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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Consumer Protection and Commerce
Tuesday, February 8, 2022
2:00 p.m.
Via Videoconference**

**On the following measure:
H.B. 2113, RELATING TO MONEY TRANSMITTERS**

Chair Johanson and Members of the Committee:

My name is Iris Ikeda, and I am the Commissioner of the Department of Commerce and Consumer Affairs' (Department) Division of Financial Institutions (DFI). The Department supports this administration bill.

The purpose of this bill is to minimize regulatory burden and eliminate redundancy for money transmitter applicants of the duplicative criminal background checks in the state and federal systems.

Currently, each key individual of a money transmitter must submit to a state and federal criminal background review.

This bill allows the applicant to only submit to a federal criminal background review. The state became a reporter to the national criminal background database about seven years ago. The Division has reviewed parallel state and federal criminal background reviews since the state became a reporter to the national criminal background database and has not found discrepancies on disqualifying crimes. Hawaii

is now one of a few states that requires both a state and federal criminal background review and would like to streamline the process for applicants.

The NMLS is the sole nationwide platform that provides information-sharing among state regulators to increase efficiencies for supervision and to enhance consumer protection. This cloud-based system gives state agencies access to up-to-date criminal history records from the FBI and helps to ensure that persons in a position of trust meet established standards to protect consumers and businesses.

Thank you for the opportunity to testify, and we respectfully ask the Committee to pass this administration bill.