THE SENATE
THIRTIETH LEGISLATURE, 2019
STATE OF HAWAII

S.B. NO. 806
S.D. 1

A BILL FOR AN ACT

RELATING TO MONEY TRANSMITTERS.

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

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

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

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

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

SECTION 2. Section 489D-9, Hawaii Revised Statutes, is
amended by amending subsection (d) to read as follows:
"(d) An application for a license under this chapter shall be made in writing, and in a form prescribed by NMLS or by the commissioner. Each application shall contain the following:

(1) For all applicants:

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

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

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

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

(E) A list identifying the applicant's proposed authorized delegates in the State, if any, at the time of the filing of the license application;
(F) A sample authorized delegate contract, if applicable;

(G) A sample form of payment instrument, if applicable;

(H) The locations where the applicant and its authorized delegates, if any, propose to conduct their licensed activities in the State;

(I) The name and address of the clearing bank or banks on which the applicant's payment instruments will be drawn or through which payment instruments will be payable;

(J) Disclosure of any pending or final suspension, revocation, or other enforcement action by any state or governmental authority for the five-year period prior to the date of the application;

[and]

(K) Authorization for NMLS and the commissioner to obtain an independent credit report on the applicant, or each of the applicant's principals if the applicant is not an individual, from a consumer reporting agency described in the Fair
Credit Reporting Act, title 15 United States Code section 1681 et seq.;

(L) Authorization for the commissioner to conduct a financial responsibility review; and

[M] Any other information the commissioner may require;

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

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

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

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

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

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

(F) A copy of the applicant's most recent audited financial statement, including balance sheets, statements of income or loss, statements of changes in shareholder equity and statements of changes in financial position, and, if available, the applicant's audited financial statements for the preceding two-year period or, if the applicant is a wholly owned subsidiary of another corporation, either the parent corporation's consolidated audited financial statements for the current year and for the preceding two-year period, or the parent corporation's Form 10-K reports filed with the United States Securities and Exchange Commission for the prior three years in lieu of the applicant's financial statements,
or if the applicant is a wholly owned subsidiary of a corporation having its principal place of business outside the United States, similar documentation filed with the parent corporation's non-United States regulator;

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

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

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

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

(B) The name, business and residence address, and employment history, for the past [five] ten years, of any other persons who upon approval of the application will be a principal of the licensee;

(C) The place and date of the applicant's registration or qualification to do business in this State;

(D) The history of material litigation and criminal convictions for the five-year period before the date of the application for each principal of the applicant;

(E) Copies of the applicant's audited financial statements, including balance sheets, statements of income or loss, and statements of changes in financial position for the current year and, if available, for the preceding two-year period; and

(F) Information necessary to conduct a criminal history record check in accordance with section
846-2.7 of each principal of the applicant,
accompanied by the appropriate payment of the
applicable fee for each record check."

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

SECTION 4. This Act shall take effect upon its approval.
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 financial responsibility review 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. (SD1)

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