CHAPTER 236
SENATE BILL 1580

AN ACT

AMENDING SECTIONS 6-123.01 AND 6-126, 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 SECTIONS 13-2317 AND 41-5605, ARIZONA REVISED STATUTES; RELATING TO MONEY TRANSMISSION.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

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

6-123.01. **Fingerprint requirements; fees**

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

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

C. The applicant is responsible for providing the department with readable fingerprints. The applicant shall pay any costs that are attributable to re-fingerprinting due to the unreadability of any fingerprints and any fees that are required for the resubmission of fingerprints.

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

E. The deputy director may require a current licensee, organizer, director, active manager, responsible individual or officer of any corporate licensee to submit a full set of fingerprints to the department. The department of insurance and financial institutions shall submit the
fingerprints and fees to the department of public safety for the purpose of obtaining a state and federal criminal records check pursuant to section 41-1750 and Public Law 92-544. The department of public safety may exchange this fingerprint data with the federal bureau of investigation.

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

Sec. 2. Section 6-126, Arizona Revised Statutes, is amended to read:

6-126. Application fees for financial institutions and enterprises

A. The following nonrefundable fees are payable to the department with the filing of the following:

1. To apply for a banking permit, $1,000.
2. To apply for an amendment to a banking or savings and loan association permit, $1,000.
3. To establish each banking branch office, $750.
4. To move a banking office to other than an established office of a bank, $1,000.
5. To apply for a savings and loan association permit, $5,000.
6. To establish each savings and loan association branch office, $1,500.
7. To move an office of a savings and loan association to other than an established office, $1,000.
8. To organize and establish a credit union, $100.
9. To establish each credit union branch or to move a credit union office to other than an established office of a credit union, $250.
10. To organize and establish any other financial institutions for which an application or investigation fee is not otherwise provided by law, $1,000.
11. To acquire control of a financial institution other than a consumer lender, $5,000.
12. To apply for a trust company license, $1,000.
13. To apply for a commercial mortgage banker, mortgage banker, escrow agent or consumer lender license, $1,000.
14. To apply for a mortgage broker, commercial mortgage broker, sales finance company or debt management company license, $500.
15. To apply for a collection agency license, $1,500.
16. To apply for a branch office of an escrow agent, consumer lender, commercial mortgage banker, mortgage banker or trust company, $500.
17. To apply for a branch office of a mortgage broker, commercial mortgage broker, debt management company or sales finance company, $250.
18. To apply for approval for the merger or consolidation of two or
more financial institutions, $5,000 per institution.

19. To apply for approval to convert from a national bank or
federal savings and loan charter to a state chartered institution, $1,000.

20. To apply for approval to convert from a federal credit union to
a state chartered credit union, $500.

21. To apply for approval to merge or consolidate two or more
credit unions, $500 per credit union.

22. To change the licensee name on a financial institution or
enterprise license, except for a loan originator or appraiser license, not
more than $250.

23. To apply for a money transmitter license PURSUANT TO CHAPTER
12, ARTICLE 1 OF THIS TITLE, $1,500 plus $25 for each branch office and
authorized delegate to a maximum of $4,500.

24. To acquire control of any money transmitter A PERSON THAT IS
LICENSED PURSUANT TO CHAPTER 12, ARTICLE 1 OF THIS TITLE or A controlling
person pursuant to chapter 12 of this title, $2,500.

25. To receive the following publications:

(a) Quarterly bank and savings and loan statement of condition, not
more than $10 per copy.

(b) Monthly summary of actions report, not more than $5 per copy.

(c) A list of licensees, a monthly pending actions report and all
other in-house prepared reports or listings made available to the public,
not more than $1 per page.

26. To apply for a loan originator license, an amount to be
determined by the deputy director.

27. To apply for a loan originator license transfer, an amount to
be determined by the deputy director.

28. To apply for a conversion from a mortgage banker license to a
mortgage broker license, an amount to be determined by the deputy
director.

29. For a premium finance company, $300 plus $300 for each branch
office.

30. For an advance fee loan broker, $50.

B. On application for a license or permit for an enterprise or
consumer lender, the applicant shall pay the first year's annual
assessment listed in subsection D of this section, prorated according to
the number of quarters remaining until the date of the next annual
assessment or renewal. If the result of the application ends in a denial,
the department shall refund the prorated annual assessment that the
applicant paid. Annual renewal fees are nonrefundable.
C. On issuance of a license or permit for a financial institution, the department shall collect the first year's annual assessment or renewal fee for the financial institution, except for a consumer lender that paid on application, prorated according to the number of quarters remaining until the date of the next annual assessment or renewal.

D. The following annual assessments and renewal fees shall be paid each year:

1. For an escrow agent or trust company, $1,000 plus $250 for each branch office.

2. For a debt management company or sales finance company, $500 plus $200 for each branch office.

3. For a collection agency, $600.

4. For an inactive mortgage broker or commercial mortgage broker, $250.

5. For a mortgage banker that negotiates or closes in the aggregate one hundred loans or less in the immediately preceding calendar year, $750, and for a mortgage banker that negotiates or closes in the aggregate over one hundred loans in the immediately preceding calendar year, $1,250. In addition, a mortgage banker shall pay $250 for each branch office.

6. For a commercial mortgage banker, $1,250. In addition, a commercial mortgage banker shall pay $250 for each branch office.

7. For a mortgage broker or commercial mortgage broker that negotiates or closes in the aggregate fifty loans or less in the immediately preceding calendar year, $250 and for a mortgage broker or commercial mortgage broker that negotiates or closes in the aggregate more than fifty loans in the immediately preceding calendar year, $500. In addition, a mortgage broker or commercial mortgage broker shall pay $200 for each branch office.

8. For a consumer lender, $1,000 plus $200 for each branch office.

9. For a money transmitter LICENSEE PURSUANT TO CHAPTER 12, ARTICLE 1 OF THIS TITLE, $500 plus $25 for each branch office and each authorized delegate to a maximum of $2,500.

10. For a loan originator, an amount to be determined by the deputy director.

11. For a loan originator change to inactive status, an amount to be determined by the deputy director.

12. For a premium finance company, $300 plus $300 for each branch office.

13. For an advance fee loan broker, $25.

Sec. 3. Repeal

Title 6, chapter 12, article 1, Arizona Revised Statutes, is repealed.
Sec. 4. Title 6, chapter 12, Arizona Revised Statutes, is amended by adding a new article 1, to read:

ARTICLE 1. MONEY TRANSMISSION

6-1201. Definitions

IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

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

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

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

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

5. "CONTROL" MEANS:
   (a) THE POWER TO VOTE, DIRECTLY OR INDIRECTLY, AT LEAST TWENTY-FIVE PERCENT OF THE OUTSTANDING VOTING SHARES OR VOTING INTERESTS OF A LICENSEE OR PERSON IN CONTROL OF A LICENSEE.
   (b) THE POWER TO ELECT OR APPOINT A MAJORITY OF KEY INDIVIDUALS OR EXECUTIVE OFFICERS, MANAGERS, DIRECTORS, TRUSTEES OR OTHER PERSONS EXERCISING MANAGERIAL AUTHORITY OF A PERSON IN CONTROL OF A LICENSEE.
   (c) THE POWER TO EXERCISE, DIRECTLY OR INDIRECTLY, A CONTROLLING INFLUENCE OVER THE MANAGEMENT OR POLICIES OF A LICENSEE OR PERSON IN CONTROL OF A LICENSEE.

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

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

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

9. "INDIVIDUAL" MEANS A NATURAL PERSON.

10. "IN THIS STATE":
    (a) MEANS AT A PHYSICAL LOCATION WITHIN THIS STATE IF A TRANSACTION
    IS REQUESTED IN PERSON.
    (b) INCLUDES ANY OF THE FOLLOWING IF A PERSON REQUESTS A
    TRANSACTION ELECTRONICALLY OR BY TELEPHONE:
    (i) THE LOCATION OF THE PERSON'S RESIDENTIAL ADDRESS IF THE PERSON
    IS AN INDIVIDUAL.
    (ii) A PERSON'S PRINCIPAL PLACE OF BUSINESS OR OTHER PHYSICAL
    ADDRESS LOCATION WITHIN THIS STATE IF THE PERSON IS A BUSINESS ENTITY.
    (iii) ANY ADDRESS WITHIN THIS STATE THAT IS ASSOCIATED WITH AN
    ACCOUNT BASED ON RECORDS THAT THE MONEY TRANSMISSION PROVIDER HAS OR
    INFORMATION THAT THE PERSON PROVIDES.

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

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

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

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

15. "MONEY":
    (a) MEANS A MEDIUM OF EXCHANGE THAT IS AUTHORIZED OR ADOPTED BY THE
    UNITED STATES OR A FOREIGN GOVERNMENT.
    (b) INCLUDES A MONETARY UNIT OF ACCOUNT ESTABLISHED BY AN
    INTERGOVERNMENTAL ORGANIZATION OR BY AGREEMENT BETWEEN TWO OR MORE
    GOVERNMENTS.

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

17. "MONEY TRANSMISSION":
    (a) MEANS ANY OF THE FOLLOWING:
    (i) SELLING OR ISSUING PAYMENT INSTRUMENTS TO A PERSON LOCATED IN
    THIS STATE.
    (ii) SELLING OR ISSUING STORED VALUE TO A PERSON LOCATED IN THIS
    STATE.
    (iii) RECEIVING MONEY FOR TRANSMISSION FROM A PERSON LOCATED IN
    THIS STATE.
(b) DOES NOT INCLUDE PROVIDING SOLELY ONLINE TELECOMMUNICATIONS SERVICES OR NETWORK ACCESS.

18. "MULTISTATE LICENSING PROCESS" MEANS A PROCEDURE AMONG STATE REGULATORS RELATING TO THE COORDINATED PROCESSING OF APPLICATIONS FOR MONEY TRANSMISSION LICENSES, APPLICATIONS FOR THE ACQUISITION OF CONTROL OF A LICENSEE, CONTROL DETERMINATIONS OR NOTICE AND INFORMATION REQUIREMENTS FOR A CHANGE OF KEY INDIVIDUALS.

19. "NMLS" MEANS THE NATIONWIDE MULTISTATE LICENSING SYSTEM AND REGISTRY THAT IS DEVELOPED BY A CONFERENCE OF STATE BANK SUPERVISORS AND THE AMERICAN ASSOCIATION OF RESIDENTIAL MORTGAGE REGULATORS AND THAT IS OWNED AND OPERATED BY A STATE REGULATORY REGISTRY FOR THE LICENSING AND REGISTRATION OF PERSONS IN FINANCIAL SERVICES INDUSTRIES.

20. "OUTSTANDING MONEY TRANSMISSION OBLIGATION" MEANS EITHER OF THE FOLLOWING:

(a) ANY PAYMENT INSTRUMENT OR STORED VALUE ISSUED OR SOLD BY THE LICENSEE TO A PERSON LOCATED IN THE UNITED STATES OR REPORTED AS SOLD BY AN AUTHORIZED DELEGATE OF THE LICENSEE TO A PERSON THAT IS LOCATED IN THE UNITED STATES THAT HAS NOT YET BEEN PAID OR REFUNDED BY OR FOR THE LICENSEE OR ESCHEATED IN ACCORDANCE WITH APPLICABLE ABANDONED PROPERTY LAWS.

(b) ANY MONEY RECEIVED FOR TRANSMISSION BY THE LICENSEE OR AN AUTHORIZED DELEGATE IN THE UNITED STATES FROM A PERSON LOCATED IN THE UNITED STATES THAT HAS NOT BEEN RECEIVED BY THE PAYEE OR REFUNDED TO THE SENDER OR ESCHEATED IN ACCORDANCE WITH APPLICABLE ABANDONED PROPERTY LAWS.

21. "PASSIVE INVESTOR" MEANS A PERSON THAT:

(a) DOES NOT HAVE THE POWER TO ELECT A MAJORITY OF KEY INDIVIDUALS OR EXECUTIVE OFFICERS, MANAGERS, DIRECTORS, TRUSTEES OR OTHER PERSONS EXERCISING MANAGERIAL AUTHORITY OF A PERSON IN CONTROL OF A LICENSEE.

(b) IS NOT EMPLOYED BY AND DOES NOT HAVE ANY MANAGERIAL DUTIES OF THE LICENSEE OR PERSON IN CONTROL OF A LICENSEE.

(c) DOES NOT HAVE THE POWER TO EXERCISE, DIRECTLY OR INDIRECTLY, A CONTROLLING INFLUENCE OVER THE MANAGEMENT OR POLICIES OF A LICENSEE OR PERSON IN CONTROL OF A LICENSEE.

(d) DOES EITHER OF THE FOLLOWING:

(i) ATTESTS TO SUBDIVISIONS (a), (b) AND (c) OF THIS PARAGRAPH IN A FORM AND IN A MEDIUM PRESCRIBED BY THE DIRECTOR.

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

22. "PAYMENT INSTRUMENT":

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

(b) DOES NOT INCLUDE STORED VALUE OR ANY INSTRUMENT THAT IS EITHER:
(i) redeemable by the issuer only for goods or services provided by the issuer or its affiliate or franchisees of the issuer or its affiliate, except to the extent required by applicable law to be redeemable in cash for its cash value.

(ii) not sold to the public but issued and distributed as part of a loyalty, rewards or promotional program.

23. "Person" means any individual, general partnership, limited partnership, limited liability company, corporation, trust, association, joint stock corporation or other corporate entity identified by the director.

24. "Receiving money for transmission" or "money received for transmission" means receiving money or monetary value in the United States for transmission within or outside the United States by electronic or other means.

25. "Stored value":
   (a) means monetary value representing a claim against the issuer that is evidenced by an electronic or digital record and that is intended and accepted for use as a means of redemption for money or monetary value or payment for goods or services.
   (b) includes prepaid access as defined in 31 code of federal regulations section 1010.100.
   (c) does not include a payment instrument or closed loop stored value or stored value not sold to the public but issued and distributed as part of a loyalty, rewards or promotional program.

26. "Tangible net worth" means the aggregate assets of a licensee excluding all intangible assets, minus liabilities, as determined in accordance with united states generally accepted accounting principles.

6-1202. Exemptions
   A. this article does not apply to any of the following:
      1. an operator of a payment system that provides processing, clearing or settlement services between or among persons exempted by this section or licensees in connection with wire transfers, credit card transactions, debit card transactions, stored value transactions, automated clearinghouse transfers or similar transfers of money.
      2. a person appointed as an agent of a payee to collect and process a payment from a payor to the payee for goods or services, other than money transmission, provided to the payor by the payee, if all of the following apply:
         (a) a written agreement exists between the payee and the agent directing the agent to collect and process payments from payors on the payee's behalf.
         (b) the payee holds the agent out to the public as accepting payments for goods or services on the payee's behalf.
         (c) payment for the goods and services is treated as received by the payee on receipt by the agent so that the payor's obligation is
EXTINGUISHED AND THERE IS NO RISK OF LOSS TO THE PAYOR IF THE AGENT FAILS
TO REMIT THE MONEY TO THE PAYEE.

3. A PERSON THAT ACTS AS AN INTERMEDIARY BY PROCESSING PAYMENTS
BETWEEN AN ENTITY THAT HAS DIRECTLY INCURRED AN OUTSTANDING MONEY
TRANSMISSION OBLIGATION TO A SENDER AND THE SENDER'S DESIGNATED RECIPIENT,
IF THE ENTITY MEETS ALL OF THE FOLLOWING CRITERIA:
   (a) IS PROPERLY LICENSED OR EXEMPT FROM THE LICENSING REQUIREMENTS
       UNDER THIS ARTICLE.
   (b) PROVIDES A RECEIPT, ELECTRONIC RECORD OR OTHER WRITTEN
       CONFIRMATION TO THE SENDER IDENTIFYING THE ENTITY AS THE PROVIDER OF MONEY
       TRANSMISSION IN THE TRANSACTION.
   (c) BEARS SOLE RESPONSIBILITY TO SATISFY THE OUTSTANDING MONEY
       TRANSMISSION OBLIGATION TO THE SENDER, INCLUDING THE OBLIGATION TO MAKE
       THE SENDER WHOLE IN CONNECTION WITH ANY FAILURE TO TRANSMIT THE MONEY TO
       THE SENDER'S DESIGNATED RECIPIENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6-1203. Implementation; fees

A. TO IMPLEMENT THIS ARTICLE, THE DIRECTOR MAY:

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

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

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

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

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

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

6-1204. Examinations; investigations; records

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

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

6-1205. Multistate supervision
A. THE DIRECTOR MAY PARTICIPATE IN MULTISTATE SUPERVISORY PROCESSES
ESTABLISHED BETWEEN STATES FOR ALL LICENSEES THAT HOLD LICENSES IN THIS
STATE AND OTHER STATES. AS A PARTICIPANT IN MULTISTATE SUPERVISION, THE
DIRECTOR SHALL:
1. COOPERATE, COORDINATE AND SHARE INFORMATION WITH OTHER STATE AND
FEDERAL REGULATORS IN ACCORDANCE WITH THIS TITLE.
2. ENTER INTO WRITTEN COOPERATION, COORDINATION OR
INFORMATION-SHARING CONTRACTS OR AGREEMENTS WITH ORGANIZATIONS THAT HAVE
STATE OR FEDERAL GOVERNMENTAL AGENCIES AS MEMBERS.
3. COOPERATE, COORDINATE AND SHARE INFORMATION WITH ORGANIZATIONS
THAT HAVE STATE OR FEDERAL GOVERNMENTAL AGENCIES AS MEMBERS IF THE
ORGANIZATIONS AGREE IN WRITING TO MAINTAIN THE CONFIDENTIALITY AND
SECURITY OF THE SHARED INFORMATION PURSUANT TO SECTION 6-129.

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

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

6-1206. Relationship to federal law
A. IF A STATE MONEY TRANSMISSION JURISDICTION IS CONDITIONED ON A
FEDERAL LAW, ANY INCONSISTENCIES BETWEEN THIS ARTICLE AND THE FEDERAL LAW
RELATING TO MONEY TRANSMISSION SHALL BE GOVERNED BY THE APPLICABLE FEDERAL
LAW TO THE EXTENT OF THE INCONSISTENCY.

B. IF THERE IS AN INCONSISTENCY BETWEEN THIS ARTICLE AND A FEDERAL
LAW THAT GOVERNS PURSUANT TO SUBSECTION A OF THIS SECTION, THE DIRECTOR
MAY PROVIDE INTERPRETIVE GUIDANCE THAT IDENTIFIES BOTH OF THE FOLLOWING:
1. THE INCONSISTENCY.
2. THE APPROPRIATE MEANS OF COMPLIANCE WITH FEDERAL LAW.
6-1207.  License; prohibition; applicability

A.  A person may not engage in the business of money transmission or advertise, solicit or hold itself out as providing money transmission unless the person is licensed under this article.

B.  Subsection A of this section does not apply to either of the following:

1.  A person that is an authorized delegate of a person licensed under this article that is acting within the scope of authority conferred by a written contract with the licensee.

2.  A person that is exempt pursuant to section 6-1202 and does not engage in money transmission outside the scope of the exemption.

C.  A license issued under section 6-1211 is not transferable or assignable.

6-1208.  Consistent licensure

A.  To establish consistent licensure between this state and other states, the director may do both of the following:

1.  Implement all licensing provisions of this article in a manner that is consistent with other states that have adopted laws that are substantively similar to this article or multistate licensing processes.

2.  Participate in nationwide protocols for licensing cooperation and coordination among state regulators if the protocols are consistent with this article.

B.  The director may establish relationships or contracts with NMLS or other entities designated by NMLS to enable the director to do all of the following:

1.  Collect and maintain records.

2.  Coordinate multistate licensing processes and supervision processes.


4.  Facilitate communication between this state and licensees or other persons subject to this article.

C.  The director may use NMLS for all aspects of licensure pursuant to this article, including license applications, applications for acquisitions of control, surety bonds, reporting, criminal history background checks, credit checks, fee processing and examinations.

D.  The director may use NMLS forms, processes and functionalities pursuant to this article. If NMLS does not provide functionality, forms or processes for a provision of this article, the director may strive to implement the requirements in a manner that facilitates uniformity with respect to licensing, supervision, reporting and regulation of licensees that are licensed in multiple jurisdictions.

E.  For the purpose of participating in NMLS, the director may waive or modify, in whole or in part, by rule or order, any or all of the requirements and establish new requirements as reasonably necessary to participate in NMLS.
6-1209. Application for licensure

A. An applicant for a license shall apply in a form prescribed by
the director and pay all applicable nonrefundable fees as prescribed in
section 6-126. The application must contain all of the following:

1. The legal name and residential and business addresses of the
applicant and any fictitious or trade name used by the applicant in
conducting the applicant's business.

2. A list of any criminal convictions of the applicant and any
material litigation in which the applicant has been involved in the
ten-year period preceding the submission of the application.

3. A description of any money transmission previously provided by
the applicant and the money transmission that the applicant seeks to
provide in this state.

4. A list of the applicant's proposed authorized delegates and the
locations in this state where the applicant and its authorized delegates
propose to engage in money transmission.

5. A list of other states in which the applicant is licensed to
engage in money transmission and any license revocations or suspensions or
other disciplinary action taken against the applicant in another state.

6. Information concerning any bankruptcy or receivership
proceedings affecting the licensee or a person in control of the licensee.

7. A sample form of a contract for authorized delegates, if
applicable.

8. A sample form of a payment instrument or stored value, as
applicable.

9. The name and address of any federally insured depository
financial institution through which the applicant plans to conduct money
transmission.

10. Any other information the director reasonably requires with
respect to the applicant.

B. In addition to the requirements prescribed in subsection A of
this section, if an applicant is a corporation, limited liability company,
partnership or other legal entity, the applicant shall also provide all of
the following:

1. The date of the applicant's incorporation or formation and the
state or country of incorporation or formation.

2. If applicable, a certificate of good standing from the state or
country in which the applicant is incorporated or formed.

3. A brief description of the structure or organization of the
applicant, including any parents or subsidiaries of the applicant, and
whether any parents or subsidiaries are publicly traded.

4. The legal name, any fictitious or trade name, all business and
residential addresses and the employment, as applicable, in the ten-year
period immediately preceding the submission of the application of each key
individual and person in control of the applicant.
5. A list of any criminal convictions and material litigation in which a person in control of the applicant that is not an individual has been involved in the ten-year period immediately preceding the submission of the application.

6. A copy of audited financial statements of the applicant for the most recent fiscal year and for the two-year period immediately preceding the submission of the application or, if determined to be acceptable to the director, unaudited financial statements for the most recent fiscal year or other period acceptable to the director.

7. A copy of unaudited financial statements of the applicant for the most recent fiscal quarter.

8. If the applicant is a publicly traded corporation, a copy of the most recent report filed with the United States Securities and Exchange Commission pursuant to 15 United States Code Section 78m.

9. If the applicant is a wholly owned subsidiary of:
   (a) A corporation publicly traded in the United States, a copy of audited financial statements for the parent corporation for the most recent fiscal year or a copy of the parent corporation's most recent report filed pursuant to 15 United States Code Section 78m.
   (b) A corporation publicly traded outside the United States, a copy of similar documentation filed with the regulator of the parent corporation's domicile outside the United States.

10. The name and address of the applicant's registered agent in this state.

11. Any other information the director reasonably requires.

C. The director may waive one or more requirements of subsections A and B of this section or allow an applicant to submit other information in lieu of the required information.

6-1210. Information requirements for certain individuals

A. Any individual in control of a licensee or applicant, any individual who seeks to acquire control of a licensee and each key individual shall submit both:
   1. A full set of fingerprints pursuant to Section 6-123.01.
   2. The individual's personal history and experience to the director in a form prescribed by the director so the director may obtain the following:
      (a) An independent credit report from a consumer reporting agency if the individual has a social security number.
      (b) Information related to any criminal convictions or pending charges.
      (c) Information related to any regulatory or administrative action and any civil litigation involving claims of fraud, misrepresentation, conversion, mismanagement of funds, breach of fiduciary duty or breach of contract.
B. A person is presumed to exercise a controlling influence when the person holds the power to vote, directly or indirectly, at least ten percent of the outstanding voting shares or voting interests of a licensee or person in control of a licensee. A person presumed to exercise a controlling influence may rebut the presumption of control if the person is a passive investor.

C. If the individual has resided outside of the United States at any time in the last ten years, the individual shall also provide an investigative background report prepared by an independent search firm that meets the following requirements:

1. At a minimum, the search firm shall do both of the following:
   a. Demonstrate that it has sufficient knowledge, resources and employs accepted and reasonable methodologies to conduct the research of the background report.
   b. Not be affiliated with or have an interest in the individual it is researching.

2. At a minimum, the investigative background report shall be written in English and shall contain the following:
   a. If available in the individual's current jurisdiction of residency, a comprehensive credit report or any equivalent information obtained or generated by the independent search firm to accomplish the report, including a search of the court data in the countries, provinces, states, cities, towns and contiguous areas where the individual resided and worked.
   b. Criminal records information for the past ten years, including felonies, misdemeanors or similar convictions for violations of law in the countries, provinces, states, cities, towns and contiguous areas where the individual resided and worked.
   c. Employment history.
   d. Media history, including an electronic search of national and local publications, wire services and business applications.
   e. Financial services-related regulatory history, including money transmission, securities, banking, insurance and mortgage-related industries.

6-1211. License issuance
A. When an application for an original license under this article includes all of the required items and addresses, the application is complete and the director shall promptly notify the applicant in a record of the date on which the application is determined to be complete. The director shall approve or deny the application within one hundred twenty days after the completion date. If the application is not approved or denied within one hundred twenty days after the completion date, all of the following apply:

1. The application is approved.
2. THE LICENSE TAKES EFFECT AS OF THE FIRST BUSINESS DAY AFTER
EXPIRATION OF THE ONE HUNDRED TWENTY-DAY PERIOD.

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

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

C. WHEN AN APPLICATION IS FILED AND CONSIDERED COMPLETE UNDER THIS
SECTION, THE DIRECTOR SHALL INVESTIGATE THE APPLICANT’S FINANCIAL
CONDITION AND RESPONSIBILITY, FINANCIAL AND BUSINESS EXPERIENCE, CHARACTER
AND GENERAL FITNESS. THE DIRECTOR MAY CONDUCT AN ON-SITE INVESTIGATION OF
THE APPLICANT, THE REASONABLE COST OF WHICH THE APPLICANT MUST PAY. THE
DIRECTOR SHALL ISSUE A LICENSE TO AN APPLICANT UNDER THIS SECTION IF THE
DIRECTOR FINDS THAT ALL OF THE FOLLOWING CONDITIONS HAVE BEEN FULFILLED:
1. THE APPLICANT HAS COMPLIED WITH SECTIONS 6-1209 AND 6-1210.
2. THE FINANCIAL CONDITION AND RESPONSIBILITY, FINANCIAL AND
BUSINESS EXPERIENCE, COMPETENCE, CHARACTER AND GENERAL FITNESS OF THE
APPLICANT AND THE COMPETENCE, EXPERIENCE, CHARACTER AND GENERAL FITNESS OF
THE KEY INDIVIDUALS AND PERSONS IN CONTROL OF THE APPLICANT INDICATE THAT
IT IS IN THE INTEREST OF THE PUBLIC TO ALLOW THE APPLICANT TO ENGAGE IN
MONEY TRANSMISSION.

D. IF AN APPLICANT AVAILS ITSELF OR IS OTHERWISE SUBJECT TO A
MULTISTATE LICENSING PROCESS, EITHER:
1. THE DIRECTOR MAY ACCEPT THE INVESTIGATION RESULTS OF A LEAD
INVESTIGATIVE STATE FOR THE PURPOSE OF SUBSECTION C OF THIS SECTION IF THE
LEAD INVESTIGATIVE STATE HAS SUFFICIENT STAFFING, EXPERTISE AND MINIMUM
STANDARDS.
2. IF THIS STATE IS A LEAD INVESTIGATIVE STATE, THE DIRECTOR MAY
INVESTIGATE THE APPLICANT PURSUANT TO SUBSECTION C OF THIS SECTION AND THE
TIME FRAMES ESTABLISHED BY AGREEMENT THROUGH THE MULTISTATE LICENSING
PROCESS APPLY, EXCEPT THAT THE TIME FRAME MUST ALSO COMPLY WITH THE
APPLICATION PERIOD IN SUBSECTION A OF THIS SECTION.

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

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

6-1212. License renewal
A. A LICENSE UNDER THIS ARTICLE SHALL BE RENEWED ANNUALLY.
B. AN APPLICANT FOR LICENSE RENEWAL SHALL PAY ALL APPLICABLE FEES AS PRESCRIBED IN SECTION 6-126 NOT MORE THAN SIXTY DAYS BEFORE THE LICENSE EXPIRES.
C. THE RENEWAL TERM SHALL BE FOR A PERIOD OF ONE YEAR AND SHALL BEGIN ON JANUARY 1 OF EACH YEAR AFTER THE INITIAL LICENSE TERM AND SHALL EXPIRE ON DECEMBER 31 OF THE YEAR THE RENEWAL TERM BEGINS.
D. A LICENSEE SHALL SUBMIT A RENEWAL REPORT WITH THE RENEWAL FEE IN A FORM PRESCRIBED BY THE DIRECTOR. THE RENEWAL REPORT MUST SPECIFY INFORMATION THAT IS MATERIALLY DIFFERENT FROM THE INFORMATION THAT THE LICENSEE SUBMITTED IN THE ORIGINAL LICENSE APPLICATION IF THE LICENSEE HAS NOT PREVIOUSLY REPORTED THE INFORMATION TO THE DIRECTOR.
E. A LICENSEE MAY RENEW AN EXPIRED LICENSE NOT LATER THAN JANUARY 31 SUBJECT TO A LATE FEE OF $500.
F. THE DIRECTOR MAY USE NMLS TO PROCESS LICENSE RENEWALS IF FUNCTIONALITY IS CONSISTENT WITH THIS SECTION.

6-1213. License maintenance
A. IF A LICENSEE DOES NOT CONTINUE TO MEET THE QUALIFICATIONS OR SATISFY THE REQUIREMENTS THAT APPLY TO AN APPLICANT FOR A NEW MONEY TRANSMISSION LICENSE PURSUANT TO THIS ARTICLE, THE DIRECTOR MAY SUSPEND OR REVOKE THE LICENSEE’S LICENSE.
B. AN APPLICANT FOR A MONEY TRANSMISSION LICENSE MUST DEMONSTRATE THAT THE APPLICANT MEETS OR WILL MEET THE REQUIREMENTS PRESCRIBED IN SECTIONS 6-1227, 6-1228 AND 6-1229.

6-1214. Acquisition of control
A. ANY PERSON OR GROUP OF PERSONS ACTING IN CONCERT, SEEKING TO ACQUIRE CONTROL OF A LICENSEE, SHALL OBTAIN THE WRITTEN APPROVAL OF THE DIRECTOR BEFORE ACQUIRING CONTROL. AN INDIVIDUAL IS NOT DEEMED TO ACQUIRE CONTROL OF A LICENSEE AND IS NOT SUBJECT TO THIS SECTION WHEN THE INDIVIDUAL BECOMES A KEY INDIVIDUAL IN THE ORDINARY COURSE OF BUSINESS.
B. A PERSON OR GROUP OF PERSONS ACTING IN CONCERT, SEEKING TO ACQUIRE CONTROL OF A LICENSEE, IN COOPERATION WITH THE LICENSEE SHALL:
   1. SUBMIT AN APPLICATION IN A FORM PRESCRIBED BY THE DIRECTOR.
   2. SUBMIT A NONREFUNDABLE FEE AS PRESCRIBED IN SECTION 6-126.
C. ON REQUEST, THE DIRECTOR MAY ALLOW A LICENSEE OR THE PERSON OR GROUP OF PERSONS ACTING IN CONCERT TO SUBMIT SOME OR ALL INFORMATION REQUIRED BY THE DIRECTOR PURSUANT TO SUBSECTION B, PARAGRAPH 1 OF THIS SECTION WITHOUT USING NMLS.
D. THE APPLICATION REQUIRED BY SUBSECTION B, PARAGRAPH 1 OF THIS SECTION SHALL INCLUDE INFORMATION REQUIRED BY SECTION 6-1210 FOR ANY NEW KEY INDIVIDUALS THAT HAVE NOT PREVIOUSLY COMPLETED THE REQUIREMENTS OF SECTION 6-1210 FOR A LICENSEE.
E. When an application for acquisition of control under this section appears to include all of the items and address all of the matters that are required, the application shall be considered complete. The director shall promptly notify the applicant in a record of the date on which the application was determined to be complete and all of the following apply:

1. The director shall approve or deny the application within sixty days after the completion date.

2. If the application is not approved or denied within sixty days after the completion date:
   (a) The application is approved.
   (b) The person or group of persons acting in concert is not prohibited from acquiring control.

3. The director may extend the application period for good cause.

F. A determination by the director that an application is complete and is accepted for processing means only that the application appears to include all of the items and address all of the matters that are required and is not an assessment of the substance of the application or of the sufficiency of the information provided.

G. When an application is filed and considered complete under subsection E of this section, the director shall investigate the financial condition and responsibility, financial and business experience, character and general fitness of the person or group of persons acting in concert, seeking to acquire control. The director shall approve an acquisition of control pursuant to this section if the director finds that all of the following conditions have been fulfilled:

1. The requirements of subsections B and D of this section have been met, as applicable.

2. The financial condition and responsibility, financial and business experience, competence, character and general fitness of the person or group of persons acting in concert, seeking to acquire control and the competence, experience, character and general fitness of the key individuals and persons that would be in control of the licensee after the acquisition of control indicate that it is in the interest of the public to allow the person or group of persons acting in concert to control the licensee.

H. If an applicant participates in a multistate licensing process:

1. The director may accept the investigation results of a lead investigative state for the purpose of subsection G of this section if the lead investigative state has sufficient staffing, expertise and minimum standards.

2. If this state is a lead investigative state, the director may investigate the applicant pursuant to subsection G of this section and the time frames established by agreement through the multistate licensing process apply.
I. The Director shall issue a formal written notice of the denial of an application to acquire control within thirty days after the decision is made to deny the application. The Director shall set forth in the notice of denial the specific reasons for the denial of the application and inform the applicant of its right to appeal pursuant to Title 41, Chapter 6, Article 10.

J. The requirements of subsections A and B of this section do not apply to any of the following:

1. A person that acts as a proxy for the sole purpose of voting at a designated meeting of the shareholders or holders of voting shares or voting interests of a licensee or a person in control of a licensee.
2. A person that acquires control of a licensee by devise or descent.
3. A person that acquires control of a licensee as a personal representative, custodian, guardian, conservator or trustee or as an officer appointed by a court of competent jurisdiction or by operation of law.
4. A person that is exempt under Section 6-1202, subsection A, paragraph 7.
5. A person that the Director determines is not subject to subsection A of this section based on the public interest.
6. A public offering of securities of a licensee or a person in control of a licensee.
7. An internal reorganization of a person in control of the licensee in which the ultimate person in control of the licensee remains the same.

K. Persons prescribed in subsection J, paragraphs 2, 3, 4, 6 and 7 of this section, in cooperation with the licensee, shall notify the Director within fifteen days after the acquisition of control.

L. The requirements of subsections A and B of this section do not apply to a person that receives approval to engage in money transmission under this article or is identified as a person in control in a prior application filed with and approved by the Director or by a money services business accredited state pursuant to a multistate licensing process, if:

1. The person has not had a license revoked or suspended or controlled a licensee that has had a license revoked or suspended while the person was in control of the licensee in the previous five years.
2. The person is a licensee and well managed and receives at least a satisfactory rating for compliance at its most recent examination by an money services business accredited state if a rating was given.
3. The licensee to be acquired is projected to meet the requirements of sections 6-1227, 6-1228 and 6-1229 after the acquisition of control is completed and if the person acquiring control is a licensee, that licensee is also projected to meet the requirements of sections 6-1227, 6-1228 and 6-1229 after the acquisition of control is completed.
4. THE LICENSEE TO BE ACQUIRED WILL NOT IMPLEMENT ANY MATERIAL CHANGES TO ITS BUSINESS PLAN AS A RESULT OF THE ACQUISITION OF CONTROL AND IF THE PERSON ACQUIRING CONTROL IS A LICENSEE, THAT LICENSEE WILL NOT IMPLEMENT ANY MATERIAL CHANGES TO ITS BUSINESS PLAN AS A RESULT OF THE ACQUISITION OF CONTROL.

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

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

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

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

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

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

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

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

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

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

C. A NOTICE OF DISAPPROVAL SHALL CONTAIN A STATEMENT OF THE BASIS FOR DISAPPROVAL AND SHALL BE SENT TO THE LICENSEE AND THE DISAPPROVED INDIVIDUAL. A LICENSEE MAY APPEAL A NOTICE OF DISAPPROVAL PURSUANT TO TITLE 41, CHAPTER 6, ARTICLE 10.
D. If the notice provided pursuant to subsection A of this section is not disapproved within ninety days after the date on which the notice is determined to be complete, the key individual is approved.

E. If a multistate licensing process includes a key individual notice review and disapproval process pursuant to this section and the licensee is subject to the multistate licensing process:

1. The director may accept the determination of another state if the investigating state has sufficient staffing, expertise and minimum standards for the purposes of this section.

2. If this state is a lead investigative state, the director may investigate the applicant subject to the time frames established by agreement through the multistate licensing process.

6-1216. Report of condition

A. Each licensee shall submit a report of condition within forty-five days after the end of the calendar quarter or within any extended time as the director prescribes.

B. The report of condition shall include:

1. A consolidated financial statement, including a balance sheet and income and expense statements at the licensee level.

2. Nationwide and state-specific money transmission transaction information in every jurisdiction in the United States where the licensee is licensed to engage in money transmission.

3. A permissible investments report.

4. Transaction destination country reporting for money received for transmission. This paragraph applies only to a report of condition submitted within forty-five days after the end of the fourth calendar quarter.

5. Any other information the director reasonably requires with respect to the licensee.

C. The director may use NMLS for the submission of the report required by this section and is authorized to change or update as necessary the requirements of this section to carry out the purposes of this article and maintain consistency with NMLS reporting.

6-1217. Audited financials

A. Within ninety days after the end of each fiscal year or within any extended time as the director prescribes, each licensee shall file with the director both of the following:

1. An audited financial statement of the licensee for the fiscal year prepared in accordance with United States generally accepted accounting principles.

2. Any other information the director reasonably requires.

B. The audited financial statements shall be prepared by an independent certified public accountant or independent public accountant who is satisfactory to the director.
C. The audited financial statements shall include or be accompanied by a certificate of opinion of the independent certified public accountant or independent public accountant that is satisfactory in form and content to the director. If the certificate or opinion is qualified, the director may order the licensee to take any action as the director may find necessary to enable the independent certified public accountant or independent public accountant to remove the qualification.

6-1218. Authorized delegate reporting

A. Each licensee shall submit a report of authorized delegates within forty-five days after the end of the calendar quarter. The director may use NMLS for the submission of the report required by this subsection if functionality complies with this section.

B. The authorized delegate report shall include the following information for each authorized delegate:

1. The company legal name.
2. The taxpayer employer identification number.
3. The principal provider identifier.
4. The physical address, if any.
5. The mailing address.
6. Any business conducted in other states.
7. Any fictitious or trade name.
8. The contact person name, telephone number and email address.
9. The start date as the licensee's authorized delegate.
10. The end date as the licensee's authorized delegate, if applicable.
11. Any other information the director reasonably requires with respect to the authorized delegate.

6-1219. Reports

A. A licensee shall file a report with the director within one business day after the licensee has reason to know of the occurrence of any of the following:

1. The filing of a petition by or against the licensee under the United States Bankruptcy Code (11 United States Code Sections 101 through 112) for bankruptcy or reorganization.
2. The filing of a petition by or against the licensee for receivership, the commencement of any other judicial or administrative proceeding for its dissolution or reorganization or the making of a general assignment for the benefit of its creditors.
3. The commencement of a proceeding to revoke or suspend the licensee's license in a state or country in which the licensee engages in business or is licensed.

B. A licensee shall file a report with the director within three business days after the licensee has reason to know of the occurrence of either of the following:
1. A FELONY CHARGE OR CONVICTION OF THE LICENSEE OR OF A KEY INDIVIDUAL OR PERSON IN CONTROL OF THE LICENSEE.
2. A FELONY CHARGE OR CONVICTION OF AN AUTHORIZED DELEGATE.

6-1220. Bank secrecy act reports
A LICENSEE AND AN AUTHORIZED DELEGATE SHALL FILE ALL REPORTS REQUIRED BY FEDERAL CURRENCY REPORTING, RECORDKEEPING AND SUSPICIOUS ACTIVITY REPORTING REQUIREMENTS AS SET FORTH IN THE BANK SECRECY ACT (P.L. 91-508; 84 STAT. 1114) AND OTHER FEDERAL AND STATE LAWS RELATING TO MONEY LAUNDERING. THE TIMELY FILING OF A COMPLETE AND ACCURATE REPORT REQUIRED UNDER THIS SECTION WITH THE APPROPRIATE FEDERAL AGENCY IS DEEMED COMPLIANCE WITH THE REQUIREMENTS OF THIS SECTION.

6-1221. Records
A. TO HELP THE DIRECTOR DETERMINE THE LICENSEE'S COMPLIANCE WITH THIS ARTICLE, A LICENSEE SHALL MAINTAIN THE FOLLOWING RECORDS FOR AT LEAST FIVE YEARS:
  1. A RECORD OF EACH OUTSTANDING MONEY TRANSMISSION OBLIGATION SOLD.
  2. A GENERAL LEDGER POSTED AT LEAST MONTHLY THAT CONTAINS ALL ASSET, LIABILITY, CAPITAL, INCOME AND EXPENSE ACCOUNTS.
  3. BANK STATEMENTS AND BANK RECONCILIATION RECORDS.
  4. RECORDS OF OUTSTANDING MONEY TRANSMISSION OBLIGATIONS.
  5. RECORDS OF EACH OUTSTANDING MONEY TRANSMISSION OBLIGATION PAID DURING THE FIVE-YEAR PERIOD.
  6. A LIST OF THE LAST KNOWN NAMES AND ADDRESSES OF ALL OF THE LICENSEE'S AUTHORIZED DELEGATES.
  7. ANY OTHER RECORDS THE DIRECTOR REASONABLY REQUIRES BY RULE.
B. THE ITEMS SPECIFIED IN SUBSECTION A OF THIS SECTION MAY BE MAINTAINED IN ANY FORM OF RECORD.
C. RECORDS SPECIFIED IN SUBSECTION A OF THIS SECTION MAY BE MAINTAINED OUTSIDE OF THIS STATE IF THEY ARE MADE ACCESSIBLE TO THE DIRECTOR WITH SEVEN BUSINESS DAYS' NOTICE THAT IS SENT IN A RECORD.

6-1222. Relationship between licensees and authorized delegates
A. BEFORE A LICENSEE IS AUTHORIZED TO CONDUCT BUSINESS THROUGH AN AUTHORIZED DELEGATE OR ALLOWS A PERSON TO ACT AS THE LICENSEE'S AUTHORIZED DELEGATE, THE LICENSEE MUST:
  1. ADOPT, AND UPDATE AS NECESSARY, WRITTEN POLICIES AND PROCEDURES REASONABLY DESIGNED TO ENSURE THAT THE LICENSEE'S AUTHORIZED DELEGATES COMPLY WITH APPLICABLE STATE AND FEDERAL LAW.
  2. ENTER INTO A WRITTEN CONTRACT THAT COMPLIES WITH SUBSECTION C OF THIS SECTION.
  3. CONDUCT A REASONABLE RISK-BASED BACKGROUND INVESTIGATION SUFFICIENT FOR THE LICENSEE TO DETERMINE WHETHER THE AUTHORIZED DELEGATE COMPLIES WITH APPLICABLE STATE AND FEDERAL LAW.
B. AN AUTHORIZED DELEGATE MUST COMPLY WITH THIS ARTICLE.
C. THE WRITTEN CONTRACT REQUIRED BY SUBSECTION A OF THIS SECTION MUST BE SIGNED BY THE LICENSEE AND THE AUTHORIZED DELEGATE AND MUST:

1. APPOINT THE PERSON SIGNING THE CONTRACT AS THE LICENSEE'S AUTHORIZED DELEGATE WITH THE AUTHORITY TO CONDUCT MONEY TRANSMISSION ON BEHALF OF THE LICENSEE.


3. REQUIRE THE AUTHORIZED DELEGATE TO AGREE TO FULLY COMPLY WITH ALL APPLICABLE STATE AND FEDERAL LAWS RELATING TO MONEY TRANSMISSION.

4. REQUIRE THE AUTHORIZED DELEGATE TO REMIT AND HANDLE MONEY AND MONETARY VALUE IN ACCORDANCE WITH THE TERMS OF THE CONTRACT BETWEEN THE LICENSEE AND THE AUTHORIZED DELEGATE. FOR THE PURPOSES OF THIS PARAGRAPH, "REMIT" MEANS TO MAKE DIRECT PAYMENTS OF MONEY TO A LICENSEE OR THE LICENSEE'S REPRESENTATIVE OR TO DEPOSIT MONEY IN A BANK IN AN ACCOUNT SPECIFIED BY THE LICENSEE.

5. IMPOSE A TRUST ON MONEY AND MONETARY VALUE NET OF FEES RECEIVED FOR MONEY TRANSMISSION FOR THE BENEFIT OF THE LICENSEE.

6. REQUIRE THE AUTHORIZED DELEGATE TO PREPARE AND MAINTAIN RECORDS AS REQUIRED BY THIS ARTICLE OR AS REASONABLY REQUESTED BY THE DIRECTOR.

7. ACKNOWLEDGE THAT THE AUTHORIZED DELEGATE CONSENTS TO EXAMINATION OR INVESTIGATION BY THE DIRECTOR.

8. STATE THAT THE LICENSEE IS SUBJECT TO REGULATION BY THE DIRECTOR AND THAT THE DIRECTOR MAY SUSPEND OR REVOKE AN AUTHORIZED DELEGATE DESIGNATION.

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

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

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

F. AN AUTHORIZED DELEGATE MAY NOT USE A SUBDELEGATE TO CONDUCT MONEY TRANSMISSION ON BEHALF OF A LICENSEE.
6-1223. **Unauthorized activities**

A person may not engage in the business of money transmission on behalf of a person that is not licensed under this article or that is not exempt pursuant to section 6-1202. A person that engages in the activity in violation of this section is jointly and severally liable with the unlicensed or nonexempt person.

6-1224. **Timely transmission**

A. Every licensee shall forward all money received for transmission in accordance with the terms of the agreement between the licensee and the sender unless the licensee has a reasonable belief or a reasonable basis to believe that the sender may be a victim of fraud or that a crime or violation of law has occurred, is occurring or may occur.

B. If a licensee fails to forward money received for transmission pursuant to this section, the licensee must respond to inquiries by the sender with the reason for the failure unless providing a response would violate a state or federal law.

6-1225. **Refunds; exceptions**

A. Except as provided in subsection B of this section, every licensee shall refund to the sender within ten days after receipt of the sender's written request for a refund of money received for transmission unless any of the following occurs:

1. The money is forwarded within ten days after the date on which the money is received for transmission.

2. Instructions have been given committing an equivalent amount of money to the person designated by the sender within ten days after the date on which the money is received for transmission.

3. The agreement between the licensee and the sender instructs the licensee to forward the money at a time that is more than ten days after the date on which the money is received for transmission. If monies have not yet been forwarded in accordance with the terms of the agreement between the licensee and the sender, this paragraph does not apply.

4. The refund is requested for a transaction that the licensee has not completed based on a reasonable belief that a crime or violation of law has occurred, is occurring or may occur.

5. The refund request does not enable the licensee to identify either:
   (a) the sender’s name and address or telephone number.
   (b) the particular transaction to be refunded if the sender has multiple transactions outstanding.

B. This section does not apply to:

1. Money received for transmission subject to the federal remittance rule (12 code of federal regulations sections 1005.30 through 1005.36).
2. MONEY RECEIVED FOR TRANSMISSION PURSUANT TO A WRITTEN AGREEMENT BETWEEN THE LICENSEE AND PAYEE TO PROCESS PAYMENTS FOR GOODS OR SERVICES PROVIDED BY THE PAYEE.

6-1226. Receipts; requirements; exceptions; definition

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

1. THE NAME OF THE SENDER TO THE EXTENT THE LICENSEE OR ITS AUTHORIZED DELEGATE IS REQUIRED TO CAPTURE THIS INFORMATION PRIOR TO TRANSMISSION.
2. THE NAME OF THE DESIGNATED RECIPIENT UNLESS THE LICENSEE CAN DETERMINE THE RECIPIENT VIA THE UNIQUE TRANSACTION OR IDENTIFICATION NUMBER AS PRESCRIBED IN PARAGRAPH 4 OF THIS SUBSECTION, IN WHICH CASE THE NAME OF THE RECIPIENT IS NOT REQUIRED.
3. THE DATE OF THE TRANSACTION.
4. THE UNIQUE TRANSACTION OR IDENTIFICATION NUMBER.
6. THE AMOUNT OF THE TRANSACTION IN UNITED STATES DOLLARS.
7. ANY FEE CHARGED BY THE LICENSEE TO THE SENDER FOR THE TRANSACTION.
8. ANY TAXES COLLECTED BY THE LICENSEE FROM THE SENDER FOR THE TRANSACTION.

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

C. THIS SECTION DOES NOT APPLY TO:
1. MONEY RECEIVED FOR TRANSMISSION SUBJECT TO THE FEDERAL REMITTANCE RULE (12 CODE OF FEDERAL REGULATIONS SECTIONS 1005.30 THROUGH 1005.36).
2. MONEY RECEIVED FOR TRANSMISSION THAT IS NOT PRIMARILY FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES.
3. Money received for transmission pursuant to a written agreement between the licensee and payee to process payments for goods or services provided by the payee.

D. For the purposes of this section, "receipt" means a paper receipt, electronic record or other written confirmation.

6-1227. Net worth requirements; exemption
A. A licensee shall maintain at all times a tangible net worth as follows:

1. The greater of $100,000 or three percent of total assets for the first $100,000,000.
2. Two percent of additional assets for $100,000,000 to $1,000,000,000.
3. One-half percent of additional assets for over $1,000,000,000.

B. Tangible net worth must be demonstrated at initial application by the applicant's most recent audited or unaudited financial statements pursuant to section 6-1209, subsection B, paragraph 6.

C. The director may exempt, in part or in whole, an applicant or licensee from this section.

6-1228. Surety bond
A. An applicant for a money transmission license must provide and a licensee at all times must maintain a surety bond in a form satisfactory to the director.

B. Except as provided in subsection C of this section, the amount of the required security shall be the greater of $25,000 or an amount equal to one hundred percent of the licensee's average daily money transmission liability in this state calculated for the most recently completed three-month period, up to a maximum of $500,000.

C. If a licensee's tangible net worth exceeds ten percent of total assets, the licensee may maintain a surety bond of $25,000.

D. A licensee that maintains a bond in the maximum amount provided for in subsection B of this section is not required to calculate the licensee's average daily money transmission liability in this state for purposes of this section.

E. A licensee may exceed the maximum required bond amount pursuant to section 6-1230, subsection A, paragraph 6.

6-1229. Maintenance of permissible investments
A. A licensee shall maintain at all times permissible investments that have a market value computed in accordance with United States generally accepted accounting principles of not less than the aggregate amount of all of its outstanding money transmission obligations.

B. Except for permissible investments enumerated in section 6-1230, subsection A, the director may limit the extent to which a specific investment maintained by a licensee within a class of permissible investments may be considered a permissible investment if the specific
INVESTMENT REPRESENTS UNDUE RISK TO CUSTOMERS NOT REFLECTED IN THE MARKET
VALUE OF INVESTMENTS.

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

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

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

6-1230. Types of permissible investments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. THE ORIGINAL LETTER OF CREDIT, INCLUDING ANY AMENDMENTS.
2. A WRITTEN STATEMENT FROM THE BENEFICIARY STATING THAT ANY OF THE FOLLOWING EVENTS HAVE OCCURRED:
   (a) THE FILING OF A PETITION BY OR AGAINST THE LICENSEE UNDER THE UNITED STATES BANKRUPTCY CODE (11 UNITED STATES CODE SECTIONS 101 THROUGH 112) FOR BANKRUPTCY OR REORGANIZATION.
   (b) THE FILING OF A PETITION BY OR AGAINST THE LICENSEE FOR RECEIVERSHIP OR THE COMMENCEMENT OF ANY OTHER JUDICIAL OR ADMINISTRATIVE PROCEEDING FOR ITS DISSOLUTION OR REORGANIZATION.
   (c) THE SEIZURE OF ASSETS OF A LICENSEE BY THE DIRECTOR PURSUANT TO AN EMERGENCY ORDER ISSUED IN ACCORDANCE WITH APPLICABLE LAW, ON THE BASIS OF AN ACTION, VIOLATION OR CONDITION THAT HAS CAUSED OR IS LIKELY TO CAUSE THE INSOLVENCY OF THE LICENSEE.
   (d) THE BENEFICIARY HAS RECEIVED NOTICE OF EXPIRATION OR NONEXTENSION OF A LETTER OF CREDIT AND THE LICENSEE FAILS TO DEMONSTRATE TO THE SATISFACTION OF THE BENEFICIARY THAT THE LICENSEE WILL MAINTAIN PERMISSIBLE INVESTMENTS PURSUANT TO SECTION 6-1229, SUBSECTION A ON THE EXPIRATION OR NONEXTENSION OF THE LETTER OF CREDIT.

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

E. THE DIRECTOR MAY PARTICIPATE IN MULTISTATE PROCESSES DESIGNED TO FACILITATE ISSUING AND ADMINISTERING LETTERS OF CREDIT, INCLUDING SERVICES PROVIDED BY THE NMLS AND A STATE REGULATORY REGISTRY.
F. UNLESS OTHERWISE ALLOWED BY THE DIRECTOR, THE FOLLOWING INVESTMENTS ARE PERMISSIBLE UNDER SECTION 6-1229:

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

2. THE FOLLOWING INVESTMENTS, UP TO TWENTY PERCENT PER CATEGORY AND COMBINED UP TO FIFTY PERCENT OF THE AGGREGATE VALUE OF THE LICENSEE'S TOTAL PERMISSIBLE INVESTMENTS:
   (a) A SHORT-TERM INVESTMENT BEARING AN ELIGIBLE RATING. FOR THE PURPOSES OF THIS SUBDIVISION, "SHORT-TERM" MEANS UP TO SIX MONTHS.
   (b) COMMERCIAL PAPER BEARING AN ELIGIBLE RATING.
   (c) A BILL, NOTE, BOND OR DEBENTURE BEARING AN ELIGIBLE RATING.
   (d) UNITED STATES TRI-PARTY REPURCHASE AGREEMENTS COLLATERALIZED AT ONE HUNDRED PERCENT OR MORE WITH UNITED STATES GOVERNMENT OR AGENCY SECURITIES, MUNICIPAL BONDS OR OTHER SECURITIES BEARING AN ELIGIBLE RATING.
   (e) MONEY MARKET MUTUAL FUNDS RATED LESS THAN "AAA" AND EQUAL TO OR HIGHER THAN "A-" BY STANDARD AND POOR'S, OR THE EQUIVALENT FROM ANY OTHER ELIGIBLE RATING SERVICE.
   (f) A MUTUAL FUND OR OTHER INVESTMENT FUND COMPOSED SOLELY AND EXCLUSIVELY OF ONE OR MORE PERMISSIBLE INVESTMENTS LISTED IN SUBSECTION A, PARAGRAPH 1, 2, 3, 4 OR 5 OF THIS SECTION.

3. CASH, INCLUDING DEMAND DEPOSITS AND SAVINGS DEPOSITS AND MONEY IN SUCH ACCOUNTS HELD FOR THE BENEFIT OF THE LICENSEE'S CUSTOMERS, AT FOREIGN DEPOSITORY INSTITUTIONS, UP TO TEN PERCENT OF THE AGGREGATE VALUE OF THE LICENSEE'S TOTAL PERMISSIBLE INVESTMENTS IF THE LICENSEE HAS RECEIVED A SATISFACTORY RATING IN ITS MOST RECENT EXAMINATION AND THE FOREIGN DEPOSITORY INSTITUTION:
   (a) HAS AN ELIGIBLE RATING.
   (b) IS REGISTERED UNDER THE FOREIGN ACCOUNT TAX COMPLIANCE ACT.
   (c) IS NOT LOCATED IN ANY COUNTRY SUBJECT TO SANCTIONS FROM THE OFFICE OF FOREIGN ASSETS CONTROL.
   (d) IS NOT LOCATED IN A HIGH-RISK OR NONCOOPERATIVE JURISDICTION AS DETERMINED BY THE DIRECTOR.

G. FOR THE PURPOSES OF THIS SECTION:

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

6-1231. License suspension and revocation

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

1. THE LICENSEE VIOLATES THIS ARTICLE.
2. THE LICENSEE DOES NOT COOPERATE WITH AN EXAMINATION OR INVESTIGATION BY THE DIRECTOR.
3. THE LICENSEE ENGAGES IN FRAUD, INTENTIONAL MISREPRESENTATION OR GROSS NEGLIGENCE.
4. AN AUTHORIZED DELEGATE IS CONVICTED OF A VIOLATION OF A STATE OR FEDERAL ANTI-MONEY LAUNDERING STATUTE OR VIOLATES THIS ARTICLE AS A RESULT OF THE LICENSEE'S WILFUL MISCONDUCT.
5. THE COMPETENCE, EXPERIENCE, CHARACTER OR GENERAL FITNESS OF THE LICENSEE, PERSON IN CONTROL OF A LICENSEE OR KEY INDIVIDUAL INDICATES THAT IT IS NOT IN THE PUBLIC INTEREST TO ALLOW THE PERSON TO PROVIDE MONEY TRANSMISSION.
6. THE LICENSEE ENGAGES IN AN UNSAFE OR UNSOUND PRACTICE.
7. THE LICENSEE IS INSOLVENT, SUSPENDS PAYMENT OF ITS OBLIGATIONS OR MAKES A GENERAL ASSIGNMENT FOR THE BENEFIT OF ITS CREDITORS.
8. THE LICENSEE DOES NOT REMOVE AN AUTHORIZED DELEGATE AFTER THE DIRECTOR ISSUES AND SERVES ON THE LICENSEE A FINAL ORDER THAT INCLUDES A FINDING THAT THE AUTHORIZED DELEGATE HAS VIOLATED THIS ARTICLE.
9. THE LICENSEE HAS MADE A MATERIAL MISSTATEMENT OR SUPPRESSED OR WITHHELD INFORMATION ON AN APPLICATION FOR A LICENSE OR ANY DOCUMENT REQUIRED TO BE FILED WITH THE DIRECTOR.


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

6-1232. Authorized delegate suspension and revocation

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

1. THE AUTHORIZED DELEGATE VIOLATED THIS ARTICLE.
2. THE AUTHORIZED DELEGATE DID NOT COOPERATE WITH AN EXAMINATION OR INVESTIGATION BY THE DIRECTOR.
3. THE AUTHORIZED DELEGATE ENGAGED IN FRAUD, INTENTIONAL MISREPRESENTATION OR GROSS NEGLIGENCE.
4. THE AUTHORIZED DELEGATE IS CONVICTED OF A VIOLATION OF A STATE OR FEDERAL ANTI-MONEY LAUNDERING STATUTE.
5. THE COMPETENCE, EXPERIENCE, CHARACTER OR GENERAL FITNESS OF THE AUTHORIZED DELEGATE OR A PERSON IN CONTROL OF THE AUTHORIZED DELEGATE INDICATES THAT IT IS NOT IN THE PUBLIC INTEREST TO ALLOW THE AUTHORIZED DELEGATE TO PROVIDE MONEY TRANSMISSION.


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

6-1233. Cease and desist order
IN ADDITION TO THE AUTHORITY UNDER SECTION 6-137, THE DIRECTOR MAY ISSUE AN ORDER AGAINST THE LICENSEE TO CEASE AND DESIST FROM PROVIDING MONEY TRANSMISSION THROUGH AN AUTHORIZED DELEGATE THAT VIOLATED, IS VIOLATING OR IS ABOUT TO VIOLATE THIS TITLE.

6-1234. Uniformity
IN ENFORCING THIS ARTICLE, THE DIRECTOR SHALL CONSIDER THE NEED TO PROMOTE UNIFORMITY OF THE LAW WITH RESPECT TO MONEY TRANSMITTERS AMONG STATES THAT ENACT MONEY TRANSMITTER LAWS THAT ARE SUBSTANTIVELY SIMILAR TO THIS ARTICLE.

Sec. 5. Renumber
Section 6-1241, Arizona Revised Statutes, is renumbered as section 6-1242, and section 6-1242, Arizona Revised Statutes, is renumbered as section 6-1243.

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

6-1241. Definitions
IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:
1. "AUTHORIZED DELEGATE" MEANS A PERSON THAT A LICENSEE DESIGNATES TO ENGAGE IN MONEY TRANSMISSION ON BEHALF OF THE LICENSEE PURSUANT TO ARTICLE 1 OF THIS CHAPTER.
2. "LICENSEE" MEANS A PERSON THAT IS LICENSED UNDER ARTICLE 1 OF THIS CHAPTER.
3. "MONEY TRANSMITTER" MEANS A PERSON THAT MEETS THE DEFINITION OF A BANK, FINANCIAL AGENCY OR FINANCIAL INSTITUTION AS PRESCRIBED BY UNITED STATES CODE SECTION 5312 OR 31 CODE OF FEDERAL REGULATIONS SECTION 1010.100.
4. "TRADE OR BUSINESS" HAS THE SAME MEANING PRESCRIBED IN SECTION 162 OF THE INTERNAL REVENUE CODE AND INCLUDES THE MONEY ACCUMULATION BUSINESS.
Sec. 7. Section 6-1242, Arizona Revised Statutes, as renumbered, is amended to read:

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

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

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

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

B. A licensee, authorized delegate or money transmitter that is required to file a report regarding business conducted in this state pursuant to the currency and foreign transactions reporting act (31 United States Code sections 5311 through 5326, including any special measures that are established under 31 United States Code section 5318A, and 31 Code of Federal Regulations chapter X or 12 Code of Federal Regulations section 21.11) shall file a duplicate of that report with the attorney general.

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

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

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

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

2. The type and number of the customer’s verified photographic identification, as described in 31 Code of Federal Regulations section 1010.312.

3. The customer’s current occupation.

4. The customer’s current residential address.

5. The customer’s signature.

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

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

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

I. A licensee or, for transactions conducted through an authorized delegate, an authorized delegate shall maintain any customer identification records that are created pursuant to subsection E of this section for three years. After three years, the licensee or, for transactions conducted through an authorized delegate, the authorized delegate shall deliver the customer identification records to the attorney general. The attorney general shall make the records available on request to the deputy director or a county attorney but shall not otherwise distribute the customer identification records without a court order. The customer identification records shall not be used for any purpose other than for criminal and civil prosecution and the prevention and detection of fraud and other criminal conduct.
If the deputy director or the attorney general finds that reasonable grounds exist for requiring additional recordkeeping and reporting in order to carry out the purposes of this chapter and to prevent the evasion of this chapter, the deputy director or the attorney general may:

1. Issue an order requiring any group of licensees, authorized delegates or money transmitters in a geographic area to do any of the following:

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

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

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

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

An order issued pursuant to subsection G of this section is not effective for more than one hundred eighty days unless renewed after finding that reasonable grounds exist for continuation of the order.

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

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

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

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

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

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

Sec. 8. Section 6-1305, Arizona Revised Statutes, is amended to
read:

6-1305. Registration; renewal; reporting requirements
A. The deputy director shall register the applicant as an advance
fee loan broker when an applicant has fully complied with this chapter and
the rules prescribed by the deputy director.

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

C. A registered advance fee loan broker shall apply for renewal as
prescribed by the deputy director not later than June 30 of each year. A
registration for which a renewal application is not received by the deputy
director by June 30 is suspended and the registered advance fee loan
broker may not act as an advance fee loan broker until the registration is
renewed or a new registration is issued pursuant to this article. The
registration of an advance fee loan broker that has not filed a renewal
application and paid the renewal fee by July 31 expires. A registration
may not be granted to the holder of an expired registration except as
provided in this article for the issuance of an original registration.
D. An advance fee loan broker may annually renew the broker's registration by filing a supplemental statement showing any changes in the facts set forth in the original application for registration or any previously filed supplemental statement made at the time of annual renewal.

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

Sec. 9. Repeal
Section 6-1306, Arizona Revised Statutes, is repealed.

Sec. 10. Section 13-2317, Arizona Revised Statutes, is amended to read:

13-2317. Money laundering; classification; definitions
A. A person is guilty of money laundering in the first degree if the person does any of the following:
1. Knowingly initiates, organizes, plans, finances, directs, manages, supervises or is in the business of money laundering in violation of subsection B of this section.
2. Violates subsection B of this section in the course of or for the purpose of facilitating terrorism or murder.

B. A person is guilty of money laundering in the second degree if the person does any of the following:
1. Acquires or maintains an interest in, transacts, transfers, transports, receives or conceals the existence or nature of racketeering proceeds knowing or having reason to know that they are the proceeds of an offense.
2. Makes property available to another by transaction, transportation or otherwise knowing that it is intended to be used to facilitate racketeering.
3. Conducts a transaction knowing or having reason to know that the property involved is the proceeds of an offense and with the intent to conceal or disguise the nature, location, source, ownership or control of the property or the intent to facilitate racketeering.
4. Intentionally or knowingly makes a false statement, misrepresentation or false certification or makes a false entry or omits a material entry in any application, financial statement, account record, customer receipt, report or other document that is filed or required to be maintained or filed under title 6, chapter 12.
5. Intentionally or knowingly evades or attempts to evade any reporting requirement under section 6-1241 SECTIONS 6-1220 AND 6-1242, whether by structuring transactions as described in 31 Code of Federal Regulations chapter X, by causing any financial institution, money transmitter, trade or business to fail to file the report, by failing to file a required report or record or by any other means.
6. Intentionally or knowingly provides any false information or fails to disclose information that causes any licensee, authorized
delegate, money transmitter, trade or business to either:
   (a) Fail to file any report or record that is required under
   section 6-1241 SECTIONS 6-1220 AND 6-1242.
   (b) File such a report or record that contains a material omission
   or misstatement of fact.

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

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

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

10. Intentionally conducts, controls, manages, supervises, directs
or owns all or part of a money transmitting business for which a license
is required by title 6, chapter 12 unless the business is licensed
pursuant to title 6, chapter 12 and complies with the money transmitting
business registration requirements under 31 United States Code section
5330.

C. A person is guilty of money laundering in the third degree if
the person intentionally or knowingly does any of the following:
   1. In the course of any transaction transmitting money, confers or
agrees to confer anything of value on a money transmitter or any employee
of a money transmitter that is intended to influence or reward any person
for failing to comply with any requirement under title 6, chapter 12.
   2. Engages in the business of receiving money for transmission or
transmitting money, as an employee or otherwise, and receives anything of
value on an agreement or understanding that it is intended to influence or
benefit the person for failing to comply with any requirement under
title 6, chapter 12.

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

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

F. THE EXCEPTION THAT IS ESTABLISHED BY 31 UNITED STATES CODE SECTION 5331(c)(1) DOES NOT APPLY TO PERSONS WHO ARE ENGAGED IN THE MONEY ACCUMULATION BUSINESS.

G. For the purposes of this section:

1. The following terms have the same meaning prescribed in section 6-1201-6-1241:
   (a) "Authorized delegate".
   (b) "Licensee".
   (c) "Money accumulation business".
   (d) "Money transmitter".
   (e) "Trade or business".
   (f) "Transmitting money".

2. The following terms have the same meaning prescribed in section 13-2001:
   (a) "Falsely alters a written instrument".
   (b) "Falsely completes a written instrument".
   (c) "Falsely makes a written instrument".
   (d) "Forged instrument".
   (e) "Personal identifying information".
   (f) "Written instrument".

3. The following terms have the same meaning prescribed in section 13-2301:
   (a) "Financial institution".
   (b) "Financial instrument".
   (c) "Racketeering", except that for the purposes of civil remedies sought by the attorney general, racketeering includes any act, regardless of whether the act would be chargeable or indictable under the laws of this state or whether the act is charged or indicted, that is committed for financial gain, punishable by imprisonment for more than one year under the laws of the United States and described in section 274(a)(1)(A)(i), (ii) or (iii) or (a)(2) of the immigration and nationality act (8 United States Code section 1324(a)(1)(A)(i), (ii) or (iii) or (a)(2)) if persons acting in concert in the conduct acquire a total of more than $5,000 through the conduct in a one-month period. For the purpose of forfeiture of property other than real property, the conduct must involve more than three aliens in a one-month period. For the purpose of forfeiture of real property, the conduct must involve more than fifteen aliens in a one-month period.
4. The following terms have the same meaning prescribed in section 13-2314:
   (a) "Acquire".
   (b) "Proceeds".

6. H. For the purposes of this section:
   1. "Deputy director" has the same meaning prescribed in section 6-101.

1. "MONEY ACCUMULATION BUSINESS":
   (a) MEANS OBTAINING MONEY FROM A MONEY TRANSMITTER AS PART OF ANY ACTIVITY THAT IS CONDUCTED FOR FINANCIAL GAIN IF THE MONEY THAT IS OBTAINED BY ALL PERSONS ACTING IN CONCERT IN THE ACTIVITY, IN AMOUNTS OF $1,000 OR MORE, TOTALS OVER $50,000 IN THE PRECEDING TWELVE-MONTH PERIOD.
   (b) DOES NOT INCLUDE A PERSON WHO IS SUBJECT TO THE REPORTING REQUIREMENTS UNDER 31 UNITED STATES CODE SECTION 5313.

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

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

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

Sec. 11. Section 41-5605, Arizona Revised Statutes, is amended to read:
   41-5605. **Scope**
   A. If the attorney general approves an application for entry into the regulatory sandbox, the applicant is deemed a sandbox participant and both of the following apply:
      1. The sandbox participant has twenty-four months after the date of approval to test the innovation described in the sandbox participant's application.
      2. The attorney general must issue the sandbox participant a registration number.

   B. Innovations tested within the regulatory sandbox are subject to the following restrictions:
      1. Consumers must be residents of this state, except for transactions that involve an innovation provided by a sandbox participant testing financial products or services as a money transmitter as defined in section 6-1201 6-1241 or A related innovation, in which case only physical presence of the consumer in this state at the time of the transaction may be required.
2. Except as provided in subsection C of this section or section 41-5608, an innovation may not be tested with more than ten thousand consumers.

3. For a sandbox participant testing consumer lender loans as defined in section 6-601, an individual consumer lender loan may be issued for up to $15,000, except that aggregate loans per consumer may not exceed $50,000. All consumer lender loans issued in the regulatory sandbox, including loans in excess of $10,000, are subject to all of the following:
   (a) Section 6-114.
   (b) Section 6-632.
   (c) Section 6-635, subsections A, B and C.
   (d) Section 6-637.

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

5. For sandbox participants testing financial products or services as a sales finance company as defined in section 44-281, all of the following apply:
   (a) Section 44-286.
   (b) Section 44-287, except subsection B, paragraph B.
   (c) Section 44-288.
   (d) Section 44-289.
   (e) Section 44-290.
   (f) Section 44-291.
   (g) Section 44-293.
   (h) Section 47-9601.

6. For sandbox participants testing financial products or services that provide investment management that is regulated pursuant to title 44, chapter 13:
   (a) Section 44-3241 applies.
   (b) The corporation commission rules adopted pursuant to title 44, chapter 13 apply as they relate to dishonest and unethical practices.

C. If a sandbox participant demonstrates adequate financial capitalization, risk management process and management oversight, the attorney general may allow either or both of the following:
   1. Except as provided in section 41-5608, an innovation may not be tested with more than seventeen thousand five hundred consumers.
   2. For a sandbox participant testing products or services as a money transmitter as defined in section 6-1201 6-1241, individual transactions per consumer that do not exceed $15,000 and aggregate transactions per consumer that do not exceed $50,000.
D. This section does not restrict a sandbox participant who holds a license or other authorization in another jurisdiction from acting pursuant to and in accordance with that license or other authorization.

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

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

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

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

Sec. 12. Transition

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

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