

1 State of Arkansas
2 91st General Assembly
3 Regular Session, 2017
4

A Bill

HOUSE BILL 1799

5 By: Representative Lundstrum
6

For An Act To Be Entitled

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

18 TO AMEND THE UNIFORM MONEY SERVICES ACT.
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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24 SECTION 1. Arkansas Code § 23-55-204 is amended to read as follows:
25 23-55-204. ~~Security~~ Surety bonds.

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

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

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



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

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

13 (e) ~~{Repealed.}~~

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

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

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

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

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

31 ~~(3)~~(2) a list of the licensee's permissible investments and a
 32 certification that the licensee continues to maintain permissible investments
 33 according to the requirements set forth in §§ 23-55-701 and 23-55-702; and

34 ~~(4)~~(3) proof that the licensee continues to maintain an adequate
 35 ~~security~~ surety bond as required by § 23-55-204.

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

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

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

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

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

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

22 ~~23-55-606. Money laundering reports~~ Anti-money laundering program and
23 reports.

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

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

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

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

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

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

1 (4) Training for appropriate personnel; and

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

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

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

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

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

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

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

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

28 23-55-1007. Multistate automated licensing system.

29 (a) The Securities Commissioner may:

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

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

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

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

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

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

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

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

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