



House of Representatives

General Assembly

File No. 92

February Session, 2004

Substitute House Bill No. 5102

House of Representatives, March 17, 2004

The Committee on Banks reported through REP. DOYLE of the 28th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT IMPOSING A PENALTY FOR ENGAGING IN THE BUSINESS OF TRANSMITTING MONEY WITHOUT A LICENSE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-597 of the general statutes, as amended by
2 section 3 of public act 03-61, is repealed and the following is
3 substituted in lieu thereof (*Effective October 1, 2004*):

4 (a) No person shall engage in the business of issuing Connecticut
5 payment instruments, or engage in the business of money
6 transmission, without first obtaining a license from the commissioner
7 as provided in section 36a-600. No person shall engage in such
8 business or in the business of selling Connecticut payment instruments
9 as an agent or subagent, except as an agent or subagent of a licensee or
10 an entity or a person exempt under section 36a-609, as amended, and
11 in accordance with section 36a-607, as amended.

12 (b) Any person who knowingly engages in the business of issuing

13 Connecticut payment instruments, or who knowingly engages in the
14 business of money transmission, without obtaining a license, as
15 provided in section 36a-600, shall be guilty of a class D felony. Each
16 transaction in violation of the provisions of this subsection shall
17 constitute a separate offense.

This act shall take effect as follows:	
Section 1	October 1, 2004

Statement of Legislative Commissioners:

The new language was inserted in section 36a-597 of the general statutes for conciseness.

BA *Joint Favorable Subst.-LCO*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Criminal Justice, Div.	GF - None	None	None
Judicial Dept.; Correction, Dept.	GF - Cost	Potential	Potential
Judicial Dept.	GF - Potential Revenue Gain	Less than 50,000	Less than 50,000

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill criminalizes unlicensed money transmissions.¹ Specifically, it applies to anyone who knowingly engages in the business (i.e., for a fee) of making unlicensed, international, interstate or intrastate money transmissions involving the sale or purchase of a Connecticut payment instrument. By making unlicensed money transmissions a state crime, the bill enables federal investigations and prosecutions involving money laundering and terrorist financing. One such investigation involving homeland security matters and unlicensed money transmissions has been conducted in Eastern Connecticut.

It is anticipated that this law would be used infrequently. As a consequence, any workload increase to the Division of Criminal Justice could be accomodated without additional appropriations. There is a potential cost to incarcerate individuals or supervise them on probation. The annual cost of imprisonment is about \$25,000; the average, annual cost of probation supervision by the Judicial Department’s Court Support Services Division is estimated to be

¹ It makes it a class D felony, which is punishable by imprisonment for one to five years, a fine of up to \$5,000, or both.

\$2,000 (excluding services) to \$3,300 (including services.)² Revenue from fines is anticipated to be minimal.

² It is anticipated that such individuals would be placed on medium-level supervision or higher. The averages include direct and indirect (overhead) costs to the Judicial Department, in addition to fringe benefits.

OLR Bill Analysis

sHB 5102

***AN ACT IMPOSING A PENALTY FOR ENGAGING IN THE
BUSINESS OF TRANSMITTING MONEY WITHOUT A LICENSE***

SUMMARY:

This bill makes it a class D felony (punishable by imprisonment for one to five years, a fine up to \$5,000, or both) to knowingly engage in the business of (1) issuing Connecticut payment instruments or (2) money transmission, without obtaining a money transmitter's license from the banking commissioner. It specifies that each transaction in violation of this provision constitutes a separate offense.

EFFECTIVE DATE: October 1, 2004

COMMITTEE ACTION

Banks Committee

Joint Favorable Report

Yea 17 Nay 0