

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 86th General Assembly
3 Regular Session, 2007
4

As Engrossed: H3/15/07 H3/22/07

A Bill

HOUSE BILL 2518

5 By: Representative Bond
6
7

For An Act To Be Entitled

9 AN ACT TO ADOPT THE UNIFORM MONEY SERVICES ACT;
10 AND FOR OTHER PURPOSES.
11

Subtitle

12 TO ADOPT THE UNIFORM MONEY SERVICES ACT.
13
14
15

16 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
17

18 *SECTION 1. Arkansas Code Title 23 is amended to add an additional*
19 *chapter to read as follows:*
20

21 CHAPTER 55 -- UNIFORM MONEY SERVICES ACT
22

23 ARTICLE 1 -- GENERAL PROVISIONS
24

25 23-55-101. Short title.

26 This chapter may be cited as the Uniform Money Services Act.
27

28 23-55-102. Definitions.

29 In this chapter:

30 (1) "Applicant" means a person that files an application for a
31 license under this Act.

32 (2) "Authorized delegate" means a person a licensee designates
33 to provide money services on behalf of the licensee.

34 (3) "Bank" means an institution organized under federal or state
35 law which:

36 (A) accepts demand deposits or deposits that the depositor



1 may use for payment to third parties and engages in the business of making
2 commercial loans; or

3 (B) engages in credit card operations and maintains only
4 one office that accepts deposits, does not accept demand deposits or deposits
5 that the depositor may use for payments to third parties, does not accept a
6 savings or time deposit less than \$100,000, and does not engage in the
7 business of making commercial loans.

8 (4) "Commissioner" means the Securities Commissioner.

9 (5) "Control" means:

10 (A) Ownership of, or the power to vote, directly or
11 indirectly, at least 25 percent of a class of voting securities or voting
12 interests of a licensee or person in control of a licensee;

13 (B) power to elect a majority of executive officers,
14 managers, directors, trustees, or other persons exercising managerial
15 authority of a licensee or person in control of a licensee; or

16 (C) the power to exercise directly or indirectly, a
17 controlling influence over the management or policies of a licensee or person
18 in control of a licensee.

19 (6) "Currency exchange" means receipt of revenues from the
20 exchange of money of one government for money of another government.

21 (7) "Executive officer" means a president, chairperson of the
22 executive committee, chief financial officer, responsible individual, or
23 other individual who performs similar functions.

24 (8) "Licensee" means a person licensed under this Act.

25 (9) "Monetary value" means a medium of exchange, whether or not
26 redeemable in money.

27 (10) "Money" means a medium of exchange that is authorized or
28 adopted by the United States or a foreign government. The term includes a
29 monetary unit of account established by an intergovernmental organization or
30 by agreement between two or more governments.

31 (11) "Money services" means money transmission, check cashing,
32 or currency exchange.

33 (12) "Money transmission" means selling or issuing payment
34 instruments, stored value, or receiving money or monetary value for
35 transmission. The term does not include the provision solely of delivery,
36 online or telecommunications services, or network access.

1 (13) "Outstanding," with respect to a payment instrument, means
2 issued or sold by or for the licensee and reported as sold but not yet paid
3 by or for the licensee.

4 (14) "Payment instrument" means a check, draft, money order,
5 traveler's check, or other instrument for the transmission or payment of
6 money or monetary value, whether or not negotiable. The term does not include
7 a credit card voucher, letter of credit, or instrument that is redeemable by
8 the issuer in goods or services.

9 (15) "Person" means an individual, corporation, business trust,
10 estate, trust, partnership, limited liability company, association, joint
11 venture, government; governmental subdivision, agency or instrumentality;
12 public corporation; or any other legal or commercial entity.

13 (16) "Record" means information that is inscribed on a tangible
14 medium or that is stored in an electronic or other medium and is retrievable
15 in perceivable form.

16 (17) "Responsible individual" means an individual who is
17 employed by a licensee and has principal managerial authority over the
18 provision of money services by the licensee in this State.

19 (18) "State" means a State of the United States, the District of
20 Columbia, Puerto Rico, the United States Virgin Islands, or any territory or
21 insular possession subject to the jurisdiction of the United States.

22 (19) "Stored value" means monetary value that is evidenced by an
23 electronic record.

24 (20) "Unsafe or unsound practice" means a practice or conduct by
25 a person licensed to engage in money transmission or an authorized delegate
26 of such a person which creates the likelihood of material loss, insolvency,
27 or dissipation of the licensee's assets, or otherwise materially prejudices
28 the interests of its customers.

29
30 23-55-103. Exclusions.

31 This chapter does not apply to:

32 (1) the United States or a department, agency, or
33 instrumentality thereof;

34 (2) money transmission by the United States Postal Service or by
35 a contractor on behalf of the United States Postal Service;

36 (3) a state, county, city, or any other governmental agency or

1 governmental subdivision of a State;

2 (4) a bank, bank holding company, office of an international
3 banking corporation, branch of a foreign bank, corporation organized pursuant
4 to the Bank Service Corporation Act, 12 U.S.C. Section 1861-1867 (Supp. V
5 1999), or corporation organized under the Edge Act, 12 U.S.C. Section 611-633
6 (1994 & Supp. V 1999), under the laws of a State or the United States if it
7 does not issue, sell, or provide payment instruments or stored value through
8 an authorized delegate that is not such a person;

9 (5) electronic funds transfer of governmental benefits for a
10 federal, state, county, or governmental agency by a contractor on behalf of
11 the United States or a department, agency, or instrumentality thereof, or a
12 State or governmental subdivision, agency, or instrumentality thereof;

13 (6) a board of trade designated as a contract market under the
14 federal Commodity Exchange Act, 7 U.S.C. Section 1-25 (1994), or a person
15 that, in the ordinary course of business, provides clearance and settlement
16 services for a board of trade to the extent of its operation as or for such a
17 board;

18 (7) a registered futures commission merchant under the federal
19 commodities laws to the extent of its operation as such a merchant;

20 (8) a person that provides clearance or settlement services
21 pursuant to a registration as a clearing agency or an exemption from such
22 registration granted under the federal securities laws to the extent of its
23 operation as such a provider;

24 (9) an operator of a payment system to the extent that it
25 provides processing, clearing, or settlement services, between or among
26 persons excluded by this section, in connection with wire transfers, credit
27 card transactions, debit card transactions, stored-value transactions,
28 automated clearing house transfers, or similar funds transfers; or

29 (10) a person registered as a securities broker-dealer under
30 federal or state securities laws to the extent of its operation as such a
31 broker-dealer.

32
33 ARTICLE 2 -- MONEY TRANSMISSION LICENSES

34
35 23-55-201. License required.

36 (a) A person may not engage in the business of money transmission or

1 advertise, solicit, or hold itself out as providing money transmission unless
2 the person:

3 (1) is licensed under this subchapter or approved to engage in
4 money transmission under § 23-55-203;

5 (2) is an authorized delegate of a person licensed under this
6 subchapter; or

7 (3) is an authorized delegate of a person approved to engage in
8 money transmission under § 23-55-203.

9 (b) A license under this subchapter is not transferable or assignable.

10
11 23-55-202. Application for license.

12 (a) In this section, "material litigation" means litigation that
13 according to generally accepted accounting principles is significant to an
14 applicant's or a licensee's financial health and would be required to be
15 disclosed in the applicant's or licensee's annual audited financial
16 statements, report to shareholders, or similar records.

17 (b) A person applying for a license under this subchapter shall do so
18 in a form and in a medium prescribed by the commissioner. The application
19 must state or contain:

20 (1) the legal name and residential and business addresses of the
21 applicant and any fictitious or trade name used by the applicant in
22 conducting its business;

23 (2) a list of any criminal convictions of the applicant and any
24 material litigation in which the applicant has been involved in the 10-year
25 period next preceding the submission of the application;

26 (3) a description of any money services previously provided by
27 the applicant and the money services that the applicant seeks to provide in
28 this State;

29 (4) a list of the applicant's proposed authorized delegates and
30 the locations in this State where the applicant and its authorized delegates
31 propose to engage in money transmission or provide other money services;

32 (5) a list of other States in which the applicant is licensed to
33 engage in money transmission or provide other money services and any license
34 revocations, suspensions, or other disciplinary action taken against the
35 applicant in another State;

36 (6) information concerning any bankruptcy or receivership

1 proceedings affecting the licensee;

2 (7) a sample form of contract for authorized delegates, if
3 applicable, and a sample form of payment instrument or instrument upon which
4 stored value is recorded, if applicable;

5 (8) the name and address of any bank through which the
6 applicant's payment instruments and stored value will be paid;

7 (9) a description of the source of money and credit to be used
8 by the applicant to provide money services; and

9 (10) any other information the commissioner reasonably requires
10 with respect to the applicant.

11 (c) If an applicant is a corporation, limited liability company,
12 partnership, or other entity, the applicant shall also provide:

13 (1) the date of the applicant's incorporation or formation and
14 State or country of incorporation or formation;

15 (2) if applicable, a certificate of good standing from the State
16 or country in which the applicant is incorporated or formed;

17 (3) a brief description of the structure or organization of the
18 applicant, including any parent or subsidiary of the applicant, and whether
19 any parent or subsidiary is publicly traded;

20 (4) the legal name, any fictitious or trade name, all business
21 and residential addresses, and the employment, in the 10-year period next
22 preceding the submission of the application of each executive officer,
23 manager, director, or person that has control, of the applicant;

24 (5) a list of any criminal convictions and material litigation
25 in which any executive officer, manager, director, or person in control of,
26 the applicant has been involved in the 10-year period next preceding the
27 submission of the application;

28 (6) a copy of the applicant's audited financial statements for
29 the most recent fiscal year and, if available, for the two-year period next
30 preceding the submission of the application;

31 (7) a copy of the applicant's unconsolidated financial
32 statements for the current fiscal year, whether audited or not, and, if
33 available, for the two-year period next preceding the submission of the
34 application;

35 (8) if the applicant is publicly traded, a copy of the most
36 recent report filed with the United States Securities and Exchange Commission

1 under Section 13 of the federal Securities Exchange Act of 1934, 15 U.S.C.
2 Section 78m (1994 & Supp. V 1999);

3 (9) if the applicant is a wholly owned subsidiary of:

4 (A) a corporation publicly traded in the United States, a
5 copy of audited financial statements for the parent corporation for the most
6 recent fiscal year or a copy of the parent corporation's most recent report
7 filed under Section 13 of the federal Securities Exchange Act of 1934, 15
8 U.S.C. Section 78m (1994 & Supp. V 1999); or

9 (B) a corporation publicly traded outside the United
10 States, a copy of similar documentation filed with the regulator of the
11 parent corporation's domicile outside the United States;

12 (10) if the applicant has a registered agent in this State, the
13 name and address of the applicant's registered agent in this State; and

14 (11) any other information the commissioner reasonably requires
15 with respect to the applicant.

16 (d) A nonrefundable application fee of \$1,500 and a license fee of
17 \$750 must accompany an application for a license under this subchapter. The
18 license fee must be refunded if the application is denied.

19 (e) The commissioner may waive one or more requirements of subsections
20 (b) and (c) or permit an applicant to submit other information in lieu of the
21 required information.

22
23 23-55-203. Approval to engage in money transmission when licensed in
24 another state.

25 (a) A person that is licensed to engage in money transmission in at
26 least one other state, with the approval of the commissioner and in
27 accordance with this section, may engage in money transmission and currency
28 exchange in this state without being licensed pursuant to § 23-55-202 if:

29 (1) the state in which the person is licensed has enacted the
30 Uniform Money Services Act or the commissioner determines that the money
31 transmission laws of that state are substantially similar to those imposed by
32 the law of this state;

33 (2) the person submits to, and in the form required by, the
34 commissioner:

35 (A) in a record, an application for approval to engage in
36 money transmission and currency exchange in this state without being licensed

1 pursuant to § 23-55-202;

2 (B) a nonrefundable fee of \$1,000; and

3 (C) a certification of license history in the other state.

4 (b) When an application for approval under this section is complete,
5 the commissioner shall promptly notify the applicant, in a record, of the
6 date on which the request was determined to be complete and:

7 (1) the commissioner shall approve or deny the request within 120
8 days after that date; or

9 (2) if the request is not approved or denied within 120 days
10 after that date:

11 (A) the request is approved; and

12 (B) the approval takes effect as of the first business day
13 after expiration of the 120-day period.

14 (c) A person that engages in money transmission and currency exchange
15 in this state pursuant to this section shall comply with the requirements of,
16 and is subject to the sanctions under, Articles 6, 7, and 8, § 23-55-601 et
17 seq., § 23-55-701 et seq., and § 23-55-801 et seq., as if the person were
18 licensed pursuant to § 23-55-202.

19
20 23-55-204. Security.

21 (a) Except as otherwise provided in subsection (b), a surety bond,
22 letter of credit, or other similar security acceptable to the commissioner in
23 the amount of \$50,000 plus \$10,000 per location, not exceeding a total
24 addition of \$250,000, must accompany an application for a license.

25 (b) Security must be in a form satisfactory to the commissioner and
26 payable to the State for the benefit of any claimant against the licensee to
27 secure the faithful performance of the obligations of the licensee with
28 respect to money transmission.

29 (c) The aggregate liability on a surety bond may not exceed the
30 principal sum of the bond. A claimant against a licensee may maintain an
31 action on the bond, or the commissioner may maintain an action on behalf of
32 the claimant.

33 (d) A surety bond must cover claims for so long as the commissioner
34 specifies, but for at least five years after the licensee ceases to provide
35 money services in this State. However, the commissioner may permit the amount
36 of security to be reduced or eliminated before the expiration of that time to

1 the extent the amount of the licensee's payment instruments or stored-value
2 obligations outstanding in this State is reduced. The commissioner may permit
3 a licensee to substitute another form of security acceptable to the
4 commissioner for the security effective at the time the licensee ceases to
5 provide money services in this State.

6 (e) In lieu of the security prescribed in this section, an applicant
7 for a license or a licensee may provide security in a form prescribed by the
8 commissioner.

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

13
14 23-55-205. Issuance of license.

15 (a) When an application is filed under this subchapter, the
16 commissioner shall investigate the applicant's financial condition and
17 responsibility, financial and business experience, character, and general
18 fitness. The commissioner may conduct an on-site investigation of the
19 applicant, the reasonable cost of which the applicant must pay. The
20 commissioner shall issue a license to an applicant under this subchapter if
21 the commissioner finds that all of the following conditions have been
22 fulfilled:

23 (1) the applicant has complied with §§ 23-55-202, 23-55-204, and
24 23-55-207; and

25 (2) the financial condition and responsibility, financial and
26 business experience, competence, character, and general fitness of the
27 applicant; and the competence, experience, character, and general fitness of
28 the executive officers, managers, directors, and persons in control of, the
29 applicant indicate that it is in the interest of the public to permit the
30 applicant to engage in money transmission;

31 (b) When an application for an original license under this subchapter
32 is complete, the commissioner shall promptly notify the applicant in a record
33 of the date on which the application was determined to be complete and:

34 (1) the commissioner shall approve or deny the application
35 within 120 days after that date; or

36 (2) if the application is not approved or denied within 120 days

1 after that date:

2 (A) the application is deemed approved; and

3 (B) the commissioner shall issue the license under this
4 subchapter, to take effect as of the first business day after expiration of
5 the 120-day period.

6 (c) The commissioner may for good cause extend the application period.

7 (d) An applicant whose application is denied by the commissioner under
8 this subchapter may appeal, within 30 days after receipt of the notice of the
9 denial, from the denial and request a hearing.

10
11 23-55-206. Renewal of license.

12 (a) A licensee under this subchapter shall pay an annual renewal fee
13 of \$750 no later than 30 days before the anniversary of the issuance of the
14 license or, if the last day is not a business day, on the next business day.

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

18 (1) a copy of the licensee's most recent audited annual
19 financial statement or, if the licensee is a wholly owned subsidiary of
20 another corporation, the most recent audited consolidated annual financial
21 statement of the parent corporation or the licensee's most recent audited
22 consolidated annual financial statement;

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

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

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

33 (5) proof that the licensee continues to maintain adequate
34 security as required by § 23-55-204; and

35 (6) a list of the locations in this State where the licensee or
36 an authorized delegate of the licensee engages in money transmission or

1 provides other money services.

2 (c) If a licensee does not file a renewal report or pay its renewal
3 fee by the renewal date or any extension of time granted by the commissioner,
4 the commissioner shall send the licensee a notice of suspension. Unless the
5 licensee files the report and pays the renewal fee before expiration of 10
6 days after the notice is sent, the licensee's license is suspended 10 days
7 after the commissioner sends the notice of suspension. The suspension must be
8 lifted if, within 20 days after its license is suspended, the licensee:

9 (1) files the report and pays the renewal fee; and

10 (2) pays \$100 for each day after suspension that the
11 commissioner did not receive the renewal report and the renewal fee.

12 (d) The commissioner for good cause may grant an extension of the
13 renewal date.

14
15 23-55-207. Net worth.

16 A licensee under this subchapter shall maintain a net worth of at least
17 \$250,000 determined in accordance with generally accepted accounting
18 principles.

19
20 ARTICLE 3 -- [Reserved.]

21
22 ARTICLE 4 -- CURRENCY EXCHANGE LICENSES

23
24 23-55-401. License required.

25 (a) A person may not engage in currency exchange or advertise, solicit,
26 or hold itself out as providing currency exchange for which the person
27 receives revenues equal or greater than five percent of total revenues unless
28 the person:

29 (1) is licensed under this subchapter;

30 (2) is licensed for money transmission under Article 2, § 23-55-
31 201 et seq., or approved to engage in money transmission under § 23-55-203;

32 (3) is an authorized delegate of a person licensed under Article
33 2, § 23-55-201 et seq.; or

34 (4) is an authorized delegate of a person approved to engage in
35 money transmission under § 23-55-203.

36 (b) A license under this subchapter is not transferable or assignable.

1
2 23-55-402. Application for license.

3 (a) A person applying for a license under this subchapter shall do so
4 in a form and in a medium prescribed by the commissioner. The application
5 must state or contain:

6 (1) the legal name and residential and business addresses of the
7 applicant, if the applicant is an individual or, if the applicant is not an
8 individual, the name of each partner, executive officer, manager, and
9 director;

10 (2) the location of the principal office of the applicant;

11 (3) complete addresses of other locations in this State where
12 the applicant proposes to engage in currency exchange or check cashing,
13 including all limited stations and mobile locations;

14 (4) a description of the source of money and credit to be used
15 by the applicant to engage in check cashing and currency exchange; and

16 (5) other information the commissioner reasonably requires with
17 respect to the applicant, but not more than the commissioner may require
18 under subchapter 2.

19 (b) A nonrefundable application fee of \$1,500 and a license fee of
20 \$750 must accompany an application for a license under this subchapter. The
21 license fee must be refunded if the application is denied.

22
23 23-55-403. Issuance of license.

24 (a) When an application under this subchapter, the commissioner shall
25 investigate the applicant's financial condition and responsibility, financial
26 and business experience, character, and general fitness. The commissioner may
27 conduct an on-site investigation of the applicant, the reasonable cost of
28 which the applicant must pay. The commissioner shall issue a license to an
29 applicant under this subchapter if the commissioner finds that all of the
30 following conditions have been fulfilled:

31 (1) the applicant has complied with § 23-55-402; and

32 (2) the financial condition and responsibility, financial and
33 business experience, competence, character, and general fitness of the
34 applicant; and the competence, experience, character, and general fitness of
35 the executive officers, managers, directors, and persons in control of, the
36 applicant indicate that it is in the interest of the public to permit the

1 applicant to engage in currency exchange.

2 (b) When an application for an original license under this subchapter
3 is complete, the commissioner shall promptly notify the applicant in a record
4 of the date on which the application was determined to be complete and:

5 (1) the commissioner shall approve or deny the application
6 within 120 days after that date; or

7 (2) if the application is not approved or denied within 120 days
8 after that date:

9 (A) the application is deemed approved; and

10 (B) the commissioner shall issue the license under this
11 subchapter, to take effect as of the first business day after expiration of
12 the period.

13 (c) The commissioner may for good cause extend the application period.

14 (d) An applicant whose application is denied a license by the
15 commissioner under this subchapter may appeal, within 30 days after receipt
16 of the notice of the denial, from the denial and request a hearing.

17
18 23-55-404. Renewal of License.

19 (a) A licensee under this subchapter shall pay a biennial renewal fee
20 of \$750 no later than 30 days before each biennial anniversary of the
21 issuance of the license or, if the last day is not a business day, on the
22 next business day.

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

26 (1) a description of each material change in information
27 submitted by the licensee in its original license application that has not
28 been reported to the commissioner on any required report; and

29 (2) a list of the locations in this State where the licensee or
30 an authorized delegate of the licensee engages in currency exchange or check
31 cashing, including limited stations and mobile locations.

32 (c) If a licensee does not file a renewal report and pay its renewal
33 fee by the renewal date or any extension of time granted by the commissioner,
34 the commissioner shall send the licensee a notice of suspension. Unless the
35 licensee files the report and pays the renewal fee before expiration of 10
36 days after the notice is sent, the licensee's license is suspended 10 days

1 after the commissioner sends the notice of suspension.

2 (d) The commissioner for good cause may grant an extension of the
3 renewal date.

4
5 ARTICLE 5--AUTHORIZED DELEGATES

6
7 23-55-501. Relationship between licensee and authorized delegate.

8 (a) In this section, "remit" means to make direct payments of money to
9 a licensee or its representative authorized to receive money or to deposit
10 money in a bank in an account specified by the licensee.

11 (b) A contract between a licensee and an authorized delegate must
12 require the authorized delegate to operate in full compliance with this
13 chapter. The licensee shall furnish in a record to each authorized delegate
14 policies and procedures sufficient for compliance with this chapter.

15 (c) An authorized delegate shall remit all money owing to the licensee
16 in accordance with the terms of the contract between the licensee and the
17 authorized delegate.

18 (d) If a license is suspended or revoked or a licensee does not renew
19 its license, the commissioner shall notify all authorized delegates of the
20 licensee whose names are in a record filed with the commissioner of the
21 suspension, revocation, or non-renewal. After notice is sent or publication
22 is made, an authorized delegate shall immediately cease to provide money
23 services as a delegate of the licensee.

24 (e) An authorized delegate may not provide money services outside the
25 scope of activity permissible under the contract between the authorized
26 delegate and the licensee, except activity in which the authorized delegate
27 is authorized to engage under subchapter 2 or 4. An authorized delegate of a
28 licensee holds in trust for the benefit of the licensee all money net of fees
29 received from money transmission.

30 (f) An authorized delegate may not use a subdelegate to conduct money
31 services on behalf of a licensee.

32
33 23-55-502. Unauthorized activities.

34 A person may not provide money services on behalf of a person not
35 licensed under this chapter. A person that engages in that activity provides
36 money services to the same extent as if the person were a licensee.

1
2 ARTICLE 6--EXAMINATIONS – REPORTS – RECORDS

3
4 23-55-601. Authority to conduct examinations.

5 (a) The commissioner may conduct an annual examination of a licensee
6 or of any of its authorized delegates upon 45 days' notice in a record to the
7 licensee.

8 (b) The commissioner may examine a licensee or its authorized
9 delegate, at any time, without notice, if the commissioner has reason to
10 believe that the licensee or authorized delegate is engaging in an unsafe or
11 unsound practice or has violated or is violating this chapter or a rule
12 adopted or an order issued under this chapter.

13 (c) If the commissioner concludes that an on-site examination is
14 necessary under subsection (a), the licensee shall pay the reasonable cost of
15 the examination.

16 (d) Information obtained during an examination under this chapter may
17 be disclosed only as provided in § 23-55-607.

18
19 23-55-602. Cooperation.

20 The commissioner may consult and cooperate with other state money
21 services regulators in enforcing and administering this act. They may jointly
22 pursue examinations and take other official action that they are otherwise
23 empowered to take.

24
25 23-55-603. Reports.

26 (a) A licensee shall file with the commissioner within 15 business days
27 any material changes in information provided in a licensee's application as
28 prescribed by the commissioner.

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

35 (c) A licensee shall file a report with the commissioner within three
36 business days after the licensee has reason to know of the occurrence of any

1 of the following events:

2 (1) the filing of a petition by or against the licensee under the
3 United States Bankruptcy Code, 11 U.S.C. Section 101-110 (1994 & Supp. V.
4 1999), for bankruptcy or reorganization;

5 (2) the filing of a petition by or against the licensee for
6 receivership, the commencement of any other judicial or administrative
7 proceeding for its dissolution or reorganization, or the making of a general
8 assignment for the benefit of its creditors;

9 (3) the commencement of a proceeding to revoke or suspend its
10 license in a State or country in which the licensee engages in business or is
11 licensed;

12 (4) the cancellation or other impairment of the licensee's bond
13 or other security;

14 (5) a charge or conviction of the licensee or of an executive
15 officer, manager, director, or person in control, of the licensee for a
16 felony; or

17 (6) a charge or conviction of an authorized delegate for a
18 felony.

19
20 23-55-604. Change of control.

21 (a) A licensee shall:

22 (1) give the commissioner notice in a record of a proposed
23 change of control within 15 days after learning of the proposed change of
24 control;

25 (2) request approval of the acquisition; and

26 (3) submit a nonrefundable fee of \$1,000 with the notice.

27 (b) After review of a request for approval under subsection (a), the
28 commissioner may require the licensee to provide additional information
29 concerning the proposed persons in control of the licensee. The additional
30 information must be limited to the same types required of the licensee or
31 persons in control of the licensee as part of its original license or renewal
32 application.

33 (c) The commissioner shall approve a request for change of control
34 under subsection (a) if, after investigation, the commissioner determines
35 that the person or group of persons requesting approval has the competence,
36 experience, character, and general fitness to operate the licensee or person

1 in control of the licensee in a lawful and proper manner and that the public
2 interest will not be jeopardized by the change of control.

3 (d) When an application for a change of control under this subchapter
4 is complete, the commissioner shall notify the licensee in a record of the
5 date on which the request was determined to be complete and:

6 (1) the commissioner shall approve or deny the request within
7 120 days after that date; or

8 (2) if the request is not approved or denied within 120 days
9 after that date:

10 (A) the request is deemed approved; and

11 (B) the commissioner shall permit the change of control
12 under this section, to take effect as of the first business day after
13 expiration of the period.

14 (e) The commissioner, by rule of order, may exempt a person from any
15 of the requirements of subsection (a)(2) and (3) if it is in the public
16 interest to do so.

17 (f) Subsection (a) does not apply to a public offering of securities.

18 (g) Before filing a request for approval to acquire control of a
19 licensee or person in control of a licensee, a person may request in a record
20 a determination from the commissioner as to whether the person would be
21 considered a person in control of a licensee upon consummation of a proposed
22 transaction. If the commissioner determines that the person would not be a
23 person in control of a licensee, the commissioner shall enter an order to
24 that effect and the proposed person and transaction is not subject to the
25 requirements of subsections (a) through (c).

26
27 23-55-605. Records.

28 (a) A licensee shall maintain the following records for determining
29 its compliance with this Act for at least three years:

30 (1) a record of each payment instrument or stored-value
31 obligation sold;

32 (2) a general ledger posted at least monthly containing all
33 asset, liability, capital, income, and expense accounts;

34 (3) bank statements and bank reconciliation records;

35 (4) records of outstanding payment instruments and stored-value
36 obligations;

1 (5) records of each payment instrument and stored-value
2 obligation paid within the three-year period;

3 (6) a list of the last known names and addresses of all of the
4 licensee's authorized delegates; and

5 (7) any other records the commissioner reasonably requires by
6 rule.

7 (b) The items specified in subsection (a) may be maintained in any
8 form of record.

9 (c) Records may be maintained outside this State if they are made
10 accessible to the commissioner on seven business-days' notice that is sent in
11 a record.

12 (d) All records maintained by the licensee as required in subsections
13 (a) through (c) are open to inspection by the commissioner pursuant to § 23-
14 55-601.

15
16 23-55-606. Money laundering reports.

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

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

27
28 23-55-607. Confidentiality.

29 (a)(1) Unless otherwise specified in this section, all information
30 filed with the Securities Commissioner shall be available for public
31 inspection under rules promulgated by the commissioner consistent with state
32 and federal law governing the disclosure of public information.

33 (b) Except for reasonably segregable portions of information and
34 records that by law would routinely be made available to a party other than
35 an agency in litigation with the commissioner, the commissioner shall not
36 publish or make available:

1 (1) Information contained in reports, summaries, analyses,
2 letters, or memoranda arising out of, in anticipation of, or in connection
3 with an investigation, examination, or inspection of the books and records of
4 any person;

5 (2) Interagency or intra-agency memoranda or letters, including
6 without limitation:

7 (A) Records that reflect discussions between or
8 consideration by the commissioner or members of his or her staff, or both, of
9 any action taken or proposed to be taken by the commissioner or by any
10 members of his or her staff; and

11 (B) Reports, summaries, analyses, conclusions, or any
12 other work product of the commissioner or of attorneys, accountants,
13 analysts, or other members of the commissioner's staff, prepared in the
14 course of an:

15 (i) Inspection of the books or records of a person
16 whose affairs are regulated by the commissioner; or

17 (ii) Examination, investigation, or litigation
18 conducted by or on behalf of the commissioner;

19 (3) Personnel files, medical files, and similar files if
20 disclosure would constitute a clearly unwarranted invasion of personal
21 privacy, including without limitation:

22 (A) Information concerning all employees of the State
23 Securities Department and all persons subject to regulation by the
24 department; and

25 (B) Personal information reported to the commissioner
26 under the department's rules concerning registration about employees of
27 applicants, licensees, or their agents;

28 (4)(A) Investigatory records compiled for law enforcement
29 purposes to the extent that production of the records would:

30 (i) Interfere with enforcement proceedings;

31 (ii) Deprive a person of a right to a fair trial or
32 an impartial adjudication; or

33 (iii) Disclose the identity of a confidential
34 source.

35 (B) The commissioner may also withhold investigatory
36 records that would:

1 (i) Constitute an unwarranted invasion of personal
2 privacy;

3 (ii) Disclose investigative techniques and
4 procedures; or

5 (iii) Endanger the life or physical safety of law
6 enforcement personnel.

7 (C) As used in this section, "investigatory records"
8 includes:

9 (i) All documents, records, transcripts,
10 correspondence, and related memoranda and work products concerning
11 examinations and other investigations and related litigation as authorized by
12 law that pertain to or may disclose the possible violation by any person of
13 any provision of the statutes or rules administered by the commissioner; and

14 (ii) All written communications from or to any
15 person confidentially complaining or otherwise furnishing information about a
16 possible violation, as well as all correspondence and memoranda in connection
17 with the confidential complaint or information;

18 (5) Information contained in or related to examinations,
19 operating reports, or condition reports prepared by, on behalf of, or for the
20 use of any agency responsible for the regulation or supervision of financial
21 institutions, check issuers, money transmitters, money services providers, or
22 money service businesses;

23 (6)(A) Financial records of any applicant, licensee, or the
24 agent of an applicant or licensee obtained during or as a result of an
25 examination by the commissioner.

26 (B) However, when a record under this subchapter is
27 required to be filed with the commissioner as part of an application for
28 license, annual renewal, or otherwise, the record, including financial
29 statements prepared by certified public accountants, shall be public
30 information unless sections of the information are bound separately and are
31 marked "confidential" by the applicant, licensee, or agent upon filing.

32 (C) Information under subdivision (b)(6)(B) of this
33 section bound separately and marked "confidential" shall be deemed nonpublic
34 until ten (10) days after the commissioner has given the applicant, licensee,
35 or agent notice that an order will be entered deeming the material public
36 information.

1 (D) An applicant, licensee, or agent may seek an
2 injunction from the Pulaski County Circuit Court ordering the commissioner to
3 withhold the information as nonpublic pending a final order from a court of
4 competent jurisdiction if the order of the commissioner under subdivision
5 (b)(6)(C) of this section is appealed under applicable law;

6 (7) Trade secrets obtained from any person; or

7 (8) Any other records that are required to be closed to the
8 public and are not deemed open to public inspection under other law.

9 (c) The commissioner may disclose information not otherwise subject to
10 disclosure under subsection (a) to representatives of state or federal
11 agencies who promise in a record that they will maintain the confidentiality
12 of the information; or the commissioner finds that the release is reasonably
13 necessary for the protection of the public and in the interests of justice,
14 and the licensee has been given previous notice by the commissioner of its
15 intent to release the information.

16 (d) This section does not prohibit the commissioner from disclosing to
17 the public a list of persons licensed under this chapter or the aggregated
18 financial data concerning those licensees.

19
20 ARTICLE 7--PERMISSIBLE INVESTMENTS

21
22 23-55-701. Maintenance of permissible investments.

23 (a) A licensee shall maintain at all times permissible investments that
24 have a market value computed in accordance with generally accepted accounting
25 principles of not less than the aggregate amount of all of its outstanding
26 payment instruments and stored value obligations issued or sold in all states
27 and money transmitted from all states by the licensee.

28 (b) The commissioner, with respect to any licensees, may limit the
29 extent to which a type of investment within a class of permissible
30 investments may be considered a permissible investment, except for money and
31 certificates of deposit issued by a bank. The commissioner by rule may
32 prescribe or by order allow other types of investments that the commissioner
33 determines to have a safety substantially equivalent to other permissible
34 investments.

35 (c) Permissible investments, even if commingled with other assets of
36 the licensee, are held in trust for the benefit of the purchasers and holders

1 of the licensee's outstanding payment instruments and stored value
2 obligations in the event of bankruptcy or receivership of the licensee.

3
4 23-55-702. Types of permissible investments.

5 (a) Except to the extent otherwise limited by the commissioner
6 pursuant to Section 701, the following investments are permissible under §
7 23-55-701:

8 (1) cash, a certificate of deposit, or senior debt obligation of
9 an insured depository institution, as defined in Section 3 of the Federal
10 Deposit Insurance Act, 12 U.S.C. Section 1813 (1994 & Supp. V. 1999);

11 (2) banker's acceptance or bill of exchange that is eligible for
12 purchase upon endorsement by a member bank of the Federal Reserve System and
13 is eligible for purchase by a Federal Reserve Bank;

14 (3) an investment bearing a rating of one of the three highest
15 grades as defined by a nationally recognized organization that rates
16 securities;

17 (4) an investment security that is an obligation of the United
18 States or a department, agency, or instrumentality thereof; an investment in
19 an obligation that is guaranteed fully as to principal and interest by the
20 United States; or an investment in an obligation of a State or a governmental
21 subdivision, agency, or instrumentality thereof;

22 (5) receivables that are payable to a licensee from its
23 authorized delegates, in the ordinary course of business, pursuant to
24 contracts which are not past due or doubtful of collection if the aggregate
25 amount of receivables under this paragraph does not exceed 20 percent of the
26 total permissible investments of a licensee and the licensee does not hold at
27 one time receivables under this paragraph in any one person aggregating more
28 than 10 percent of the licensee's total permissible investments; and

29 (6) a share or a certificate issued by an open-end management
30 investment company that is registered with the United States Securities and
31 Exchange Commission under the Investment Companies Act of 1940, 15 U.S.C.
32 Section 80a-1-64 (1994 & Supp. V 1999), and whose portfolio is restricted by
33 the management company's investment policy to investments specified in
34 paragraphs (1) through (4).

35 (b) The following investments are permissible under § 23-55-701, but
36 only to the extent specified:

1 (1) an interest-bearing bill, note, bond, or debenture of a
2 person whose equity shares are traded on a national securities exchange or on
3 a national over-the-counter market, if the aggregate of investments under
4 this paragraph does not exceed 20 percent of the total permissible
5 investments of a licensee and the licensee does not at one time hold
6 investments under this paragraph in any one person aggregating more than 10
7 percent of the licensee's total permissible investments;

8 (2) a share of a person traded on a national securities exchange
9 or a national over-the-counter market or a share or a certificate issued by
10 an open-end management investment company that is registered with the United
11 States Securities and Exchange Commission under the Investment Companies Act
12 of 1940, 15 U.S.C. Section 80a-1-64 (1994 & Supp. V 1999), and whose
13 portfolio is restricted by the management company's investment policy to
14 shares of a person traded on a national securities exchange or a national
15 over-the-counter market, if the aggregate of investments under this paragraph
16 does not exceed 20 percent of the total permissible investments of a licensee
17 and the licensee does not at one time hold investments in any one person
18 aggregating more than 10 percent of the licensee's total permissible
19 investments;

20 (3) a demand-borrowing agreement made to a corporation or a
21 subsidiary of a corporation whose securities are traded on a national
22 securities exchange if the aggregate of the amount of principal and interest
23 outstanding under demand-borrowing agreements under this paragraph does not
24 exceed 20 percent of the total permissible investments of a licensee and the
25 licensee does not at one time hold principal and interest outstanding under
26 demand-borrowing agreements under this paragraph with any one person
27 aggregating more than 10 percent of the licensee's total permissible
28 investments; and

29 (4) any other investment the commissioner designates, to the
30 extent specified by the commissioner.

31 (c) The aggregate of investments under subsection (b) may not exceed
32 50 percent of the total permissible investments of a licensee calculated in
33 accordance with § 23-55-701.

34
35 ARTICLE 8--ENFORCEMENT

36

1 23-55-801. Suspension and revocation.

2 (a) The commissioner may suspend or revoke a license or order a
3 licensee to revoke the designation of an authorized delegate if:

4 (1) the licensee violates this chapter or a rule adopted or an
5 order issued under this Act;

6 (2) the licensee does not cooperate with an examination or
7 investigation by the commissioner;

8 (3) the licensee engages in fraud, intentional
9 misrepresentation, or gross negligence;

10 (4) an authorized delegate is convicted of a violation of a
11 state or federal anti-money laundering statute, or violates a rule adopted or
12 an order issued under this chapter, as a result of the licensee's willful
13 misconduct or willful blindness;

14 (5) the competence, experience, character, or general fitness of
15 the licensee, authorized delegate, person in control of a licensee, or
16 responsible person of the licensee or authorized delegate indicates that it
17 is not in the public interest to permit the person to provide money services;

18 (6) the licensee engages in an unsafe or unsound practice;

19 (7) the licensee is insolvent, suspends payment of its
20 obligations, or makes a general assignment for the benefit of its creditors;
21 or

22 (8) the licensee does not remove an authorized delegate after
23 the commissioner issues and serves upon the licensee a final order including
24 a finding that the authorized delegate has violated this chapter.

25 (b) In determining whether a licensee is engaging in an unsafe or
26 unsound practice, the commissioner may consider the size and condition of the
27 licensee's money transmission, the magnitude of the loss, the gravity of the
28 violation of this Act, and the previous conduct of the person involved.

29
30 23-55-802. Suspension and revocation of authorized delegates.

31 (a) The commissioner may issue an order suspending or revoking the
32 designation of an authorized delegate, if the commissioner finds that:

33 (1) the authorized delegate violated this chapter or a rule
34 adopted or an order issued under this chapter;

35 (2) the authorized delegate did not cooperate with an
36 examination or investigation by the commissioner;

1 (3) the authorized delegate engaged in fraud, intentional
2 misrepresentation, or gross negligence;

3 (4) the authorized delegate is convicted of a violation of a
4 state or federal anti-money laundering statute;

5 (5) the competence, experience, character, or general fitness of
6 the authorized delegate or a person in control of the authorized delegate
7 indicates that it is not in the public interest to permit the authorized
8 delegate to provide money services; or

9 (6) the authorized delegate is engaging in an unsafe or unsound
10 practice.

11 (b) In determining whether an authorized delegate is engaging in an
12 unsafe or unsound practice, the commissioner may consider the size and
13 condition of the authorized delegate's provision of money services, the
14 magnitude of the loss, the gravity of the violation of this chapter or a rule
15 adopted or order issued under this chapter, and the previous conduct of the
16 authorized delegate.

17 (c) An authorized delegate may apply for relief from a suspension or
18 revocation of designation as an authorized delegate according to procedures
19 prescribed by the commissioner.

20
21 23-55-803. Orders to cease and desist.

22 (a) If the commissioner determines that a violation of this chapter or
23 of a rule adopted or an order issued under this chapter by a licensee or
24 authorized delegate is likely to cause immediate and irreparable harm to the
25 licensee, its customers, or the public as a result of the violation, or cause
26 insolvency or significant dissipation of assets of the licensee, the
27 commissioner may issue an order requiring the licensee or authorized delegate
28 to cease and desist from the violation. The order becomes effective upon
29 service of it upon the licensee or authorized delegate.

30 (b) The commissioner may issue an order against a licensee to cease
31 and desist from providing money services through an authorized delegate that
32 is the subject of a separate order by the commissioner.

33 (c) An order to cease and desist remains effective and enforceable
34 pending the completion of an administrative proceeding pursuant to § 23-55-
35 801 or § 23-55-802.

36

1 23-55-804. Consent orders.

2 The commissioner may enter into a consent order at any time with a
3 person to resolve a matter arising under this chapter or a rule adopted or
4 order issued under this chapter. A consent order must be signed by the person
5 to whom it is issued or by the person's authorized representative, and must
6 indicate agreement with the terms contained in the order. A consent order may
7 provide that it does not constitute an admission by a person that this
8 chapter or a rule adopted or an order issued under this chapter has been
9 violated.

10
11 23-55-805. Civil penalties.

12 The commissioner may assess a civil penalty against a person that
13 violates this chapter or a rule adopted or an order issued under this chapter
14 in an amount not to exceed \$1,000 per day for each day the violation is
15 outstanding, plus this State's costs and expenses for the investigation and
16 prosecution of the matter, including reasonable attorney's fees.

17
18 23-55-806. Criminal penalties.

19 (a) A person that intentionally makes a false statement,
20 misrepresentation, or false certification in a record filed or required to be
21 maintained under this chapter, that intentionally makes a false entry or
22 omits a material entry in such a record, or violates any rule promulgated or
23 order issued hereunder is guilty of a Class B felony.

24 (b) A person that knowingly engages in an activity for which a license
25 is required under this chapter without being licensed under this chapter and
26 who receives more than \$500 in compensation within a 30-day period from this
27 activity is guilty of a Class B felony.

28 (c) A person that knowingly engages in an activity for which a license
29 is required under this chapter without being licensed under this chapter and
30 who receives no more than \$500 in compensation within a 30-day period from
31 this activity is guilty of a Class A misdemeanor.

32
33 23-55-807. Unlicensed persons.

34 (a) If the commissioner has reason to believe that a person has
35 violated or is violating § 23-55-201 or § 23-55-401 the commissioner may
36 issue an order to show cause why an order to cease and desist should not

1 issue requiring that the person cease and desist from the violation of § 23-
2 55-201 or § 23-55-401.

3 (b) In an emergency, the commissioner may petition the Pulaski County
4 Circuit Court for the issuance of a temporary restraining order ex parte
5 pursuant to the rules of civil procedure.

6 (c) An order to cease and desist becomes effective upon service of it
7 upon the person.

8 (d) An order to cease and desist remains effective and enforceable
9 pending the completion of an administrative proceeding pursuant to §§ 23-55-
10 901 and 23-55-902.

11
12 23-55-808. Receivership.

13 (a)(1) Whenever a licensee has refused or is unable to pay its
14 obligations generally as they become due or whenever it appears to the
15 commissioner that a licensee is in an unsafe or unsound condition, the
16 commissioner, or the Attorney General representing the commissioner, may
17 apply to the Pulaski County Circuit Court or to the circuit court of
18 any county in which the licensee is located for the appointment of a receiver
19 for the licensee. The court may require the receiver to post a bond in such
20 amount as may appear necessary to protect claimants of the licensee.

21 (2) The receiver, subject to the approval of the court, shall
22 take possession of the books, records, and assets of the licensee and shall
23 take such action with respect to employees, agents, or representatives of the
24 licensee or such other action as may be necessary to conserve the assets of
25 the licensee or ensure payment of instruments issued by the licensee pending
26 further disposition of its business as provided by law. The receiver shall
27 sue and defend, compromise, and settle all claims involving the licensee and
28 exercise such powers and duties as may be necessary and consistent with the
29 laws of this state applicable to the appointment of receivers.

30 (3) The receiver, from time to time, but in no event less
31 frequently than once each calendar quarter, shall report to the court with
32 respect to all acts and proceedings in connection with the receivership.

33
34 ARTICLE 9--ADMINISTRATIVE PROCEDURES

35
36 23-55-901. Administrative proceedings.

1 All administrative proceedings under this chapter must be conducted in
2 accordance with the Arkansas Administrative Procedure Act, § 25-15-201 et
3 seq.

4
5 23-55-902. Hearings.

6 Except as otherwise provided in §§ 23-55-206(c), 23-55-404(c), 23-55-
7 803, and 23-55-807, the commissioner may not suspend or revoke a license,
8 issue an order to cease and desist, suspend or revoke the designation of an
9 authorized delegate, or assess a civil penalty without notice and an
10 opportunity to be heard. The commissioner shall also hold a hearing when
11 requested to do so by an applicant whose application for a license is denied.

12
13 ARTICLE 10--MISCELLANEOUS PROVISIONS

14
15 23-55-1001. Uniformity of application and construction.

16 In applying and construing this Uniform Act, consideration must be
17 given to the need to promote uniformity of the law with respect to its
18 subject matter among States that enact it.

19
20 23-55-1002. Severability clause.

21 If any provision of this chapter or its application to any person or
22 circumstance is held invalid, the invalidity does not affect other provisions
23 or applications of this chapter which can be given effect without the invalid
24 provision or application, and to this end the provisions of this chapter are
25 severable.

26
27 23-55-1003. Effective date.

28 This chapter takes effect January 1, 2008.

29
30 23-55-1004. [Reserved.]

31
32 23-55-1005. Savings and transitional provisions.

33 (a) A license issued under the Sale of Checks Act, § 23-41-101 et
34 seq., that is in effect immediately before January 1, 2008 remains in force
35 as a license under the Sale of Checks Act, § 23-41-101 et seq., until the
36 license's expiration date. Thereafter, the licensee is deemed to have applied

1 for and had received a license under this chapter and must comply with the
 2 renewal requirements set forth in this chapter.

3 (b) This chapter applies to the provision of money services on or
 4 after January 1, 2008. This chapter does not apply to money transmission
 5 provided by a licensee who was licensed to provide money transmission under
 6 the Sale of Checks Act, § 23-41-101 et seq., and whose license remains in
 7 force under this section.

8
 9 SECTION 2. Except as provided in § 23-55-1005, effective January 1,
 10 2008, Arkansas Code Title 23, Chapter 41, is repealed.

11 ~~23-41-101. Title.~~

12 ~~This chapter shall be known and may be cited as the "Sale of Checks Act".~~

13
 14 ~~23-41-102. Definitions.~~

15 ~~As used in this chapter, unless the context otherwise requires:~~

16 ~~(1) "Agent" means "subagents" of the licensee or other~~
 17 ~~representatives who are authorized to act on behalf of the licensee in the~~
 18 ~~sale of checks issued by the licensee, whether or not the subagent or~~
 19 ~~representative was solicited by or deals directly with the licensee;~~

20 ~~(2) "Check" means any check, draft, money order, or other~~
 21 ~~written instrument for the transmission or payment of money or credit, except~~
 22 ~~that it does not mean money or currency of any nation;~~

23 ~~(3) "Commissioner" means the Securities Commissioner;~~

24 ~~(4) "Fiscal year" means a licensee's accounting period as~~
 25 ~~adopted for federal taxation purposes;~~

26 ~~(5) "Issuing" means the act of drawing any instrument of~~
 27 ~~exchange by a person who engages in the business of drawing those instruments~~
 28 ~~as a service or for a fee or other consideration;~~

29 ~~(6) "Licensee" means any person licensed under this chapter;~~

30 ~~(7) "Money order" means a bill of exchange issued at the~~
 31 ~~request, and for the use or benefit, of a person other than the issuer and~~
 32 ~~representing an unconditional order or obligation in writing of the issuer to~~
 33 ~~pay a sum certain in money on demand to order or to bearer;~~

34 ~~(8) "Net worth" means excess of assets over liabilities as~~
 35 ~~determined by generally accepted accounting principles; and~~

36 ~~(9) "Person" means any individual, partnership, joint stock~~

1 ~~association, trust, unincorporated association, or corporation.~~

2
3 ~~23-41-103. Exempt transactions.~~

4 ~~(a) This chapter shall not apply to the receipt of money by any~~
5 ~~incorporated telegraph company at any agency or office of the company for~~
6 ~~immediate transmission by telegraph.~~

7 ~~(b) This chapter shall not apply to the sale or issuance of~~
8 ~~checks by:~~

9 ~~(1) The United States or any department or agency of the United~~
10 ~~States; or~~

11 ~~(2) Banks, credit unions, and savings and loan associations~~
12 ~~organized under the laws of this state or of the United States and insured by~~
13 ~~the United States or any agency thereof, and authorized to do business in~~
14 ~~this state.~~

15
16 ~~23-41-104. Penalty—Enforcement.~~

17 ~~(a) Any person is guilty of a Class A misdemeanor who purposely:~~

18 ~~(1) Violates any provision of this chapter or any regulation~~
19 ~~adopted or order issued by the Securities Commissioner pursuant to this~~
20 ~~chapter with intent to defraud or deceive;~~

21 ~~(2) Makes any false or misleading statement of a material fact~~
22 ~~in any application, statement, or report filed pursuant to this chapter;~~

23 ~~(3) Omits to state any material fact necessary to provide the~~
24 ~~commissioner with information lawfully required by him; or~~

25 ~~(4) Obstructs any lawful investigation, examination, entry, or~~
26 ~~access by the commissioner.~~

27 ~~(b) Each day during which a violation continues constitutes a separate~~
28 ~~offense.~~

29 ~~(c) The imposition of any fine or term of imprisonment pursuant to~~
30 ~~subsection (a) of this section:~~

31 ~~(1) Is in addition to any suspension, revocation, or denial of a~~
32 ~~license which may result from the violation; and~~

33 ~~(2) Is not a bar to enforcement of this chapter by an injunction~~
34 ~~or other appropriate civil remedy.~~

35 ~~(d) For the purposes of venue for any civil or criminal action under~~
36 ~~this chapter, any violation of this chapter or of any rule, regulation, or~~

1 ~~order promulgated hereunder shall be considered to have been committed in any~~
2 ~~county;~~

3 ~~(1) In which any act was performed in furtherance of the~~
4 ~~transaction which violated the chapter;~~

5 ~~(2) In which the principal or an aider or abetter initiated or~~
6 ~~acted in furtherance of a course of conduct;~~

7 ~~(3) From which any violator gained control or possession of any~~
8 ~~proceeds of the violation or of any books, records, documents, or other~~
9 ~~material or objects which were used in furtherance of the violation; or~~

10 ~~(4) From which or into which the violator directed any postal,~~
11 ~~telephonic, electronic, or other communication in furtherance of the~~
12 ~~violation.~~

13 ~~(e) The commissioner may refer such evidence as is available~~
14 ~~concerning violations of this chapter or any rule or order hereunder to any~~
15 ~~appropriate prosecuting or law enforcement authority.~~

16 ~~(f) Nothing in this chapter limits the power of the state to punish~~
17 ~~any person for any conduct which constitutes a crime by statute or common~~
18 ~~law.~~

19
20 ~~23-41-105. Rules and regulations.~~

21 ~~The Securities Commissioner may make and enforce reasonable rules and~~
22 ~~regulations which are necessary for the enforcement and execution of this~~
23 ~~chapter.~~

24
25 ~~23-41-106. Disposition of fees.~~

26 ~~All license and investigation fees provided for in this chapter shall~~
27 ~~be retained by the Securities Commissioner during the fiscal year in which~~
28 ~~collected to pay for the costs of administering this chapter.~~

29
30 ~~23-41-107. Notice.~~

31 ~~Except as otherwise provided in this chapter, whenever the Securities~~
32 ~~Commissioner is required to give notice to any applicant or licensee, the~~
33 ~~notice requirement shall be complied with if, within the time fixed in § 23-~~
34 ~~41-122, the notice shall be enclosed in an envelope plainly addressed to the~~
35 ~~applicant or licensee, at the address set forth in the application or~~
36 ~~license, United States postage fully prepaid and deposited registered or~~

1 ~~certified in the United States mail.~~

2
3 ~~23-41-108. Discontinuance of business.~~

4 ~~(a) Within five (5) days after a discontinuance of a licensee's~~
5 ~~business, he shall inform the Securities Commissioner of the discontinuance~~
6 ~~and shall surrender his license for cancellation.~~

7 ~~(b) If, as a result of any investigation, hearing, report, or~~
8 ~~examination, the commissioner finds that a licensee is insolvent or is~~
9 ~~conducting his business in such a manner as to render his further operations~~
10 ~~hazardous to the public, then the commissioner may, through an order served~~
11 ~~personally or by certified mail upon the licensee and any person known to the~~
12 ~~commissioner to possess funds of the licensee or its customers, require the~~
13 ~~immediate discontinuance of the disbursement of the funds and the cessation~~
14 ~~of the licensee's business. The order shall remain in effect until it is set~~
15 ~~aside, in whole or in part, by the commissioner or otherwise modified.~~

16 ~~(c)(1) Whenever a licensee has refused or is unable to pay its~~
17 ~~obligations generally as they become due or whenever it appears to the~~
18 ~~commissioner that a licensee is in an unsafe or unsound condition, the~~
19 ~~commissioner, or the Attorney General representing the commissioner, may~~
20 ~~apply to the Chancery Court of Pulaski County or to the chancery court of any~~
21 ~~county in which the licensee is located for the appointment of a receiver for~~
22 ~~the licensee. The court may require the receiver to post a bond in such~~
23 ~~amount as may appear necessary to protect claimants of the licensee.~~

24 ~~(2) The receiver, subject to the approval of the court, shall~~
25 ~~take possession of the books, records, and assets of the licensee and shall~~
26 ~~take such action with respect to employees, agents, or representatives of the~~
27 ~~licensee or such other action as may be necessary to conserve the assets of~~
28 ~~the licensee or ensure payment of instruments issued by the licensee pending~~
29 ~~further disposition of its business as provided by law. The receiver shall~~
30 ~~sue and defend, compromise, and settle all claims involving the licensee and~~
31 ~~exercise such powers and duties as may be necessary and consistent with the~~
32 ~~laws of this state applicable to the appointment of receivers.~~

33 ~~(3) The receiver, from time to time, but in no event less~~
34 ~~frequently than once each calendar quarter, shall report to the court with~~
35 ~~respect to all acts and proceedings in connection with the receivership.~~

36

1 ~~23-41-109. Judicial review.~~

2 ~~All final administrative decisions of the Securities Commissioner under~~
3 ~~this chapter shall be subject to judicial review by the Circuit Court of~~
4 ~~Pulaski County on questions of law and appeal therefrom to the Arkansas~~
5 ~~Supreme Court.~~

6
7 ~~23-41-110. License required.~~

8 ~~(a) No person shall engage in the business of selling or issuing~~
9 ~~checks as a service or for a fee or other consideration without first~~
10 ~~securing a license to do so from the Securities Commissioner under this~~
11 ~~chapter.~~

12 ~~(b) A separate license is not required for an agent of a licensee, or~~
13 ~~an employee of such an agent, who acts on behalf of the licensee in the sale~~
14 ~~or exchange of checks of which the licensee is the issuer unless the agent~~
15 ~~directly sells or delivers the licensee's checks over the counter to the~~
16 ~~public and, in the ordinary course of business, receives or has access to:~~

17 ~~(1) The licensee's checks that are returned after payment~~
18 ~~through banking channels or otherwise for verification, reconciliation,~~
19 ~~or accounting with respect thereto; or~~

20 ~~(2) Bank statements relating to checks so returned.~~

21 ~~(c)(1) All money or credits received by an agent of a licensee from~~
22 ~~the sale or issuance of checks or for the purpose of transmission must be~~
23 ~~remitted to the licensee or deposited with a bank authorized to do business~~
24 ~~in this state for credit to an account of the licensee not later than the~~
25 ~~seventh business day following its receipt.~~

26 ~~(2) However, the requirement of subdivision (c)(1) of this~~
27 ~~section shall not apply:~~

28 ~~(A) If an agent has placed on deposit with the licensee an~~
29 ~~amount not less than the average of the aggregate face amount of checks~~
30 ~~issued by the licensee and sold by the agent per day multiplied by the number~~
31 ~~of days in excess of seven (7) of the remittance period agreed to in a~~
32 ~~written agreement between the agent and licensee; and~~

33 ~~(B) To funds received from the sale of travelers' checks.~~

34
35 ~~23-41-111. Application for license.~~

36 ~~(a) Every application for a license required under this chapter shall~~

1 ~~be in writing, signed by the applicant, in the form prescribed by the~~
2 ~~Securities Commissioner, and shall be submitted under oath.~~

3 ~~(b) The application shall contain:~~

4 ~~(1) The name and principal business address of the applicant~~
5 ~~and, if incorporated, the date and place of its incorporation;~~

6 ~~(2) The name and address of each of the applicant's branch~~
7 ~~offices, subsidiaries, or affiliates, if any, which will be operated under~~
8 ~~the license;~~

9 ~~(3) The name and address, business and residential, of the~~
10 ~~proprietor or partners of the applicant or, if the applicant is a corporation~~
11 ~~or association, of each of the directors, trustees, and principal officers~~
12 ~~and of any stockholder who owns twenty percent (20%) or more of the~~
13 ~~applicant's stock;~~

14 ~~(4) A description of applicant's business and mode of operation;~~

15 ~~(5) The name and address of each agent and location in this~~
16 ~~state through which checks will be issued or sold pursuant to the license;~~

17 ~~(6) The name of every other state in which the applicant has~~
18 ~~applied for or has been granted a license or authorization to sell or issue~~
19 ~~or is selling or issuing checks; and~~

20 ~~(7) Other pertinent information as the commissioner may require.~~

21 ~~(c) The application must be accompanied by:~~

22 ~~(1) A surety bond or securities as required by this chapter;~~

23 ~~(2) Evidence of the ability of the applicant to meet the~~
24 ~~requirements of this chapter, which requirements may include, among other~~
25 ~~information, an audited financial statement satisfactory to the commissioner,~~
26 ~~showing that the applicant's minimum net worth is equal to or in excess of~~
27 ~~five hundred thousand dollars (\$500,000);~~

28 ~~(3) A nonrefundable fee of one thousand five hundred dollars~~
29 ~~(\$1,500) for processing of the initial application. The applicant shall also~~
30 ~~pay such additional expenses incurred in the process of investigation as the~~
31 ~~commissioner deems necessary. However, such additional expenses shall not~~
32 ~~exceed the sum of one hundred dollars (\$100) per day for each examiner~~
33 ~~required for the investigation, plus travel expenses, if appropriate; and~~

34 ~~(4) A license fee in the amount specified in § 23-41-113, which~~
35 ~~fee may be prorated on the basis of the licensing year as provided by the~~
36 ~~commissioner.~~

1 ~~(d) As used in this section, "applicant" means the person holding or~~
2 ~~seeking a license pursuant to this chapter, any director or officer of such~~
3 ~~person, or any person who controls such person.~~

4
5 ~~23-41-112. Approval or denial of application.~~

6 ~~(a) The Securities Commissioner shall have the authority to~~
7 ~~investigate the financial condition, responsibility, business experience,~~
8 ~~background character, general fitness, and conduct of the applicant or~~
9 ~~licensee, and any partners, directors, trustees, officers, or employees for~~
10 ~~the purpose of determining whether a license should be issued to the~~
11 ~~applicant or whether a licensee has committed any act or omission that could~~
12 ~~constitute grounds for denial, suspension, or revocation of a license issued~~
13 ~~under this chapter.~~

14 ~~(b)(1) The commissioner shall approve an application for a~~
15 ~~license within ninety (90) days from the date of filing and shall approve a~~
16 ~~renewal of a license within thirty (30) days of filing. However, the~~
17 ~~commissioner may deny an application or a renewal if, after notice and~~
18 ~~opportunity for a hearing, the commissioner makes any of the following~~
19 ~~findings in a written order of denial:~~

20 ~~(A) The granting of the license will be against the public~~
21 ~~interest;~~

22 ~~(B) The applicant does not intend actively and in good~~
23 ~~faith to carry on as a business the transactions which would be permitted by~~
24 ~~the issuance of the license applied for;~~

25 ~~(C) The applicant is not of good business reputation;~~

26 ~~(D) The applicant is lacking in integrity. For purposes of~~
27 ~~this subdivision (b)(1)(D), the commissioner may find that an applicant is~~
28 ~~lacking in integrity if the applicant, or any person who controls the~~
29 ~~applicant, or any director or officer of the applicant, has been convicted~~
30 ~~of, or has pled guilty or nolo contendere to, any crime involving fraud or~~
31 ~~dishonesty. This shall not be deemed to constitute the only grounds upon~~
32 ~~which the commissioner may find that the applicant is lacking in integrity;~~

33 ~~(E) The applicant or any person acting on behalf of the~~
34 ~~applicant has knowingly made or caused to be made in any application or~~
35 ~~report filed with the commissioner, or in any proceeding before the~~
36 ~~commissioner, any statement which was, at the time and in light of the~~

1 ~~circumstances under which it was made, false or misleading with respect to~~
2 ~~any material fact or has knowingly omitted to state in any such application,~~
3 ~~report, or proceeding any material fact which is required to be stated~~
4 ~~therein;~~

5 ~~(F) The applicant has previously engaged in any fraudulent~~
6 ~~practice or act or has conducted any business in an unlawful or dishonest~~
7 ~~manner;~~

8 ~~(G) The applicant has shown incompetence or~~
9 ~~untrustworthiness in the conduct of any business or has, by commission of a~~
10 ~~wrongful act or practice in the course of business, exposed the public or~~
11 ~~those dealing with the applicant to the danger of loss;~~

12 ~~(H) The applicant has knowingly failed to perform a duty~~
13 ~~expressly imposed upon the applicant by this chapter, or has knowingly~~
14 ~~committed an act expressly forbidden by this chapter;~~

15 ~~(I) The applicant has been convicted of, or pled guilty~~
16 ~~to:~~

17 ~~(i) A felony; or~~

18 ~~(ii) Any crime involving moral turpitude;~~

19 ~~(J) The applicant has knowingly aided or abetted any~~
20 ~~person in any act or omission which could constitute grounds for denial,~~
21 ~~suspension, or revocation of a license issued under this chapter;~~

22 ~~(K) The applicant has knowingly permitted any person in~~
23 ~~its employ to violate any provision of this chapter; or~~

24 ~~(L) The applicant fails or refuses to pay any fee required~~
25 ~~herein.~~

26 ~~(2) As used in this section, "applicant" means the person~~
27 ~~holding or seeking a license pursuant to this chapter, any director or~~
28 ~~officer of such person, or any person who controls such person.~~

29
30 ~~23-41-113. License fees — Renewal.~~

31 ~~(a) Except as provided in § 23-41-111(c)(4), before any license is~~
32 ~~issued or renewed, the applicant or licensee shall pay an annual license fee~~
33 ~~in the amount of seven hundred fifty dollars (\$750).~~

34 ~~(b) A license issued pursuant to this chapter expires on December 31~~
35 ~~of the year in which it is issued, and thereafter expires on December 31 of~~
36 ~~each year unless it is earlier surrendered, suspended, or revoked.~~

1 ~~(c) The license may be renewed from year to year upon payment of the~~
2 ~~fee required by this section and approval of the Securities Commissioner,~~
3 ~~provided that the licensee files an application for renewal stating any~~
4 ~~changes from the original application of the licensee at least thirty (30)~~
5 ~~days before the expiration of his current license and provided that the~~
6 ~~applicant continues to comply with all provisions of this chapter and all~~
7 ~~regulations and rules hereunder.~~

8
9 ~~23-41-114. Surety bond.~~

10 ~~(a) Each applicant shall submit prior to issuance of a license, and~~
11 ~~shall maintain in force at all times during which he is licensed, a surety~~
12 ~~bond payable to the Securities Commissioner for the benefit of any holder of~~
13 ~~any outstanding check sold or issued by the licensee or its agents in the~~
14 ~~principal sum of two hundred fifty thousand dollars (\$250,000).~~

15 ~~(b)(1) The bond shall:~~

16 ~~(A) Be in a form satisfactory to the commissioner;~~

17 ~~(B) Be issued by a bonding company authorized to do~~
18 ~~business in this state; and~~

19 ~~(C) Secure the faithful performance of the obligation of~~
20 ~~the applicant and its agents with respect to the receipt of money and the~~
21 ~~issuance and sale of checks in connection thereto.~~

22 ~~(2) The aggregate liability of the surety shall in no event~~
23 ~~exceed the principal sum of the bond.~~

24 ~~(c)(1) In the event of the rendering of a judgment against a licensee~~
25 ~~in an amount in excess of ten percent (10%) of the net worth of the licensee,~~
26 ~~the licensee shall, within ten (10) days after the notice of entry of such~~
27 ~~judgment against it by any creditor or claimant arising out of the business~~
28 ~~regulated by this chapter, give notice thereof to the commissioner by~~
29 ~~registered or certified mail with details sufficient to identify the action~~
30 ~~or judgment.~~

31 ~~(2) The surety or licensee shall, within ten (10) days after it~~
32 ~~pays any claim or judgment to such a creditor or claimant, give notice~~
33 ~~thereof to the commissioner by registered or certified mail with details~~
34 ~~sufficient to identify the creditor or claimant and the claim or judgment so~~
35 ~~paid.~~

36 ~~(d) Whenever the principal sum of the bond is reduced by recoveries~~

1 ~~against it or payments thereon, the licensee shall furnish:~~

2 ~~(1) A new or additional bond so that the total or aggregate~~
3 ~~principal sum of the bonds equals the sum required under subsection (a) of~~
4 ~~this section; or~~

5 ~~(2) An endorsement duly executed by the surety reinstating the~~
6 ~~bond to the required principal sum.~~

7 ~~(e) The liability of the surety on the bond to any such creditor or~~
8 ~~claimant shall not be affected by any misrepresentation, breach of warranty,~~
9 ~~failure to pay a premium, or other act or omission of the licensee or by any~~
10 ~~insolvency or bankruptcy of the licensee.~~

11 ~~(f) The liability of the surety shall continue as to all transactions~~
12 ~~entered into in good faith by the creditors and claimants with the licensee's~~
13 ~~agents within thirty (30) days after the earlier of:~~

14 ~~(1) The licensee's death or the dissolution or liquidation of~~
15 ~~his business; or~~

16 ~~(2) The termination of the bond.~~

17 ~~(g) Whenever the commissioner determines that the protection of the~~
18 ~~public so requires, he may order that an increase be made in the principal~~
19 ~~sum of the original bond of any licensee. However, the increase shall not~~
20 ~~exceed two hundred fifty thousand dollars (\$250,000).~~

21 ~~(h) Neither a licensee nor his surety may cancel or alter such a bond~~
22 ~~except after notice to the commissioner by registered or certified mail. The~~
23 ~~cancellation or alteration is not effective until thirty (30) days after~~
24 ~~receipt of the notice by the commissioner. A cancellation or alteration does~~
25 ~~not affect any liability incurred or accrued on the bond before the~~
26 ~~expiration of the thirty-day period set forth in subsection (f) of this~~
27 ~~section.~~

28
29 ~~23-41-115. Deposit of securities in lieu of bond.~~

30 ~~(a) In lieu of any bond required under this chapter, the licensee may~~
31 ~~deposit with the Securities Commissioner securities with a market value equal~~
32 ~~to the amount of any such bond.~~

33 ~~(b) The securities shall consist of:~~

34 ~~(1) General obligations of, or obligations fully guaranteed by,~~
35 ~~the United States or of any agency or instrumentality of or corporation~~
36 ~~wholly owned by the United States directly or indirectly; or~~

1 ~~(2) Direct general obligations of the State of Arkansas or of~~
2 ~~any county, city, town, school district, or other political subdivision or~~
3 ~~municipal corporation of the State of Arkansas.~~

4 ~~(c) The securities shall be held by the commissioner to secure the~~
5 ~~same obligation as would any bond required by this chapter.~~

6 ~~(d) The securities so deposited may, with the approval of the~~
7 ~~commissioner, be exchanged from time to time for other securities receivable~~
8 ~~as aforesaid. All the securities shall be subject to sale and transfer and to~~
9 ~~the disposal of the proceeds by the commissioner only on the order of a court~~
10 ~~of competent jurisdiction.~~

11 ~~(e) So long as the licensee depositing shall continue solvent, the~~
12 ~~licensee shall be permitted to receive the interest or dividends on the~~
13 ~~deposit of securities.~~

14 ~~(f) The commissioner may provide for custody of the securities by any~~
15 ~~qualified trust company or bank located in the State of Arkansas or by any~~
16 ~~Federal Reserve bank. The compensation, if any, of the custodian for acting~~
17 ~~as such under this section shall be paid by the depositing licensee.~~

18
19 ~~23-41-116. [Repealed.]~~

20
21 ~~23-41-117. Minimum net worth—Investments—Proceeds of sale.~~

22 ~~(a) Each licensee under this chapter shall at all times maintain a~~
23 ~~minimum net worth of at least five hundred thousand dollars (\$500,000).~~

24 ~~(b)(1) Each licensee shall at all times maintain permissible~~
25 ~~investments having a value, computed in accordance with generally accepted~~
26 ~~accounting principles, equal to or greater than the aggregate liabilities of~~
27 ~~the licensee with respect to checks sold or issued and outstanding and money~~
28 ~~or credits received for transmission.~~

29 ~~(2) As used in this section, "permissible investment" shall~~
30 ~~mean:~~

31 ~~(A) Cash;~~

32 ~~(B) Certificates of deposit or other debt instruments of a~~
33 ~~financial institution, which debt instruments are insured by an agency of the~~
34 ~~federal government and which are readily marketable;~~

35 ~~(C) Bills of exchange or time drafts drawn on and accepted~~
36 ~~by a commercial bank, otherwise known as banker's acceptances, which are~~

1 ~~eligible for purchase by member banks of the federal reserve system;~~

2 ~~(D) Commercial paper of prime quality as defined by a~~
3 ~~nationally recognized organization that rates such paper;~~

4 ~~(E) Investment securities that are obligations of the~~
5 ~~United States or any of its agencies or instrumentalities, or obligations~~
6 ~~which are guaranteed fully as to principal and interest by the United States~~
7 ~~or any obligations of any state, municipality, or of any political~~
8 ~~subdivision of a state or municipality;~~

9 ~~(F) Shares in a money market fund or interest bearing~~
10 ~~bills, notes, or bonds;~~

11 ~~(G) Any common or preferred stock traded on a national~~
12 ~~securities exchange. Investments in stock under this subdivision shall not~~
13 ~~exceed ten percent (10%) of the amount of permissible investments held by a~~
14 ~~licensee or twenty percent (20%) of the net worth of the licensee, whichever~~
15 ~~is less; and~~

16 ~~(H) Any other investments approved by the Securities~~
17 ~~Commissioner.~~

18 ~~(c)(1) All funds collected or received from the sale of checks by an~~
19 ~~agent shall be impressed with a trust in favor of such licensee in an amount~~
20 ~~equal to the amount of the proceeds due the licensee and shall not be~~
21 ~~commingled with other funds of the agent.~~

22 ~~(2) No proceeds received by any agent or agents of a licensee~~
23 ~~from the sale of any check issued by such licensee, while held by the agent,~~
24 ~~nor any property impressed with a trust pursuant to this section shall be~~
25 ~~subject to attachment, levy of execution, or sequestration by order of any~~
26 ~~court, except for the benefit of the licensee. In the event that a licensee's~~
27 ~~license is revoked by the commissioner, all sales proceeds then held in trust~~
28 ~~by agents of that licensee shall be deemed to have been assigned to the~~
29 ~~commissioner.~~

30
31 ~~23-41-118. Conduct of business — Location — Agents.~~

32 ~~Each licensee may conduct his business at those locations within this~~
33 ~~state, and through or by means of those employees, agents, subagents, or~~
34 ~~representatives which he may from time to time designate and appoint.~~

35
36 ~~23-41-119. Semiannual reports.~~

1 ~~(a) Each licensee, on or before July 31 and January 31 of each year,~~
2 ~~shall file a report with the Securities Commissioner for the preceding one-~~
3 ~~half (1/2) calendar year.~~

4 ~~(b)(1) The report shall, if the commissioner requests, list the~~
5 ~~name and address of each agent authorized by the licensee as of the close of~~
6 ~~business on the last day of the one half (1/2) calendar year preceding the~~
7 ~~report to engage in the sale of checks of which the licensee is the issuer.~~

8 ~~(2) The commissioner may require that the report include the~~
9 ~~annual dollar amount of checks sold by the licensee in Arkansas during the~~
10 ~~preceding one half (1/2) calendar year, or the average amount of outstanding~~
11 ~~liabilities of the licensee from business for which he is licensed, or both~~
12 ~~amounts.~~

13 ~~(c) A filing fee of twenty five dollars (\$25.00) for each report shall~~
14 ~~be paid at the time of filing.~~

15
16 ~~23-41-120. Annual financial statement—Examinations.~~

17 ~~(a) Each licensee shall submit to the Securities Commissioner on an~~
18 ~~annual basis an audited financial statement covering the licensee's most~~
19 ~~recent fiscal year ended showing the financial condition of the licensee or~~
20 ~~owners thereof within ninety (90) days from the end of the licensee's fiscal~~
21 ~~year. The statement shall be in a form and prepared by an accountant~~
22 ~~acceptable to the commissioner. A filing fee of twenty five dollars (\$25.00)~~
23 ~~shall accompany the statement at the time of filing.~~

24 ~~(b)(1) In addition to any other powers or authority conferred by this~~
25 ~~chapter, and at such times as he may deem proper, the commissioner shall have~~
26 ~~the authority to examine the books and records of any licensee and any other~~
27 ~~documents relevant to the conduct of the licensee's business to determine~~
28 ~~whether such business is being conducted in compliance with this chapter.~~

29 ~~(2) For purposes of these examinations, the commissioner may~~
30 ~~enter upon any of the business premises of a licensee or his agents during~~
31 ~~normal business hours and request access to the relevant documents. Any~~
32 ~~obstruction or denial of such entry or access is a violation of this chapter.~~

33 ~~(c) The commissioner shall charge and collect from the licensee a~~
34 ~~reasonable fee in an amount sufficient to cover the cost of any examination.~~
35 ~~However, the fee shall not exceed the sum of one hundred dollars (\$100) per~~
36 ~~day for each examiner required for the examination, plus travel expenses when~~

1 ~~necessary or appropriate, up to a maximum of a total of one thousand dollars~~
2 ~~(\$1,000) per year.~~

3
4 ~~23-41-121. Investigations—Delegation of authority.~~

5 ~~(a) The Securities Commissioner may conduct any necessary~~
6 ~~investigations and hearings to determine whether any licensee or other person~~
7 ~~has violated any of the provisions of this chapter or whether any licensee~~
8 ~~has conducted himself in a manner which requires the suspension, revocation,~~
9 ~~or denial of renewal of his license.~~

10 ~~(b) For the purposes of this chapter, the commissioner has power to~~
11 ~~require by subpoena the attendance and testimony of witnesses and the~~
12 ~~production of all documentary evidence relating to any matter under hearing~~
13 ~~or investigation pursuant to this chapter and shall issue subpoenas at the~~
14 ~~request of an interested party.~~

15 ~~(c) In case of contumacy by, or refusal to obey a subpoena issued to,~~
16 ~~any person, the Chancery Court of Pulaski County, upon application by the~~
17 ~~commissioner, may issue to the person an order requiring him to appear before~~
18 ~~the commissioner, or any employee of the State Securities Department~~
19 ~~designated by him, and there to produce documentary evidence if so ordered or~~
20 ~~to give evidence touching the matter under investigation or in question.~~
21 ~~Failure to obey the order of the court shall be punished by the court as a~~
22 ~~contempt of court.~~

23 ~~(d) The commissioner may require any licensee to submit such reports~~
24 ~~concerning his business as the commissioner deems necessary for the~~
25 ~~enforcement of this chapter.~~

26 ~~(e) Except as provided in § 23-41-104(e), all reports of~~
27 ~~investigations and examinations and other reports rendered pursuant to this~~
28 ~~section and all correspondence, memoranda, or information relating to or~~
29 ~~arising therefrom, including any authenticated copies thereof in the~~
30 ~~possession of any licensee or the commissioner, are confidential~~
31 ~~communications, are not subject to any subpoena, and shall not be made public~~
32 ~~unless the commissioner determines that justice and the public advantage will~~
33 ~~be served by their publication. This subsection does not preclude any party~~
34 ~~to an administrative or judicial proceeding from introducing into evidence~~
35 ~~any information or document otherwise available or admissible.~~

36 ~~(f) The commissioner, subject to such restrictions as he in his~~

1 ~~discretion deems appropriate, may delegate to any appropriate staff member or~~
2 ~~other employee of the State Securities Department the exercise or discharge~~
3 ~~in the commissioner's name of any power, duty, or function, whether~~
4 ~~ministerial, discretionary, or of whatever character, vested by this chapter~~
5 ~~in the commissioner.~~

6
7 ~~23-41-122. Suspension, revocation, or surrender of license.~~

8 ~~(a) The Securities Commissioner may, upon fifteen (15) days' notice to~~
9 ~~the licensee, stating the contemplated action and in general the grounds~~
10 ~~therefor, hold a hearing at which the licensee shall have a reasonable~~
11 ~~opportunity to be heard for the purpose of determining whether a license~~
12 ~~should be suspended or revoked for failure of the licensee to comply with the~~
13 ~~provisions of this chapter and the regulations hereunder.~~

14 ~~(b) At the conclusion of the hearing, the commissioner shall enter an~~
15 ~~order either dismissing the charges or suspending or revoking the license.~~
16 ~~The suspension or revocation shall be effective from the date of entry of the~~
17 ~~order by the commissioner or such other time as set forth therein.~~

18 ~~(c) The grounds for suspension or revocation of a license are:~~

19 ~~(1) Any act or omission which would constitute grounds for~~
20 ~~denial of a license under § 23-41-112(b);~~

21 ~~(2) Failure of the licensee to maintain in effect the required~~
22 ~~bond or securities;~~

23 ~~(3) A finding that the licensee is conducting its business in an~~
24 ~~unsafe or unsound manner;~~

25 ~~(4) A finding that the licensee is insolvent;~~

26 ~~(5) Violation of any provision of this chapter, any rule~~
27 ~~promulgated hereunder, or any order issued by the commissioner pursuant to~~
28 ~~this chapter; or~~

29 ~~(6) The existence of any fact or condition which, had it existed~~
30 ~~at the time of the original application for a license, would have constituted~~
31 ~~grounds for denying the application for a license.~~

32 ~~(d)(1) If the commissioner finds that it is necessary for the~~
33 ~~protection of the interests of purchasers or holders of checks issued by the~~
34 ~~licensee or for the protection of the public interest that he immediately~~
35 ~~suspend or revoke the license of such licensee, then the commissioner may~~
36 ~~issue an order summarily suspending or revoking the license of the licensee.~~

1 ~~(2) Within thirty (30) days after an order is issued pursuant to~~
2 ~~this subsection, any licensee to whom the order is issued may file a written~~
3 ~~request with the commissioner for a hearing on the order.~~

4 ~~(3) The commissioner shall commence the hearing within fifteen~~
5 ~~(15) business days after the request is made.~~

6 ~~(4) Within thirty (30) days after the hearing, the commissioner~~
7 ~~shall affirm, modify, or vacate the order.~~

8 ~~(e) A licensee may surrender any license by delivering to the~~
9 ~~commissioner written notice that he surrenders the license, but the surrender~~
10 ~~shall not affect the licensee's civil or criminal liability or liability on~~
11 ~~any bond or entitle the licensee to a return of any part of any license fee.~~

12 ~~(f) If a license is surrendered, suspended, or revoked, the licensee~~
13 ~~shall immediately deposit in an account in the name of the commissioner an~~
14 ~~amount which is sufficient to make the total funds in the account equal to~~
15 ~~all outstanding checks sold or issued in the State of Arkansas and money or~~
16 ~~credits received but not transmitted.~~

17
18 /s/ Bond

19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36