
18 least five years after the date of a money transmitter licensee's
19 violation of this chapter, or at least five years after the date the
20 money transmitter licensee ceases to provide money services in this
21 state, whichever is longer. However, the director may permit the
22 amount of the surety bond (~~(or other security)~~) to be reduced or
23 eliminated before the expiration of that time to the extent the
24 amount of the licensee's obligations outstanding in this state are
25 reduced.

26 (5) In the event that a money transmitter licensee does not
27 maintain a surety bond (~~(or other form of security satisfactory to~~
28 ~~the director)~~) in the amount required under subsection (1) of this
29 section, the director may issue a temporary cease and desist order
30 under RCW 19.230.260.

31 (6) The director may increase the amount of (~~(security)~~) the bond
32 required up to a maximum of one million dollars (~~(if the financial~~
33 ~~condition of a money transmitter licensee so requires, as evidenced~~
34 ~~by reduction of net worth, financial losses, potential losses as a~~
35 ~~result of violations of this chapter or rules adopted under this~~
36 ~~chapter, or other relevant)~~) based on the nature and volume of
37 business activities, the financial health of the company, and other
38 criteria specified by the director in rule.

1 **Sec. 6.** RCW 19.230.070 and 2010 c 73 s 5 are each amended to
2 read as follows:

3 (1) When an application for a money transmitter license is filed
4 under this chapter, the director or the director's designee shall
5 investigate the applicant's financial condition and responsibility,
6 financial and business experience, competence, character, and general
7 fitness. The director or the director's designee may conduct an on-
8 site investigation of the applicant, the cost of which must be paid
9 by the applicant as specified in RCW 19.230.320 or rules adopted
10 under this chapter. The director shall issue a money transmitter
11 license to an applicant under this chapter if the director or the
12 director's designee finds that all of the following conditions have
13 been fulfilled:

14 (a) The applicant has complied with RCW 19.230.040, 19.230.050,
15 and 19.230.060;

16 (b) The financial condition and responsibility, financial and
17 business experience, competence, character, and general fitness of
18 the applicant; and the competence, financial and business experience,
19 character, and general fitness of the executive officers, proposed
20 responsible individual, board directors, and persons in control of
21 the applicant; indicate that it is in the interest of the public to
22 permit the applicant to engage in the business of providing money
23 transmission services; and

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

30 (2) The director may for good cause extend the application review
31 period or condition the issuance of the license.

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

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

39 (5) A money transmitter licensee may surrender a license by
40 (~~delivering the original license to~~) providing the director

1 ((along)) with a written notice of surrender through the nationwide
2 licensing system. The written notice of surrender must include notice
3 of where the records of the licensee will be stored and the name,
4 address, telephone number, and other contact information of a
5 responsible party who is authorized to provide access to the records.
6 The surrender of a license does not reduce or eliminate the
7 licensee's civil or criminal liability arising from acts or omissions
8 occurring prior to the surrender of the license, including any
9 administrative actions undertaken by the director or the director's
10 designee to revoke or suspend a license, to assess fines, to order
11 payment of restitution, or to exercise any other authority authorized
12 under this chapter.

13 NEW SECTION. **Sec. 7.** A new section is added to chapter 19.230
14 RCW to read as follows:

15 (1) Each online currency exchanger licensee shall maintain a
16 surety bond in an amount based on the previous year's currency
17 exchange dollar volume. The minimum surety bond must be at least ten
18 thousand dollars, and not to exceed fifty thousand dollars. The
19 director may adopt rules to implement this section.

20 (2) The surety bond shall run to the state of Washington as
21 obligee, and shall run to the benefit of the state and any person or
22 persons who suffer loss by reason of a licensee's violation of this
23 chapter or the rules adopted under this chapter. A claimant against
24 the bond may maintain an action on the bond, or the director may
25 maintain an action on behalf of the claimant.

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

37 (4) A surety bond must cover claims for at least one year after
38 the date of an online currency exchanger licensee's violation of this
39 chapter, or at least one year after the date the online currency

1 exchanger licensee ceases to provide online currency exchange
2 services in this state, whichever is longer. However, the director
3 may permit the amount of the surety bond to be reduced or eliminated
4 before the expiration of that time to the extent the amount of the
5 licensee's obligations outstanding in this state are reduced.

6 (5) In the event that an online currency exchanger licensee does
7 not maintain a surety bond in the amount required under subsection
8 (1) of this section, the director may issue a temporary cease and
9 desist order under RCW 19.230.260.

10 (6) The director may increase the amount of the bond required up
11 to a maximum of one million dollars based on the nature and volume of
12 the business activities, the financial health of the company, and
13 other criteria specified by the director in rule.

14 **Sec. 8.** RCW 19.230.100 and 2003 c 287 s 12 are each amended to
15 read as follows:

16 (1) When an application for a currency exchange license is filed
17 under this chapter, the director or the director's designee shall
18 investigate the applicant's financial condition and responsibility,
19 financial and business experience, competence, character, and general
20 fitness. The director or the director's designee may conduct an on-
21 site investigation of the applicant, the cost of which must be paid
22 by the applicant as specified in RCW 19.230.320 or rules adopted
23 under this chapter. The director shall issue a currency exchange
24 license to an applicant under this chapter if the director or the
25 director's designee finds that all of the following conditions have
26 been fulfilled:

27 (a) The applicant has complied with RCW 19.230.090;

28 (b) The financial and business experience, competence, character,
29 and general fitness of the applicant; and the competence, financial
30 and business experience, character, and general fitness of the
31 executive officers, proposed responsible individual, board directors,
32 and persons in control of the applicant indicate that it is in the
33 interest of the public to permit the applicant to engage in the
34 business of providing currency exchange; and

35 (c) Neither the applicant, nor any executive officer, nor person
36 who exercises control over the applicant, nor the proposed
37 responsible individual are listed on the specially designated
38 nationals and blocked persons list prepared by the United States

1 department of treasury or department of state under Presidential
2 Executive Order No. 13224.

3 (2) The director may for good cause extend the application review
4 period.

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

7 (4) A currency exchange license issued under this chapter is
8 valid from the date of issuance and remains in effect with no fixed
9 date of expiration unless otherwise suspended or revoked by the
10 director, or unless the license expires for nonpayment of the annual
11 ((license)) assessment and any late fee, if applicable.

12 (5) A currency exchange licensee may surrender a license by
13 ((delivering the original license to)) providing the director
14 ((along)) with a written notice of surrender through the nationwide
15 licensing system. The written notice of surrender must include notice
16 of where the records of the licensee will be stored and the name,
17 address, telephone number, and other contact information of a
18 responsible party who is authorized to provide access to the records.
19 The surrender of a license does not reduce or eliminate the
20 licensee's civil or criminal liability arising from acts or omissions
21 occurring prior to the surrender of the license, including any
22 administrative actions undertaken by the director or the director's
23 designee to revoke or suspend a license, to assess fines, to order
24 payment of restitution, or to exercise any other authority authorized
25 under this chapter.

26 **Sec. 9.** RCW 19.230.110 and 2013 c 106 s 4 are each amended to
27 read as follows:

28 (1) A licensee shall pay an annual assessment as established in
29 rule by the director no later than the annual assessment due date or,
30 if the annual assessment due date is not a business day, on the next
31 business day. A licensee shall pay an annual assessment based on the
32 previous year's Washington dollar volume of: (a) Money transmissions;
33 (b) payment instruments; (c) currency exchanges; and (d) ((stored
34 value)) prepaid access sales. The total minimum assessment must be
35 one thousand dollars per year, and the maximum assessment may not
36 exceed one hundred thousand dollars per year.

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

1 (a) If the licensee is a money transmitter, a copy of the
2 licensee's most recent audited annual financial statement or, if the
3 licensee is a wholly owned subsidiary of another corporation, the
4 most recent audited consolidated annual financial statement of the
5 parent corporation or the licensee's most recent audited consolidated
6 annual financial statement;

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

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

15 (d) If the licensee is a money transmitter, proof that the
16 licensee continues to maintain an adequate ((~~security~~)) bond as
17 required by RCW 19.230.050; and

18 (e) A list of the locations where the licensee or an authorized
19 delegate of the licensee engages in or provides money services to
20 persons in Washington state.

21 (3) If a licensee does not file an annual report or pay its
22 annual assessment by the annual assessment due date, the director or
23 the director's designee shall send the licensee a notice of
24 suspension and assess the licensee a late fee not to exceed twenty-
25 five percent of the annual assessment as established in rule by the
26 director. The licensee's annual report and payment of both the annual
27 assessment and the late fee must arrive in the department's offices
28 by 5:00 p.m. on the thirtieth day after the assessment due date or
29 any extension of time granted by the director, unless that date is
30 not a business day, in which case the licensee's annual report and
31 payment of both the annual assessment and the late fee must arrive in
32 the department's offices by 5:00 p.m. on the next occurring business
33 day. If the licensee's annual report and payment of both the annual
34 assessment and late fee do not arrive by such date, the expiration of
35 the licensee's license is effective at 5:00 p.m. on the thirtieth day
36 after the assessment due date, unless that date is not a business
37 day, in which case the expiration of the licensee's license is
38 effective at 5:00 p.m. on the next occurring business day. The
39 director, or the director's designee, may reinstate the license if,
40 within twenty days after its effective date, the licensee:

- 1 (a) Files the annual report and pays both the annual assessment
2 and the late fee; and
3 (b) Did not engage in or provide money services during the period
4 its license was expired.

5 **Sec. 10.** RCW 19.230.130 and 2003 c 287 s 15 are each amended to
6 read as follows:

7 (1) For the purpose of discovering violations of this chapter or
8 rules adopted under this chapter, discovering unsafe and unsound
9 practices, or securing information lawfully required under this
10 chapter, the director may at any time, either personally or by
11 designee, investigate or examine the business and, wherever located,
12 the books, accounts, records, papers, documents, files, and other
13 information used in the business of every licensee or its authorized
14 delegates, and of every person who is engaged in the business of
15 providing money services, whether the person acts or claims to act
16 under or without the authority of this chapter. For these purposes,
17 the director or designated representative shall have free access to
18 the offices and places of business, books, accounts, papers,
19 documents, other information, records, files, safes, and vaults of
20 all such persons. The director or the director's designee may require
21 the attendance of and examine under oath all persons whose testimony
22 may be required about the business or the subject matter of any
23 investigation, examination, or hearing and may require such person to
24 produce books, accounts, papers, documents, records, files, and any
25 other information the director or designated person declares is
26 relevant to the inquiry. The director may require the production of
27 original books, accounts, papers, documents, records, files, and
28 other information; may require that such original books, accounts,
29 papers, documents, records, files, and other information be copied;
30 or may make copies himself or herself or by designee of such original
31 books, accounts, papers, documents, records, files, or other
32 information. The director or designated person may issue a directive,
33 subpoena, or subpoena duces tecum requiring attendance or compelling
34 production of the books, accounts, papers, documents, records, files,
35 or other information.

36 (2) The licensee, applicant, or person subject to licensing under
37 this chapter shall pay the cost of examinations and investigations as
38 specified in RCW 19.230.320 or rules adopted under this chapter.

1 (3) Information obtained during an examination or investigation
2 under this chapter may be disclosed only as provided in RCW
3 19.230.190.

4 **Sec. 11.** RCW 19.230.140 and 2003 c 287 s 16 are each amended to
5 read as follows:

6 (1) The director may: Conduct an on-site examination ((~~or~~
7 ~~investigation of~~)), participate in a joint or concurrent examination
8 with other state or federal agencies, or investigate the books,
9 accounts, records, papers, documents, files, and other information
10 used in the business of every licensee or its authorized delegates in
11 conjunction with representatives of other state agencies or agencies
12 of another state or of the federal government. The director may
13 accept an examination report or an investigation report of an agency
14 of this state or of another state or of the federal government.

15 (2) A joint or concurrent examination or investigation, or an
16 acceptance of an examination or investigation report, does not
17 preclude the director from conducting an examination or investigation
18 under this chapter. A joint report or a report accepted under this
19 section is an official report of the director for all purposes.

20 **Sec. 12.** RCW 19.230.150 and 2013 c 106 s 6 are each amended to
21 read as follows:

22 (1) A licensee shall file with the director within thirty
23 ~~((business))~~ days any material changes in information provided in a
24 licensee's application as prescribed in rule by the director. If this
25 information indicates that the licensee is no longer in compliance
26 with this chapter, the director may take any action authorized under
27 this chapter to ensure that the licensee operates in compliance with
28 this chapter.

29 (2) A licensee shall ~~((file with the director within forty five~~
30 ~~days after the end of each fiscal quarter a current list of all~~
31 ~~authorized delegates including the name, address, and email address,~~
32 ~~if available, of each authorized delegate providing money services to~~
33 ~~persons in Washington. The licensee shall also file with the director~~
34 ~~within forty five days after the end of each fiscal quarter a current~~
35 ~~list of all licensee locations providing money services to persons in~~
36 ~~Washington, including mobile locations, which includes the address,~~
37 ~~and email address if available, of the licensee)) report all licensee
38 branch locations and all authorized delegates to the nationwide~~

1 licensing system within thirty days of the contractual agreement with
2 the licensee to provide money services in Washington. Accurate
3 records must be maintained within the licensing system as prescribed
4 in rule.

5 (3) A licensee shall file a report with the director within one
6 business day after the licensee has reason to know of the occurrence
7 of any of the following events:

8 (a) The filing of a petition by or against the licensee, or any
9 authorized delegate of the licensee, under the United States
10 Bankruptcy Code (11 U.S.C. Sec. 101-110) for bankruptcy or
11 reorganization;

12 (b) The filing of a petition by or against the licensee, or any
13 authorized delegate of the licensee, for receivership, the
14 commencement of any other judicial or administrative proceeding for
15 its dissolution or reorganization, or the making of a general
16 assignment for the benefit of its creditors;

17 (c) The commencement of a proceeding to revoke, suspend,
18 restrict, or condition its license, or otherwise discipline or
19 sanction the licensee, in a state or country in which the licensee
20 engages in business or is licensed;

21 (d) The cancellation or other impairment of the licensee's bond
22 (~~or other security~~);

23 (e) A charge or conviction of the licensee or of an executive
24 officer, responsible individual, board director of the licensee, or
25 person in control of the licensee, for a felony; or

26 (f) A charge or conviction of an authorized delegate for a
27 felony.

28 **Sec. 13.** RCW 19.230.152 and 2014 c 36 s 4 are each amended to
29 read as follows:

30 Each licensee (~~on a nationwide licensing system~~) shall submit
31 reports of condition through a nationwide licensing system which must
32 be in the form and must contain the information as the director may
33 require.

34 **Sec. 14.** RCW 19.230.180 and 2010 c 73 s 8 are each amended to
35 read as follows:

36 Every licensee and its authorized delegates shall file all
37 reports required by federal currency reporting, recordkeeping, and
38 suspicious transaction reporting requirements with the appropriate

1 federal agency as set forth in 31 U.S.C. Sec. 5311, 31 C.F.R. (~~See~~
2 ~~103--(2000)~~) Part 1022, and other federal and state laws pertaining
3 to money laundering. Every licensee and its authorized delegates
4 shall maintain copies of these reports in its records in compliance
5 with RCW 19.230.170.

6 **Sec. 15.** RCW 19.230.200 and 2013 c 106 s 7 are each amended to
7 read as follows:

8 (1)(a) A money transmitter licensee (~~shall~~) must maintain, at
9 all times, permissible investments that have a market value computed
10 in accordance with generally accepted accounting principles of not
11 less than the amount of the licensee's average (~~outstanding money~~)
12 daily transmission liability. Average daily transmission liability
13 means the sum of the daily amounts of a licensee's outstanding money
14 transmissions, as computed each day of the month divided by the
15 number of days in the month.

16 (b) (~~For the purposes of this section, average outstanding money~~
17 ~~transmission liability means the sum of the daily amounts of a~~
18 ~~licensee's outstanding money transmissions, as computed each day of~~
19 ~~the month divided by the number of days in the month)) A licensee
20 transmitting virtual currencies must hold like-kind virtual
21 currencies of the same volume as that held by the licensee but which
22 is obligated to consumers in lieu of the permissible investments
23 required in (a) of this subsection.~~

24 (c) A licensee transmitting both money and virtual currency must
25 maintain applicable levels and types of permissible investments as
26 described in (a) and (b) of this subsection.

27 (2) The director, with respect to any money transmitter licensee,
28 may limit the extent to which a type of investment within a class of
29 permissible investments may be considered a permissible investment,
30 except for money, time deposits, savings deposits, demand deposits,
31 and certificates of deposit issued by a federally insured financial
32 institution. The director may prescribe in rule, or by order allow,
33 other types of investments that the director determines to have a
34 safety substantially equivalent to other permissible investments.

35 **Sec. 16.** RCW 19.230.210 and 2010 c 73 s 10 are each amended to
36 read as follows:

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

4 (a) Cash(~~(,—time))~~ on hand. Time deposits, savings deposits,
5 demand deposits, ((a)) certificates of deposit, or senior debt
6 obligations of an insured depository institution as defined in
7 section 3 of the federal Deposit Insurance Act (12 U.S.C. Sec. 1813)
8 or as defined under the federal Credit Union Act (12 U.S.C. Sec.
9 1781);

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

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

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

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

30 (f) A share or a certificate issued by an open-end management
31 investment company that is registered with the United States
32 securities and exchange commission under the Investment Companies Act
33 of 1940 (15 U.S.C. Sec. 80(a)(1) through (64), and whose portfolio is
34 restricted by the management company's investment policy to
35 investments specified in (a) through (d) of this subsection.

36 (2) The following investments are permissible under RCW
37 19.230.200, but only to the extent specified as follows:

38 (a) An interest-bearing bill, note, bond, or debenture of a
39 person whose equity shares are traded on a national securities
40 exchange or on a national over-the-counter market, if the aggregate

1 of investments under this subsection (2)(a) does not exceed twenty
2 percent of the total permissible investments of a licensee and the
3 licensee does not, at one time, hold investments under this
4 subsection (2)(a) in any one person aggregating more than ten percent
5 of the licensee's total permissible investments;

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

19 (c) A demand-borrowing agreement made to a corporation or a
20 subsidiary of a corporation whose securities are traded on a national
21 securities exchange, if the aggregate of the amount of principal and
22 interest outstanding under demand-borrowing agreements under this
23 subsection (2)(c) does not exceed twenty percent of the total
24 permissible investments of a licensee and the licensee does not, at
25 one time, hold principal and interest outstanding under demand-
26 borrowing agreements under this subsection (2)(c) with any one person
27 aggregating more than ten percent of the licensee's total permissible
28 investments; and

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

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

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

1 **Sec. 17.** RCW 19.230.250 and 2003 c 287 s 27 are each amended to
2 read as follows:

3 (1) If the director has reason to believe that a person has
4 violated or is violating RCW 19.230.030 or 19.230.080, the director
5 or the director's designee may conduct an examination or
6 investigation as authorized under RCW 19.230.130.

7 (2) If as a result of such investigation or examination, the
8 director finds that a person has violated RCW 19.230.030 or
9 19.230.080, the director may issue a temporary cease and desist order
10 as authorized under RCW 19.230.260.

11 (3) If as a result of such an investigation or examination, the
12 director finds that a person has violated RCW 19.230.030 or
13 19.230.080, the director may issue an order to prohibit the person
14 from continuing to engage in providing money services, to compel the
15 person to pay restitution to damaged parties, to impose civil money
16 penalties on the person, which may include the costs and expenses to
17 investigate and prosecute violations of this chapter, and to prohibit
18 from participation in the affairs of any licensee or authorized
19 delegate, or both, any executive officer, person in control, or
20 employee of the person.

21 (4) The director may petition the superior court for the issuance
22 of a temporary restraining order under the rules of civil procedure.

23 **Sec. 18.** RCW 19.230.290 and 2003 c 287 s 31 are each amended to
24 read as follows:

25 The director may assess a civil penalty against a licensee,
26 responsible individual, authorized delegate, or other person that
27 violates this chapter or a rule adopted or an order issued under this
28 chapter in an amount not to exceed one hundred dollars per violation
29 per day for each day the violation is outstanding, plus this state's
30 costs and expenses for the investigation and prosecution of the
31 matter, including reasonable attorneys' fees.

32 **Sec. 19.** RCW 19.230.320 and 2010 c 73 s 11 are each amended to
33 read as follows:

34 (1) The director shall establish fees by rule sufficient to cover
35 the costs of administering this chapter. The director may establish
36 different fees for each type of license authorized under this
37 chapter. These fees may include:

1 (a) An annual assessment specified in rule by the director paid
2 by each licensee on or before the annual assessment due date;

3 (b) A late fee for late payment of the annual assessment as
4 specified in rule by the director;

5 (c) An hourly investigation fee to cover the costs of any
6 investigation of the books and records of a licensee or other person
7 subject to this chapter;

8 (d) A nonrefundable application fee to cover the costs of
9 processing license applications made to the director under this
10 chapter;

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

14 (f) A transaction fee or set of transaction fees to cover the
15 administrative costs associated with processing changes in control,
16 changes of address, and other administrative changes as specified in
17 rule by the director.

18 (2) The director shall ensure that when an examination or
19 investigation, or any part of the examination or investigation, of
20 any licensee applicant or person subject to licensing under this
21 chapter, requires travel and services outside this state by the
22 director or designee, the licensee applicant or person subject to
23 licensing under this chapter that is the subject of the examination
24 or investigation shall pay the actual travel expenses incurred by the
25 director or designee conducting the examination or investigation.

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

28 (4) The director or designee may waive all or a portion of the
29 fees and assessments under this chapter.

30 NEW SECTION. Sec. 20. A new section is added to chapter 19.230
31 RCW to read as follows:

32 (1) Virtual currency licensees must provide to any person seeking
33 to use the licensee's products or services the disclosures required
34 by subsection (2) of this section.

35 (2) As applicable, virtual currency licensees must make the
36 following disclosures:

37 (a) A schedule of all fees and charges the licensee may assess on
38 a transaction, how the fees and charges will be calculated if not set
39 in advance and disclosed, and the timing of the fees and charges.

1 (b) Whether the product or service provided is insured or
2 guaranteed by an agency of the United States, such as the federal
3 deposit insurance corporation or the securities investor protection
4 corporation or by private insurance against theft or loss, including
5 cybertheft or theft by other means.

6 (c) A notice that the transfer of virtual currency or digital
7 units is irrevocable and any exception to the irrevocability of
8 transfer.

9 (d) A notice describing the licensee's liability for
10 unauthorized, mistaken, or accidental transfers and, describing the
11 user's responsibility for providing notice of such mistake to the
12 licensee and of general error-resolution rights applicable to any
13 transaction.

14 (3) Licensees must provide any additional disclosures the
15 director may require as set forth in rule.

16 (4) Disclosures required by this section must be made separately
17 from any other information provided by the licensee and in a clear
18 and conspicuous manner.

19 **Sec. 21.** RCW 19.230.330 and 2014 c 206 s 1 are each amended to
20 read as follows:

21 (1)(a) Every money transmitter licensee and its authorized
22 delegates shall transmit the monetary equivalent of all money or
23 equivalent value received from a customer for transmission, net of
24 any fees, or issue instructions committing the money or its monetary
25 equivalent, to the person designated by the customer within ten
26 business days after receiving the money or equivalent value, unless
27 otherwise ordered by the customer or when the transmission is for the
28 payment of goods or services or unless the licensee or its authorized
29 delegate has reason to believe that a crime has occurred, is
30 occurring, or may occur as a result of transmitting the money. For
31 purposes of this subsection, money is considered to have been
32 transmitted when it is available to the person designated by the
33 customer and a reasonable effort has been made to inform this
34 designated person that the money is available, whether or not the
35 designated person has taken possession of the money. As used in this
36 subsection, "monetary equivalent," when used in connection with a
37 money transmission in which the customer provides the licensee or its
38 authorized delegate with the money of one government, and the
39 designated recipient is to receive the money of another government,

1 means the amount of money, in the currency of the government that the
2 designated recipient is to receive, as converted at the retail
3 exchange rate offered by the licensee or its authorized delegate to
4 the customer in connection with the transaction.

5 (b) A money transmitter licensee that accepts money or its
6 equivalent from consumers purchasing goods or services from third-
7 party merchants and transmits the money or its equivalent to those
8 merchants selling the goods or services to the consumer must:

9 (i) Transmit the money or its equivalent to the merchant within
10 the time frame agreed upon in the merchant's agreement with the money
11 transmitter licensee; and

12 (ii) Conspicuously disclose to the merchant in the agreement the
13 money transmitter licensee's authority to place a hold or delay in
14 transmittal of consumer money or its equivalent for more than ten
15 business days and the general circumstances under which the merchant
16 may be subject to a hold or delay.

17 (2)(a) Every money transmitter licensee and its authorized
18 delegates shall provide a receipt to the customer that clearly states
19 the amount of money presented for transmission and the total of any
20 fees charged by the licensee. If the rate of exchange for a money
21 transmission to be paid in the currency of another country is fixed
22 by the licensee for that transaction at the time the money
23 transmission is initiated, then the receipt provided to the customer
24 shall disclose the rate of exchange for that transaction, and the
25 duration, if any, for the payment to be made at the fixed rate of
26 exchange so specified. If the rate of exchange for a money
27 transmission to be paid in the currency of another country is not
28 fixed at the time the money transmission is sent, the receipt
29 provided to the customer shall disclose that the rate of exchange for
30 that transaction will be set at the time the recipient of the money
31 transmission picks up the funds in the foreign country. The receipt
32 shall also contain the licensee name, address, and phone number. As
33 used in this section, "fees" does not include revenue that a licensee
34 or its authorized delegate generates, in connection with a money
35 transmission, in the conversion of the money of one government into
36 the money of another government.

37 (b) Licensees acting as payment processors not excluded from this
38 chapter do not have to comply with (a) of this subsection if they
39 have no control over receipts issued by merchants or other parties
40 having interactions with the consumer.

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

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

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

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

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

--- END ---