

# **WEST VIRGINIA LEGISLATURE**

## **2022 REGULAR SESSION**

**Introduced**

### **House Bill 4364**

BY DELEGATES WESTFALL, ESPINOSA AND HOTT

[Introduced January 24, 2022; Referred to the  
Committee on Banking and Insurance then the  
Judiciary]

1 A BILL to amend and reenact §32A-2-1, §32A-2-2, §32A-2-3, §32A-2-4, §32A-2-8, §32A-2-10,  
 2 §32A-2-11, §32A-2-13, §32A-2-24, and §32A-2-25 of the Code of West Virginia, as  
 3 amended; and to amend said code by adding thereto two new sections, designated §32A-  
 4 2-8a and §32A-2-8b, all relating to the licensure and regulation of money transmitters;  
 5 updating definitions; eliminating outdated provisions; clarifying the financial institution  
 6 exemption; permitting the commissioner to participate in the multistate licensing and  
 7 examination process for regulatory burden reduction; updating net worth requirements to  
 8 use a sliding scale; providing information requirements for a change in control and  
 9 updating the change in control process; requiring permissible investments to match  
 10 outstanding obligations; and updating the due process procedure to eliminate the two step  
 11 process for revocations and suspensions while preserving the order and hearing  
 12 requirement.

*Be it enacted by the Legislature of West Virginia:*

**ARTICLE 2. CHECKS AND MONEY ORDER SALES, MONEY TRANSMISSION  
 SERVICES, TRANSPORTATION AND CURRENCY EXCHANGE.**

**§32A-2-1. Definitions.**

1 “Acting in concert” means persons knowingly acting together with a common goal of jointly  
 2 acquiring control of a licensee whether or not pursuant to an express agreement.

3 “Check” means any check, traveler's check, draft, money order or other instrument for the  
 4 transmission or payment of money whether or not the instrument is negotiable. The term does  
 5 not include a credit card voucher or a letter of credit.

6 “Closed loop stored value” means stored value that is redeemable by the issuer only for  
 7 goods or services provided by the issuer or its affiliate, or franchisees of the issuer or its affiliate,  
 8 except to the extent required by applicable law to be redeemable in cash for its cash value.

9 ~~(4)~~ “Commissioner” means the Commissioner of Financial Institutions of this state.

10 ~~(2) “Check” or “payment instrument” means any check, traveler's check, draft, money~~  
11 ~~order or other instrument for the transmission or payment of money whether or not the instrument~~  
12 ~~is negotiable. The term does not include a credit card voucher, a letter of credit or any instrument~~  
13 ~~that is redeemable by the issuer in goods or services.~~

14 ~~(3) “Control” means:~~

15 (1) (A) The power to vote, directly or indirectly, at least 25 percent of voting shares or  
16 voting interests of a licensee or person in control of a licensee;

17 (B) The power to elect or appoint a majority of key individuals or executive officers,  
18 managers, directors, trustees, or other persons exercising managerial authority of a person in  
19 control of a licensee; or

20 (C) The power to exercise, directly or indirectly, a controlling influence over the  
21 management or policies of a licensee or person in control of a licensee.

22 (2) Rebuttable presumption of control:

23 (A) A person is presumed to exercise a controlling influence when the person holds the  
24 power to vote, directly or indirectly, at least 10 percent of outstanding voting shares or voting  
25 interests of a licensee or person in control of a licensee.

26 (B) A person presumed to exercise a controlling influence as defined in this section can  
27 rebut the presumption of control if the person is a passive investor.

28 (3) For the purposes of determining the percentage of a person controlled by any other  
29 person, the person's interest shall be aggregated with the interest of any other immediate family  
30 member, including the person's spouse, parents, children, siblings, mothers- and fathers-in-law,  
31 sons- and daughters-in-law, brothers- and sisters-in-law, and any other person who shares such  
32 person's home.

33 “Currency” means a medium of exchange authorized or adopted by a domestic or foreign  
34 government.

35 ~~(4) “Currency exchange” means the conversion of the currency of one government into~~

36 the currency of another government, but does not include the issuance and sale of travelers  
37 checks denominated in a foreign currency. Transactions involving the electronic transmission of  
38 funds by licensed money transmitters which may permit, but do not require, the recipient to obtain  
39 the funds in a foreign currency outside of West Virginia are not currency exchange transactions:  
40 *Provided*, That they are not reportable as currency exchange transactions under federal laws and  
41 regulations.

42 ~~(5)~~ “Currency exchange, transportation, transmission business” means a person who is  
43 engaging in currency exchange, currency transportation or currency transmission as a service or  
44 for profit.

45 ~~(6)~~ “Currency transmission” or “money transmission” means:

46 (1) Engaging in the business of selling or issuing checks or the business of receiving  
47 currency, the payment of money, or other value that substitutes for money by any means for the  
48 purpose of transmitting, either prior to or after receipt, that currency;

49 (2) Payment of money or other value that substitutes for money by wire, facsimile or other  
50 electronic means, or through the use of a financial institution, financial intermediary, the Federal  
51 Reserve system or other funds transfer network; and

52 (3) ~~#~~ Includes the transmission of funds through the issuance and sale of stored value or  
53 similar prepaid products' cards which are intended for general acceptance and used in  
54 commercial or consumer transactions as well as payroll processing services. The term does not  
55 include the provision solely of online or telecommunications services or network access.

56 ~~(7)~~ “Currency transportation” means knowingly engaging in the business of  
57 physically transporting currency from one location to another in a manner other than by a  
58 licensed armored car service exempted under section three of this article.

59 ~~(8)~~ “Key individual” means any individual ultimately responsible for establishing or  
60 directing policies and procedures of the licensee, such as an executive officer, manager, director,

61 or trustee.

62 “Licensee” means a person licensed by the commissioner under this article.

63 “Money” means a medium of exchange that is authorized or adopted by the United States  
64 or a foreign government. The term includes a monetary unit of account established by an  
65 intergovernmental organization or by agreement between two or more governments.

66 ~~(9)~~ “Money order” means any instrument for the transmission or payment of money in  
67 relation to which the purchaser or remitter appoints or purports to appoint the seller thereof as his  
68 or her agent for the receipt, transmission or handling of money, whether the instrument is signed  
69 by the seller, the purchaser or remitter or some other person.

70 “NMLS” or “Nationwide Multistate Licensing System and Registry” means the system  
71 developed by the Conference of State Bank Supervisors and the American Association of  
72 Residential Mortgage Regulators and owned and operated by the State Regulatory Registry, LLC,  
73 or any successor or affiliated entity, for the licensing and registration of persons in the financial  
74 services industries.

75 “Outstanding money transmission obligations” shall be established and extinguished in  
76 accordance with applicable state law and shall mean:

77 (1) Any payment instrument or stored value issued or sold by the licensee to a person  
78 located in the United States or reported as sold by an authorized delegate of the licensee to a  
79 person that is located in the United States that has not yet been paid or refunded by or for the  
80 licensee, or escheated in accordance with applicable unclaimed property laws; or

81 (2) Any money received for transmission by the licensee or an authorized delegate in the  
82 United States from a person located in the United States that has been received by the payee or  
83 refunded to the sender, or escheated in accordance with applicable unclaimed property laws.

84 (3) For purposes of this subsection, “in the United States” shall include, to the extent  
85 applicable, a person in any state, territory, or possession of the United States, the District of  
86 Columbia, the Commonwealth of Puerto Rico, or a U.S. military installation that is located in a

87 foreign country.

88 “Passive investor” means a person that:

89 (1) Does not have the power to elect a majority of key individuals or executive officers,  
90 managers, directors, trustees, or other persons exercising managerial authority of a person in  
91 control of a licensee;

92 (2) Is not employed by and does not have any managerial duties of the licensee or person  
93 in control of a licensee;

94 (3) Does not have the power to exercise directly or indirectly a controlling influence over  
95 the management or policies of a licensee or person in control of a licensee; and

96 (4) Either:

97 (A) Attests to (1), (2), and (3) in a form prescribed by the commissioner; or

98 (B) Commits to the passivity characteristics of (a), (b), and (c) in a written document.

99 “Payment instrument” means a written or electronic check, draft, money order, traveler’s  
100 check, or other written or electronic instrument for the transmission of payment of money or  
101 monetary value, whether or not negotiable. The term does not include stored value or any  
102 instrument that (1) is redeemable by the issuer only for goods or services provided by the issuer  
103 or its affiliate or franchisees of the issuer or its affiliate, except to the extent required by applicable  
104 law to be redeemable in cash for its cash value, or (2) not sold to the public but issued and  
105 distributed as part of a loyalty, rewards, or promotional program.

106 “Payroll processing services” means receiving money for transmission pursuant to a  
107 contract with a person to deliver wages or salaries, make payment of payroll taxes to state and  
108 federal agencies, make payments relating to employee benefit plans, or make distributions of  
109 other authorized deductions from wages and salaries. The term payroll processing services does  
110 not include an employer performing payroll processing services on its own behalf or on behalf of  
111 an affiliate, or a professional employment organization subject to regulation under other applicable  
112 state law.

113 ~~(40)~~ "Person" means any individual, partnership, association, joint stock association,  
114 limited liability company, trust or corporation.

115 ~~(44)~~ "Principal" means a licensee's owner, president, senior officer responsible for  
116 the licensee's business, chief financial officer or any other person who performs similar  
117 functions or who otherwise controls the conduct of the affairs of a licensee. A person  
118 controlling ten 25 percent or more of the voting stock of any corporate applicant is a  
119 principal under this provision.

120 "Stored value" means monetary value representing a claim against the issuer evidenced  
121 by an electronic or digital record, and that is intended and accepted for use as a means of  
122 redemption for money or monetary value, or payment for goods or services. The term includes,  
123 but is not included to, "prepaid access" as defined by 31 C.F.R. Section 1010.100, as amended  
124 or recodified from time to time. Notwithstanding the foregoing, the term "stored value" does not  
125 include a payment instrument or closed loop stored value, or stored value not sold to the public  
126 but issued and distributed as part of a loyalty, rewards, or promotional program.

127 "Tangible net worth" shall mean the aggregate assets of a licensee excluding all intangible  
128 assets, less liabilities, as determined in accordance with United States generally accepted  
129 accounting principles.

### **§32A-2-2. License required.**

1 ~~(a)~~ Except as provided by section three of this article, a person may not engage in the  
2 business of currency exchange, transportation or transmission in this state without a license  
3 issued under this article. For purposes of this article, a person is considered to be engaging in  
4 those businesses in this state if he or she makes available, from a location inside or outside this  
5 state, an Internet website West Virginia citizens may access in order to enter into those  
6 transactions by electronic means.

7 ~~(b) Any person who was previously licensed as a check seller under this chapter who~~

8 ~~holds a valid license on the effective date of this article shall be issued a provisional license under~~  
9 ~~this article without the need of an additional application and fee. This provisional license shall~~  
10 ~~expire upon six months of its issuance, during which time the licensee may continue to conduct~~  
11 ~~its check-selling business, provided that it maintains the net worth and security required under its~~  
12 ~~previous license. The commissioner may require the licensee to obtain expanded bond coverage~~  
13 ~~consistent with this article for the protection of purchasers of money transmission services and~~  
14 ~~currency exchange services, as well as for covered currency transportation services, when the~~  
15 ~~licensee conducts one or more of these businesses. At the expiration of a provisional license~~  
16 ~~granted by this section, any person who wishes to continue to engage in any business regulated~~  
17 ~~in this article shall apply for a license and meet the criteria under the provisions of this article. A~~  
18 ~~provisional license granted by this section may upon hearing be suspended or revoked by the~~  
19 ~~commissioner for good cause shown~~

**§32A-2-3. Exemptions.**

- 1 (a) The following are exempt from the provisions of this article:
- 2 (1) Banks, trust companies, foreign bank agencies, credit unions, savings banks, and  
3 savings and loan associations authorized to do business in the state ~~or~~ and which qualify as  
4 federally insured depository institutions, whether organized under the laws of this state, any other  
5 state, or the United States;
- 6 (2) The United States and any department or agency of the United States;
- 7 (3) The United States Postal Service;
- 8 (4) This state and any political subdivision of this state;
- 9 (5) The provision of electronic transfer of government benefits for any federal, state, or  
10 county governmental agency as defined in Federal Reserve Board Regulation E, by a contractor  
11 for and on behalf of the United States or any department, agency, or instrumentality of the United  
12 States, or any state or any political subdivisions of a state;
- 13 (6) Persons engaged solely in the business of currency transportation who operate an



14 armored car service in this state pursuant to licensure under §30-18-1 et seq. of this code:  
15 *Provided*, That the net worth of the licensee exceeds \$5 million. The term “armored car service”  
16 as used in this article means a service provided by a person transporting or offering to transport,  
17 under armed security guard, currency or other things of value in a motor vehicle specially  
18 equipped to offer a high degree of security. Persons seeking to claim this exemption shall notify  
19 the commissioner of their intent to do so and demonstrate that they qualify for its use. Persons  
20 seeking an exemption under this subdivision are not exempt from the provisions of this article if  
21 they also engage in currency exchange or currency transmission;

22 (7) Persons engaged in the business of currency transportation whose activities are limited  
23 exclusively to providing services to federally insured depository institutions, or to any federal,  
24 state, or local governmental entities;

25 (8) Persons engaged solely in the business of removing currency from vending machines  
26 providing goods or services, if the machines are not used for gambling purposes or to convey any  
27 gambling ticket, token, or other device used in a game of chance;

28 (9) The State Regulatory Registry, LLC, which administers the Nationwide ~~Mortgage~~  
29 Multistate Licensing System and Registry on behalf of states and federal banking regulators;

30 (10) The North American Securities Administrators Association and any subsidiaries,  
31 which administer the Electronic Filing Depository system on behalf of state securities regulators;  
32 and

33 (11)(A) Persons operating a payment system that provides processing, clearing, or  
34 settlement services, between or among persons who are all excluded by this section, in  
35 connection with wire transfers, credit card transactions, debit card transactions, prepaid access  
36 transactions, automated clearinghouse transfers, or similar funds transfers;

37 (B) Contracted service providers of an entity set forth in §32A-2-3(a)(1) of this code that  
38 provide processing, clearing, or settlement services in connection with wire transfers, credit card  
39 transactions, debit card transactions, prepaid access transactions, automated clearinghouse

40 transfers, or similar funds transfers; or

41 (C) Persons facilitating payment for goods or services (not including currency transmission  
42 or money transmission itself) pursuant to a contract with the payee and either payment to the  
43 person or persons facilitating the payment processing satisfies the payor's obligation to the payee  
44 or that obligation is extinguished.

45 (b) Any person who holds and maintains a valid license under this article may engage in  
46 the business of money transmission or currency exchange at one or more locations through or by  
47 means of an authorized delegate or delegates as set forth in §32A-2-27 of this code, as the  
48 licensee may designate and appoint from time to time. No such authorized delegate is required  
49 to obtain a separate license under this article, but the use of sub-delegates is prohibited and the  
50 authorized delegate may only conduct business on behalf of its licensee.

51 (c) The issuance and sale of closed loop stored value cards or similar prepaid products  
52 which are intended to purchase items only from the issuer or seller of the closed loop stored value  
53 card is exempt from the provisions of this article.

54 (d) Any person who is required and properly obtains a license under this article to transport  
55 currency is exempt from the requirements of §30-18-1 *et seq.* of this code.

**§32A-2-4. License application, issuance and renewal.**

1 (a) An applicant for a license shall submit an application to the commissioner on a form  
2 prescribed by the commissioner. The commissioner may direct an applicant to file a license  
3 application through the Nationwide Mortgage Multistate Licensing System and Registry operated  
4 by the State Regulatory Registry, LLC.

5 (b) Each application shall be accompanied by a nonrefundable application fee and a  
6 license fee. If the application is approved, the application fee is the license fee for the first year of  
7 licensure.

8 (c) The commissioner shall issue a license if the commissioner finds that the applicant  
9 meets the requirements of this article and the rules adopted under this article. The commissioner

10 shall approve or deny every application for an original license within 120 days from the date a  
11 complete application is submitted, unless the commissioner extends the period for good cause.  
12 All licenses issued under this article expire on December 31 of the year issued, unless sooner  
13 suspended or revoked, and are subject to renewal for the following year.

14 (d) The licensee at each office it owns and operates in West Virginia shall prominently  
15 display, or maintain available for inspection, a copy of the license authorizing the conduct of a  
16 currency exchange business if the location offers and provides such services. Where the currency  
17 exchange business is conducted through a licensee's authorized delegates in this state, each  
18 authorized delegate location offering such services shall maintain available for inspection proof  
19 of their appointment by the licensee to conduct such business.

20 (e) As a condition for renewal of a license, the licensee must submit to the commissioner  
21 an application for renewal on a form prescribed by the commissioner and an annual license  
22 renewal fee. The commissioner may direct an applicant to file a license renewal application  
23 through the Nationwide ~~Mortgage~~ Multistate Licensing System and Registry operated by the State  
24 Regulatory Registry, LLC.

25 (f) A license issued under this article may not be transferred or assigned.

26 (g) An applicant for a license who is not located in this state shall file an irrevocable  
27 consent, duly acknowledged, that suits and actions may be commenced against the applicant in  
28 the courts of this state by service of process upon a person located within the state designated to  
29 accept service, or by service upon the Secretary of State, as well as by service as set forth in this  
30 chapter.

31 (h) The commissioner is authorized to participate in the multistate supervisory process,  
32 including any multistate investigatory, examination, and licensing process, established between  
33 states and coordinated through the Conference of State Bank Supervisors, Money Transmitter  
34 Regulators Association, and affiliates and successors thereof, for all licensees that hold licenses  
35 in this state and other states.

**§32A-2-8. Qualifications for license or renewal of license.**

1 (a) The commissioner may issue a license to an applicant only upon first determining that  
2 the financial condition, business experience, and character and general fitness of an applicant  
3 are such that the issuance of the license is in the public interest: *Provided*, That the commissioner  
4 shall apply §32A-2-8(f) and §32A-2-8(g) of this code in determining whether an applicant's prior  
5 criminal convictions bear a rational nexus to the license being sought.

6 (b) An applicant for a license shall agree in writing to comply with the currency reporting  
7 and record-keeping requirements of 31 U.S.C. §5313, as well as those set forth in 31 C.F.R.  
8 Chapter X and any other relevant federal law.

9 (c) A person is not eligible for a license or shall surrender an existing license if, during the  
10 previous five years:

11 (1) The person or a principal of the person, of a business:

12 (A) Has been convicted of a felony or a crime involving fraud or deceit under the laws of  
13 this state, any other state, or the United States;

14 (B) Has been convicted of a crime under the laws of another country that involves fraud  
15 or deceit or would be a felony if committed in the United States; or

16 (C) Has been convicted under a state or federal law relating to currency exchange or  
17 transmission or any state or federal monetary instrument reporting requirement; or

18 (2) The person, a principal of the person, or the spouse of the person or a principal of the  
19 person has been convicted of an offense under a state or federal law relating to drug trafficking,  
20 money laundering, or a reporting requirement of the Bank Secrecy Act, 12 U.S.C. §1951 *et seq.*,  
21 as amended.

22 (d) The commissioner will review the application to determine whether the applicant:

23 (1) Has recklessly failed to file or evaded the obligation to file a currency transaction report  
24 as required by 31 U.S.C. §5313 during the previous three years;

25 (2) Has recklessly accepted currency for exchange, transport, or transmission during the

26 previous three years in which a portion of the currency was derived from an illegal transaction or  
27 activity;

28 (3) Will conduct its authorized business within the bounds of state and federal law,  
29 including, but not limited to, §31D-15-1501 of this code;

30 (4) Warrants the trust of the community;

31 (5) Has and will maintain a minimum tangible net worth of ~~\$50,000~~ the greater of \$100,000  
32 or three percent of total assets for the first \$100 million, two percent of additional assets for \$100  
33 million to \$1 billion, and 0.5 percent of additional assets over \$1 billion computed according to  
34 generally accepted accounting principles as shown by the most recent audited financial statement  
35 filed with and satisfactory to the commissioner, ~~and in addition has and will maintain a minimum~~  
36 ~~tangible net worth of \$25,000, computed according to generally accepted accounting principles~~  
37 ~~for each office or delegate location other than its principal office at which its licensed business is~~  
38 ~~transacted~~, except that an applicant for a license or renewal of a license may not be required by  
39 this article to maintain a tangible net worth of more than \$1 million, computed according to  
40 generally accepted accounting principles; and

41 (6) Does not owe delinquent taxes, fines, or fees to any local or state taxing authority or  
42 governmental agency, department, or other political subdivision of this state.

43 (e) A person is not eligible for a license, and a person who holds a license shall surrender  
44 the license to the commissioner, if the person or a principal of the person has at any time been  
45 convicted of:

46 (1) A felony involving the laundering of money that is the product of or proceeds from  
47 criminal activity under chapter 61 of this code, or a similar provision of the laws of another state  
48 or the United States; or

49 (2) A felony violation of 31 U.S.C. §5313 or 5324, or a rule adopted under those sections.

50 (f) The commissioner may not disqualify an applicant from initial licensure because of a  
51 prior criminal conviction that remains unreversed unless that conviction is for a crime that bears

52 a rational nexus to the activity requiring licensure. In determining whether a criminal conviction  
53 bears a rational nexus to a profession or occupation, the commissioner shall consider at a  
54 minimum:

55 (1) The nature and seriousness of the crime for which the individual was convicted;

56 (2) The passage of time since the commission of the crime;

57 (3) The relationship of the crime to the ability, capacity, and fitness required to perform the  
58 duties and discharge the responsibilities of the profession or occupation; and

59 (4) Any evidence of rehabilitation or treatment undertaken by the individual.

60 (g) Notwithstanding any other provision of this code to the contrary, if an applicant is  
61 disqualified from licensure because of a prior criminal conviction, the commissioner shall permit  
62 the applicant to apply for initial licensure if:

63 (1) A period of five years has elapsed from the date of conviction or the date of release  
64 from incarceration, whichever is later;

65 (2) The individual has not been convicted of any other crime during the period of time  
66 following the disqualifying offense; and

67 (3) The conviction was not for an offense of a violent or sexual nature: *Provided*, That a  
68 conviction for an offense of a violent or sexual nature may subject an individual to a longer period  
69 of disqualification from licensure, to be determined by the commissioner.

70 (h) An individual with a criminal record who has not previously applied for licensure may  
71 petition the commissioner at any time for a determination of whether the individual's criminal  
72 record will disqualify the individual from obtaining a license. This petition shall include sufficient  
73 details about the individual's criminal record to enable the commissioner to identify the jurisdiction  
74 where the conviction occurred, the date of the conviction, and the specific nature of the conviction.  
75 The commissioner shall provide the determination within 60 days of receiving the petition from  
76 the applicant. The commissioner may charge a fee to recoup its costs for each petition.

77 (i) Before approving an application for a license of an applicant who has less than one

78 year's experience in the proposed business governed by this article as a regulated entity in  
79 another state, or whose license has been suspended or revoked by another state, the  
80 commissioner may, in his or her discretion, conduct an on-site investigation of an applicant at the  
81 sole expense of the applicant and may require the applicant to pay a nonrefundable payment of  
82 the anticipated expenses for conducting the investigation. Failure to make the payment or  
83 cooperate with the investigation is grounds for denying the application.

**§32A-2-8a. Information Requirements for Certain Individuals and Change in Control.**

1 (a) Any individual in control of a licensee or applicant, any individual that seeks to acquire  
2 control of a licensee, and each key individual shall furnish to the commissioner the following items:

3 (1) The individual's fingerprints for submission to the Federal Bureau of Investigation and  
4 the commissioner for purposes of a national criminal history background check unless the person  
5 currently resides outside of the United States and has resided outside of the United States for the  
6 last ten years;

7 (2) Personal history and experience in a form and in a medium prescribed by the  
8 commissioner, to obtain the following:

9 (A) An independent credit report from a consumer reporting agency unless the individual  
10 does not have a Social Security number, in which case, this requirement shall be waived;

11 (B) Information related to any criminal convictions or pending charges; and

12 (C) Information related to any regulatory or administrative action and any civil litigation  
13 involving claims of fraud, misrepresentation, conversion, mismanagement of funds, breach of  
14 fiduciary duty, or breach of contract.

15 (b) If the individual has resided outside of the United States at any time in the last ten  
16 years, the individual shall also provide an investigative background report prepared by an  
17 independent search firm that meets the following requirements:

18 (1) At a minimum, the search firm shall:

19 (A) Demonstrate that it has sufficient knowledge, resources, and employs accepted and

20 reasonable methodologies to conduct the research of the background report; and

21 (B) Not be affiliated with or have an interest with the individual it is researching.

22 (2) At a minimum, the investigative background report shall be written in the English  
23 language and shall contain the following:

24 (A) If available in the individual's current jurisdiction of residency, a comprehensive credit  
25 report, or any equivalent information obtained or generated by the independent search firm to  
26 accomplish such report, including a search of the court data in the countries, provinces, states,  
27 cities, towns, and contiguous areas where the individual resided and worked;

28 (B) Criminal records information for the past ten years, including, but not limited to,  
29 felonies, misdemeanors, or similar convictions for violations of law in the countries, provinces,  
30 states, cities, towns, and contiguous areas where the individual resided and worked;

31 (C) Employment history;

32 (D) Media history, including an electronic search of national and local publications, wire  
33 services, and business applications; and

34 (E) Financial services-related regulatory history, including, but not limited to, money  
35 transmission, securities, banking, insurance, and mortgage related industries.

36 (c) Any person, or group of persons acting in concert, seeking to acquire control of a  
37 licensee shall obtain the written approval of the commissioner prior to acquiring control. An  
38 individual is not deemed to acquire control of a licensee and is not subject to these acquisition of  
39 control provisions when that individual becomes a key individual in the ordinary course of  
40 business.

41 (d) A person, or group of persons acting in concert, seeking to acquire control of a licensee  
42 shall, in cooperation with the licensee submit an application in a form and in a medium prescribed  
43 by the commissioner.

44 (e) Upon request, the commissioner may permit a licensee or the person, or group of  
45 persons acting in concert, to submit some or all information required by the commissioner without



46 using NMLS.

47 (f) The application required by this section shall include information required for any new  
48 key individuals that have not previously completed the requirements for a licensee.

49 (g) When an application for acquisition of control under this section appears to include all  
50 the items and address all of the matters that are required, the application shall be considered  
51 complete and:

52 (1) The commissioner shall approve or deny the application within 90 days after the  
53 completion date; or

54 (2) If the application is not approved or denied within 90 days after the completion date,  
55 the application is approved; and the person, or group of persons acting in concert, are not  
56 prohibited from acquiring control.

57 (3) The commissioner may for good cause extend the application period.

58 (h) A determination by the commissioner that an application is complete and is accepted  
59 for processing means only that the application, on its face, appears to include all of the items and  
60 address all of the matters that are required, and is not an assessment of the substance of the  
61 application or of the sufficiency of the information provided.

62 (i) When an application is filed and considered complete, the commissioner shall  
63 investigate the financial condition and responsibility, financial and business experience,  
64 character, and general fitness of the person, or group of persons acting in concert, seeking to  
65 acquire control. The commissioner shall approve an acquisition of control pursuant to this section  
66 if the commissioner finds that all of the conditions for the change in control have been fulfilled:

67 (1) The requirements of subsections (d) and (f) have been met, as applicable; and

68 (2) The financial condition and responsibility, financial and business experience,  
69 competence, character, and general fitness of the person, or group of persons acting in concert,  
70 seeking to acquire control; and the competence, experience, character, and general fitness of the  
71 key individuals and persons that would be in control of the licensee after the acquisition of control

72 indicate that it is in the interest of the public to permit the person, or group of persons acting in  
73 concert, to control the licensee.

74 (i) If an applicant avails itself or is otherwise subject to a multistate licensing process:

75 (1) The commissioner is authorized to accept the investigation results of a lead  
76 investigative state if the lead investigative state has sufficient staffing, expertise, and minimum  
77 standards; or

78 (2) If the division is a lead investigative state, the commissioner is authorized to investigate  
79 the applicant and the timeframes established by agreement through the multistate licensing  
80 process.

81 (k) The commissioner shall issue a formal written notice of the denial of an application to  
82 acquire control within 30 days of the decision to deny the application. The commissioner shall set  
83 forth in the notice of denial the specific reasons for the denial of the application. An applicant  
84 whose application is denied under this section may appeal pursuant to the provisions in this  
85 article.

86 (l) The requirements of this section do not apply to any of the following:

87 (1) A person that acts as a proxy for the sole purpose of voting at a designated meeting  
88 of the shareholders or holders of voting shares or voting interests of a licensee or a person in  
89 control of a licensee;

90 (2) A person that acquires control of a licensee by devise or descent;

91 (3) A person that acquires control of a licensee as a personal representative, custodian,  
92 guardian, conservator, or trustee, or as an officer appointed by a court of competent jurisdiction  
93 or by operation of law;

94 (4) A person that is otherwise exempt under this article;

95 (5) A person that the commissioner determines is not subject to this section based on the  
96 public interest;

97 (6) A public offering of securities of a licensee or a person in control of a licensee; or

98 (7) An internal reorganization of a person in control of the licensee where the ultimate  
99 person in control of the licensee remains the same.

100 (m) Persons in subsections (l), (2), (3), (4), (6), and (7) in cooperation with the licensee  
101 shall notify the commissioner within 15 days after the acquisition of control.

102 (n) Streamlined Acquisition of Control. The requirements of subsections (c) and (d) of this  
103 section do not apply to a person that has complied with and received approval to engage in money  
104 transmission under this article or was identified as a person in control in a prior application filed  
105 with and approved by the commissioner or by an MSB accredited state pursuant to a multistate  
106 licensing process: *Provided, That:*

107 (1) The person has not had a license revoked or suspended, or controlled a licensee that  
108 has had a license revoked or suspended while the person was in control of the licensee in the  
109 previous five years;

110 (2) If the person is a licensee, the person is well managed and has received at least a  
111 satisfactory rating for compliance at its most recent examination by an MSB accredited state if  
112 such rating was given;

113 (3) The licensee to be acquired is projected to meet the requirements of net worth, surety  
114 bond, and permissible investments after the acquisition of control is completed, and if the person  
115 acquiring control is a licensee, that licensee is also projected to meet the requirements of net  
116 worth, surety bond, and permissible investments after the acquisition of control is completed;

117 (4) The licensee to be acquired will not implement any material changes to its business  
118 plan as a result of the acquisition of control, and if the person acquiring control is a licensee, that  
119 licensee also will not implement any material changes to its business plan as a result of the  
120 acquisition of control; and

121 (5) The person provides notice of the acquisition in cooperation with the licensee and  
122 attests to the requirements in this subsection in a form and in a medium prescribed by the  
123 commissioner.

124 If the notice is not disapproved within 30 days after the date on which the notice was  
125 determined to be complete, the notice is deemed approved.

126 (o) Before filing an application for approval to acquire control of a licensee, a person may  
127 request in writing a determination from the commissioner as to whether the person would be  
128 considered a person in control of a licensee upon consummation of a proposed transaction. If the  
129 commissioner determines that the person would not be a person in control of a licensee, the  
130 proposed person and transaction is not subject to the requirements of this section.

**§32A-2-8b. Permissible investments.**

1 (a) A licensee shall maintain at all times permissible investments that have a market value  
2 computed in accordance with generally accepted accounting principles of not less than the  
3 aggregate amount of all of its outstanding money transmission obligations.

4 (b) Except for permissible investments, which are set forth by the commissioner and  
5 published annually on the agency website, the commissioner, with respect to any licensee, may  
6 limit the extent to which a specific investment maintained by a licensee within a class of  
7 permissible investments may be considered a permissible investment, if the specific investment  
8 represents undue risk to customers, not reflected in the market value of the investments.

**§32A-2-10. Bond.**

1 (a) A person who is licensed under this article shall post a bond with a qualified surety  
2 company doing business in this state that is acceptable to the commissioner. The bond shall be  
3 in the amount of \$100,000 for a licensee which issues or sells checks or money orders, or which  
4 engages in currency exchange; or \$300,000 for a licensee which engages in receiving money for  
5 transmission by wire, facsimile or electronic transfer, or which engages in currency transportation.  
6 A licensee which engages in multiple types of these activities shall post the higher amount. A  
7 merchant obtaining a license solely to engage in the check cashing business not incidental to the  
8 main business of the merchant as required by article three of this chapter shall post a bond of  
9 \$100,000. The bond required by this subsection shall be increased at the time of license renewal

10 by one percent of the annual volume of business the licensee conducts in this state exceeding  
11 \$10 million rounded to the nearest thousand, as reported by the licensee: *Provided*, That in no  
12 event shall the bond exceed \$1 million.

13 (b) No cash deposit or pledge of cash equivalent in instruments or securities may be  
14 accepted in lieu of the bond required by subsection (a) of this section. ~~unless such alternative~~  
15 ~~deposit or pledge was in effect prior to April 1, 2014~~

16 (c) A bond posted by a licensee shall be conditioned upon compliance with the provisions  
17 of this article and any rules thereunder for as long as the person holds the license. The deposit  
18 or bond, as the case may be, shall be made to the State of West Virginia for the benefit and  
19 protection of any claimant against the applicant or licensee with respect to the receipt, handling,  
20 transmission, and payment of money by the licensee or authorized delegate in connection with  
21 the licensed operations in this state. A claimant damaged by a breach of the conditions of the  
22 bond or deposit shall, upon the assent of the commissioner, have a right of action against the  
23 bond or deposit for damages suffered thereby and may bring suit directly thereon, or the  
24 commissioner may bring suit on behalf of the claimant. The aggregate liability of the surety in no  
25 event shall exceed the principal sum of the bond.

26 (d) A penalty fee under subdivision (5), subsection (a), section five of this article, expenses  
27 under section eleven of this article, or a civil penalty under section nineteen of this article may be  
28 paid out of and collected from the proceeds of a bond under this section.

29 (e) After receiving a license, the licensee shall maintain the required bond until five years  
30 after it ceases to do business in this state unless all outstanding ~~checks/payment instruments~~  
31 transactions are cleared or covered by the provisions of article eight, chapter thirty-six of this code  
32 pertaining to the distribution of unclaimed property which have become operative and are adhered  
33 to by the licensee. Notwithstanding this provision, however, the commissioner may permit the  
34 bond to be reduced following cessation of business in the state to the extent the amount of the

35 licensee's checks/payment instruments outstanding in this state are reduced.

36 (f) If the commissioner at any time reasonably determines that the required bond or deposit  
37 is insecure, deficient in amount, or exhausted, in whole or in part, he or she may in writing require  
38 the filing of a new or supplemental bond in order to secure compliance with this article and may  
39 demand compliance with the requirement within 30 days following service on the licensee. The  
40 total amount of the bonds required of the licensee may not, however, exceed the \$1 million set  
41 forth in subsection (a) of this section.

**§32A-2-11. Examination and fraudulently structured transactions.**

1 (a) Each licensee is subject to a periodic examination of the licensee's business records  
2 by the commissioner at the expense of the licensee. For the purpose of carrying out this article,  
3 the commissioner may examine all books, records, papers, or other objects that the commissioner  
4 determines are necessary for conducting a complete examination and may also examine under  
5 oath any person associated with the license holder, including an officer, director, or employee of  
6 the licensee or authorized delegate. Unless it will interfere with the commissioner's duties under  
7 this article, reasonable notice shall be given to the licensee and any authorized delegate before  
8 any on-site examination visit. If a person required by the commissioner to submit to an  
9 examination refuses to permit the examination or to answer any question authorized by this  
10 article, the commissioner may suspend the person's license until the examination is completed.

11 (b) The licensee shall bear the reasonable and necessary per diem and travel expense  
12 cost of any on-site examination made pursuant to this section.

13 (c) A person, for the purpose of evading a reporting or record-keeping requirement of 31  
14 U.S.C. §5313, or 31 C.F.R. Chapter X, or by this article, or a rule adopted under this article, may  
15 not with respect to a transaction with a licensee:

16 (1) Cause or attempt to cause the licensee to:

17 (A) Not maintain a record or file a report required by a law listed by this subsection; or

18 (B) Maintain a record or file a report required by a law listed by this subsection that  
19 contains a material omission or misstatement of fact; or

20 (2) Fraudulently structure the transaction.

21 (d) For the purposes of this article, a person fraudulently structures a transaction if the  
22 person conducts or attempts to conduct a transaction in any amount of currency with a licensee  
23 in a manner having the purpose of evading a record-keeping or reporting requirement of this  
24 article, or of a law or rule listed by subsection (c) of this section, including the division of a single  
25 amount of currency into smaller amounts or the conduct of a transaction or series of transactions  
26 in amounts equal to or less than the reporting or record-keeping threshold of a law or rule listed  
27 by subsection (c) of this section.

28 (e) A transaction is not required to exceed a record-keeping or reporting threshold of a  
29 single licensee on a single day to be a fraudulently structured transaction.

30 (f) The commissioner may conduct an examination in conjunction with an examination  
31 conducted by representatives of other state agencies or agencies of another state or of the federal  
32 government and may accept the examination report of another state agency or an agency of  
33 another state or of the federal government.

**§32A-2-13. Notification requirements.**

1 (a) A licensee shall notify the commissioner of any change in its principal place of  
2 business, or its headquarters office if different from its principal place of business, within fifteen  
3 days after the date of the change.

4 (b) A licensee shall notify the commissioner of any of the following significant  
5 developments within 15 days after gaining actual notice of its occurrence:

6 (1) The filing of bankruptcy or for reorganization under the bankruptcy laws;

7 (2) The institution of any enforcement action including, but not limited to, a license  
8 revocation or suspension against the licensee by any other state or federal regulator;

9 (3) A felony indictment related to money transmission, currency exchange, fraud, failure

10 to fulfill a fiduciary duty or other activities of the type regulated under this article of the licensee or  
11 its authorized delegates in this state, or of the licensee's or authorized delegate's officers,  
12 directors or principals;

13 (4) A felony conviction or plea related to the money transmission, currency exchange,  
14 fraud, failure to fulfill a fiduciary duty or other activities of the type regulated under this article of  
15 the licensee or its authorized delegates in this state, or of the licensee's or authorized delegate's  
16 officers, directors or principals; and

17 (5) Any change in its business activities.

18 (c) A licensee shall notify the commissioner of any merger or acquisition which may result  
19 in a change of control or a change in principals of a licensee at least 60 days prior to the  
20 announcement or publication of the proposal, or its occurrence, whichever is earlier. Upon notice  
21 of these circumstances by a corporate licensee, the commissioner may require all information  
22 necessary to determine whether it results in a transfer or assignment of the license and thus if a  
23 new application is required in order for the company to continue doing business under this article.  
24 A licensee that is an entity other than a corporation shall in these circumstances submit a new  
25 application for licensure at the time of notice.

26 (d) The commissioner may direct that the reports required by this section and any other  
27 reports, data or information deemed necessary by the commissioner be filed directly with the  
28 Division of Financial Institutions on a date to be determined by the commissioner or through the  
29 Nationwide Mortgage Multistate Licensing System and Registry operated by the State Regulatory  
30 Registry, LLC.

**§32A-2-24. Confidential information.**

1 (a) Reports of investigation and examination, together with related documents and  
2 financial information not normally available to the public that is submitted in confidence by a  
3 person regulated under this article, including, but not limited to, that person's evaluation of the  
4 expected outcome of pending litigation, are confidential and may not be disclosed to the public



5 by the commissioner or employees of the Division of ~~Banking~~ Financial Institutions, and are not  
6 subject to the state's freedom of information act. The commissioner may release information if:

7 (1) The commissioner finds that immediate and irreparable harm is threatened to the  
8 licensee's customers or potential customers or the general public;

9 (2) The licensee consents before the release;

10 (3) The commissioner finds that release of the information is required in connection with  
11 a hearing under this article, in which event information may be related to the parties of that  
12 hearing; or

13 (4) The commissioner finds that the release is reasonably necessary for the protection of  
14 the public and in the interest of justice, in which event information may be distributed to  
15 representatives of an agency, department or instrumentality of this state, any other state or the  
16 federal government.

17 (b) Nothing in this section prevents release to the public of any list of licensees or  
18 aggregated financial data for the licensees, prevents disclosure of information the presiding officer  
19 considers relevant to the proper adjudication or administration of justice at public administrative  
20 or judicial hearings, or prevents disclosure of information relevant to supporting the issuance of  
21 any administrative or judicial order.

**§32A-2-25. Hearing on suspension or revocation of license.**

1 (a) A license may not be revoked or suspended except after notice and opportunity for  
2 hearing on that action. The commissioner may issue to a person licensed under this article an  
3 order ~~to show cause why the license should not be revoked, or should not be suspended~~ to revoke  
4 a license or to suspend a license for a period not in excess of six months. The order shall ~~state~~  
5 ~~the place for a hearing and set a time for the hearing that is no less than ten days from the date~~  
6 ~~of the order~~ provide notice of opportunity for a hearing and how the recipient may request such a  
7 hearing. The hearing shall be conducted in accordance with the provisions of §29A-5-1, et seq of  
8 this code. The commissioner may appoint a hearing examiner to preside at the hearing and make

9 a recommended decision. ~~After the hearing the~~ The commissioner shall ~~shall~~ may revoke or suspend  
10 the license if he or she finds that:

11 (1) The licensee has knowingly or repeatedly violated this chapter or any rule or order  
12 lawfully made or issued pursuant to this article;

13 (2) The licensee has failed to remit its required renewal fees;

14 (3) Facts or conditions exist which would clearly have justified the commissioner in  
15 refusing to grant a license had these facts or conditions been known to exist at the time the  
16 application for the license was made;

17 (4) The licensee does not have available the net worth required by the provisions of section  
18 eight of this article, and after ten days' written notice from the commissioner, fails to take steps  
19 that the commissioner determines are necessary to remedy the deficiency; or

20 (5) The licensee has failed or refused to keep the bond or other security required by  
21 section ten of this article in full force and effect.

22 (b) No revocation or suspension of a license under this article is lawful unless prior ~~to~~  
23 ~~institution of proceedings by the commissioner~~ notice is given to the licensee of the facts or  
24 conduct which warrant the intended action and the licensee is given an opportunity to show  
25 compliance with all lawful requirements for retention of the license.

26 (c) If the commissioner finds that probable cause for revocation of a license exists and  
27 that enforcement of this article to prevent imminent harm to public welfare requires immediate  
28 suspension of the license pending investigation, the commissioner may, after a hearing upon five  
29 days' written notice, enter an order suspending the license for not more than 30 days.

30 (d) Nothing in this section limits the authority of the commissioner to take action against a  
31 licensee or person under other sections of this article.

32 (e) Whenever the commissioner revokes or suspends a license, an order to that effect  
33 shall be entered and the commissioner shall forthwith notify the licensee of the revocation or  
34 suspension. Within five days after the entry of the order the commissioner shall mail by registered

35 or certified mail, or shall provide for personal delivery to the licensee, a copy of the order and the  
36 findings supporting the order.

37 (f) Any person holding a license under this article may relinquish the license by notifying  
38 the commissioner in writing of its relinquishment, but any relinquishment does not affect a  
39 person's liability for acts previously committed.

40 (g) No revocation, suspension or relinquishment of a license impairs or affects the  
41 obligation of any preexisting lawful contract between the licensee and any person.

42 (h) The commissioner may reinstate a license, terminate a suspension or grant a new  
43 license to a person whose license has been revoked or suspended if no fact or condition then  
44 exists which clearly would have justified the commissioner in refusing to grant a license.

NOTE: The purpose of this bill is to update the law related to money transmitters to align West Virginia with the majority of states with respect to control of a licensee and key individuals as well as net worth. The bill will also allow West Virginia to participate in and accept multistate examinations as well as application information and decisions to reduce regulatory burden on licensees.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.