

JAN 18 2019

A BILL FOR AN ACT

RELATING TO MONEY TRANSMITTERS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to amend certain
2 licensure requirements of the Hawaii money transmitters act to
3 support the division of financial institutions in joining a
4 compact of states ("compact") that license money transmitters.
5 Currently, there are twenty-one states under the compact. The
6 compact provides two important efficiencies:

7 (1) Making the supervision and examination of money
8 transmitters more efficient by promoting recognition
9 of standards across state lines; and

10 (2) Allowing a money transmitter applicant to use a single
11 application to apply for licensure with all states in
12 the compact.

13 Once the state approves the application, the money transmitter
14 applicant will be licensed within all states in the compact.

15 SECTION 2. Section 489D-9, Hawaii Revised Statutes, is
16 amended by amending subsection (d) to read as follows:



1 "(d) An application for a license under this chapter shall
2 be made in writing, and in a form prescribed by NMLS or by the
3 commissioner. Each application shall contain the following:

4 (1) For all applicants:

5 (A) The exact name of the applicant, any fictitious
6 or trade name used by the applicant in the
7 conduct of its business, the applicant's
8 principal address, and the location of the
9 applicant's business records;

10 (B) The history of the applicant's material
11 litigation and criminal convictions for the five-
12 year period prior to the date of the application;

13 (C) A description of the business activities
14 conducted by the applicant and a history of
15 operations;

16 (D) A description of the business activities in which
17 the applicant seeks to engage within the State;

18 (E) A list identifying the applicant's proposed
19 authorized delegates in the State, if any, at the
20 time of the filing of the license application;



S.B. NO. 806

- 1 (F) A sample authorized delegate contract, if
2 applicable;
- 3 (G) A sample form of payment instrument, if
4 applicable;
- 5 (H) The locations where the applicant and its
6 authorized delegates, if any, propose to conduct
7 their licensed activities in the State;
- 8 (I) The name and address of the clearing bank or
9 banks on which the applicant's payment
10 instruments will be drawn or through which
11 payment instruments will be payable;
- 12 (J) Disclosure of any pending or final suspension,
13 revocation, or other enforcement action by any
14 state or governmental authority for the five-year
15 period prior to the date of the application;
16 [and]
- 17 (K) Authorization for NMLS and the commissioner to
18 obtain an independent credit report on the
19 applicant, or each of the applicant's principals
20 if the applicant is not an individual, from a
21 consumer reporting agency described in the Fair



S.B. NO. 806

1 Credit Reporting Act, title 15 United States Code
2 section 1681 et seq.; and

3 ~~[(K)]~~ (L) Any other information the commissioner may
4 require;

5 (2) If the applicant is a corporation, the applicant shall
6 also provide:

7 (A) The date of the applicant's incorporation and
8 state of incorporation;

9 (B) A certificate of good standing from the state in
10 which the applicant was incorporated;

11 (C) A description of the corporate structure of the
12 applicant, including the identity of any parent
13 or subsidiary company of the applicant, and the
14 disclosure of whether any parent or subsidiary
15 company is publicly traded on any stock exchange;

16 (D) The name, business and residence address, and
17 employment history, for the past ~~[five]~~ ten
18 years, of the applicant's principals, and each
19 person who upon approval of the application will
20 be a principal of the licensee;



1 (E) For the five-year period prior to the date of the
2 application, the history of material litigation
3 involving, and criminal convictions of, each
4 principal of the applicant;

5 (F) A copy of the applicant's most recent audited
6 financial statement, including balance sheets,
7 statements of income or loss, statements of
8 changes in shareholder equity and statements of
9 changes in financial position, and, if available,
10 the applicant's audited financial statements for
11 the preceding two-year period or, if the
12 applicant is a wholly owned subsidiary of another
13 corporation, either the parent corporation's
14 consolidated audited financial statements for the
15 current year and for the preceding two-year
16 period, or the parent corporation's Form 10-K
17 reports filed with the United States Securities
18 and Exchange Commission for the prior three years
19 in lieu of the applicant's financial statements,
20 or if the applicant is a wholly owned subsidiary
21 of a corporation having its principal place of



S.B. NO. 806

1 business outside the United States, similar
2 documentation filed with the parent corporation's
3 non-United States regulator;

4 (G) Copies of all filings, if any, made by the
5 applicant with the United States Securities and
6 Exchange Commission, or with a similar regulator
7 in a country other than the United States, within
8 the year preceding the date of filing of the
9 application; and

10 (H) Information necessary to conduct a criminal
11 history record check in accordance with section
12 846-2.7 of each person who upon approval of the
13 application will be a principal of the licensee,
14 accompanied by the appropriate payment of the
15 applicable fee for each record check; and

16 (3) If the applicant is not a corporation, the applicant
17 shall also provide:

18 (A) The name, business and residence address,
19 personal financial statement, and employment
20 history, for the past [~~five~~] ten years, of each
21 principal of the applicant;



S.B. NO. 806

- 1 (B) The name, business and residence address, and
2 employment history, for the past [~~five~~] ten
3 years, of any other persons who upon approval of
4 the application will be a principal of the
5 licensee;
- 6 (C) The place and date of the applicant's
7 registration or qualification to do business in
8 this State;
- 9 (D) The history of material litigation and criminal
10 convictions for the five-year period before the
11 date of the application for each principal of the
12 applicant;
- 13 (E) Copies of the applicant's audited financial
14 statements, including balance sheets, statements
15 of income or loss, and statements of changes in
16 financial position for the current year and, if
17 available, for the preceding two-year period; and
- 18 (F) Information necessary to conduct a criminal
19 history record check in accordance with section
20 846-2.7 of each principal of the applicant,



S.B. NO. 806

1 accompanied by the appropriate payment of the
2 applicable fee for each record check."

3 SECTION 3. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY: Rosely H. Bick

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D. K. ...



S.B. NO. 806

Report Title:

Money Transmitters; Division of Financial Institutions; Compact; Application; Licensing; Credit Report; Personal History; Personal Background

Description:

Amends money transmitter licensure requirements by adding a credit report and extending personal background history from five years to ten years, which will enable the division of financial institutions to join a compact of states that license money transmitters for purposes of efficiency and standardization.

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