

State of Arkansas
91st General Assembly
Regular Session, 2017

A Bill

HOUSE BILL 1799

By: Representative Lundstrum

For An Act To Be Entitled

AN ACT TO AMEND THE UNIFORM MONEY SERVICES ACT; TO CLARIFY THE SURETY BOND REQUIREMENTS FOR LICENSEES; TO REVISE THE RENEWAL PROCEDURES FOR A LICENSE; TO AMEND THE TYPE OF REPORTS REQUIRED; TO REQUIRE AN ANTI-MONEY LAUNDERING PROGRAM; TO ALLOW THE SECURITIES COMMISSIONER TO PARTICIPATE IN THE MULTISTATE AUTOMATED LICENSING SYSTEM; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE UNIFORM MONEY SERVICES ACT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 23-55-204 is amended to read as follows:

23-55-204. ~~Security~~ Surety bonds.

(a) Except as otherwise provided in subsection (b), a surety bond in the amount of \$50,000 plus \$10,000 per location in this State where the applicant and its authorized delegates engage in money transmission or provide other money services, with the maximum required amount of the surety bond of \$300,000, must accompany an application for a license to engage in money services.

(b) The surety bond must be in a form satisfactory to the Securities Commissioner ~~and payable to the State for the benefit of any claimant against the licensee to secure the faithful performance of the obligations of the licensee with respect to money transmission.~~

(c) ~~The~~ Every surety bond shall provide for suit on the bond by any



person who has a cause of action under this chapter. The aggregate liability on a surety bond of the surety to all persons, cumulative or otherwise, may not exceed the principal sum of the bond. ~~A claimant against a licensee may maintain an action on the bond, or the commissioner may maintain an action on behalf of the claimant.~~

(d) A surety bond must cover claims for so long as the commissioner specifies, but for at least five years after the licensee ceases to provide money services in this State. However, the commissioner may permit the amount of ~~security~~ a surety bond to be reduced or eliminated before the expiration of that time to the extent the amount of the licensee's payment instruments or stored-value and prepaid access obligations outstanding in this State is reduced.

(e) ~~{Repealed.}~~

~~(f)~~ The commissioner may increase the amount of ~~security~~ a surety bond required to a maximum of \$1,000,000 if the financial condition of a licensee so requires, as evidenced by reduction of net worth, financial losses, or other relevant criteria.

SECTION 2. Arkansas Code § 23-55-206(b), concerning the renewal of a license under the Uniform Money Services Act, is amended to read as follows:

(b) A licensee under this article shall submit a renewal report with the renewal fee, in a form prescribed by the commissioner. The renewal report must state or contain:

~~(1) the number and monetary amount of payment instruments, stored value, and prepaid access sold by the licensee in this State which have not been included in a renewal report and the monetary amount of payment instruments, stored value, and prepaid access currently outstanding;~~

~~(2)~~ a description of each material change in information submitted by the licensee in its original license application which has not been reported to the commissioner on any required report;

~~(3)~~⁽²⁾ a list of the licensee's permissible investments and a certification that the licensee continues to maintain permissible investments according to the requirements set forth in §§ 23-55-701 and 23-55-702; and

~~(4)~~⁽³⁾ proof that the licensee continues to maintain an adequate ~~security~~ surety bond as required by § 23-55-204.

SECTION 3. Arkansas Code § 23-55-603(b), concerning reports under the Uniform Money Services Act, is amended to read as follows:

(b) A licensee shall file with the commissioner within 45 days after the end of each ~~fiscal~~ calendar quarter a current list of all authorized delegates, and locations in this State where the licensee or an authorized delegate of the licensee provides money services, including limited stations and mobile locations. The licensee shall state the name and street address of each location and authorized delegate.

SECTION 4. Arkansas Code § 23-55-603, concerning reports under the Uniform Money Services Act, is amended to add additional subsections to read as follows:

(e) A licensee shall file with the commissioner within 45 days after the end of each calendar quarter a report of the number and monetary amount of payment instruments, stored-value, and prepaid access sold by the licensee in this State for that quarter, and the monetary amount of payment instruments, stored-value, and prepaid access currently outstanding.

(f) The commissioner may for good cause grant an extension of the reporting date.

SECTION 5. Arkansas Code § 23-55-606 is amended to read as follows:

23-55-606. ~~Money laundering reports~~ Anti-money laundering program and reports.

(a) Every licensee shall comply with all state and federal laws, rules, and regulations relating to the detection and prevention of money laundering.

(b) Every licensee shall maintain an anti-money laundering program in accordance with 31 C.F.R. 103.125. The program shall be reviewed and updated as necessary to ensure that the program continues to be effective in detecting and deterring money laundering activities.

(c) At a minimum, the program shall include:

(1) A system of internal controls to ensure ongoing compliance;

(2) Independent testing for compliance to be conducted by bank personnel or by an outside party;

(3) Designation of an individual or individuals who are responsible for coordinating and monitoring day-to-day compliance;

(4) Training for appropriate personnel; and

(5) Appropriate risk-based procedures for conducting ongoing customer due diligence to include without limitation:

(A) Understanding the nature and purpose of customer relationships for the purpose of developing a customer risk profile; and

(B)(i) Conducting ongoing monitoring to identify and report suspicious transactions and, on a risk basis, to maintain and update customer information.

(ii) For purposes of subdivision (c)(5)(B)(i) of this section, customer information shall include information regarding the beneficial owners of legal entity customers.

(d) Every licensee shall comply with the regulations of its federal functional regulator governing such programs.

(e) A licensee and an authorized delegate shall file with the commissioner all reports required by federal currency reporting, record keeping, and suspicious transaction reporting requirements as set forth in 31 U.S.C. § 5311 (1994), 31 C.F.R. § 103 (2000) and other federal and state laws pertaining to money laundering.

~~(b)(f)~~ The timely filing of a complete and accurate report required under subsection ~~(a)(e)~~ of this section with the appropriate federal agency ~~is~~ satisfies compliance with the requirements of subsection ~~(a)(e)~~ of this section, unless the commissioner notifies the licensee that reports of this type are not being regularly and comprehensively transmitted by the federal agency to the commissioner.

SECTION 6. Arkansas Code Title 23, Chapter 55, Subchapter 10, is amended to add an additional section to read as follows:

23-55-1007. Multistate automated licensing system.

(a) The Securities Commissioner may:

(1) Enter into an arrangement, agreement, or other working relationship with federal, state, or self-regulatory authorities, the Conference of State Bank Supervisors, or a subsidiary entity owned by the Conference of State Bank Supervisors to file and maintain documents in a multistate automated licensing system or other central depository system;

(2) Waive or modify in whole or in part by rule or by order any requirement of this subchapter if necessary to implement this section; and

(3) Establish new requirements under this subchapter to carry out the purpose of this section.

(b) It is the intent of this section that the commissioner be provided the authority to reduce duplication of filings, reduce administrative costs, and establish uniform procedures, forms, and administration with other states and federal authorities.

(c)(1) The commissioner may permit or require initial and renewal registration filings required under this subchapter to be filed with the Conference of State Bank Supervisors, a subsidiary entity owned by the Conference of State Bank Supervisors, the Financial Industry Regulatory Authority, or another entity maintaining or operating a multistate automated licensing system.

(2) The applicant or the licensee shall pay any fee charged for the applicant or the licensee to participate in the automated licensing system.

(d) The commissioner may accept uniform procedures and forms designed to:

- (1) Implement a multistate automated licensing system;
- (2) Implement a uniform national regulatory system; or
- (3) Facilitate common practices and procedures among the states.