



General Assembly

Substitute Bill No. 1220

January Session, 2005

* SB01220BA 031605 *

AN ACT CONCERNING CHECK CASHING SERVICES.

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

1 Section 1. Subsection (b) of section 36a-580 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2005*):

4 (b) The provisions of this section and sections 36a-581 to 36a-589,
5 inclusive, as amended by this act, shall not apply to: (1) Checks, drafts
6 or money orders cashed without consideration or charge; (2) checks,
7 drafts or money orders cashed as an incident to the conduct of any
8 other lawful business where not more than fifty cents is charged for
9 cashing such check, draft or money order; or (3) any institution subject
10 to and under the general supervision of any agency of the United
11 States or any [entity] bank subject to the general supervision of the
12 commissioner.

13 Sec. 2. Section 36a-581 of the general statutes is repealed and the
14 following is substituted in lieu thereof (*Effective October 1, 2005*):

15 (a) Except as provided for in section 36a-580, no person shall engage
16 in the business of cashing checks, drafts or money orders for
17 consideration without obtaining a license to operate a general facility
18 or a license to operate a limited facility for each location where such
19 business is to be conducted.

20 (b) Each licensee of a limited facility shall continuously maintain at
21 least one operating general facility. A licensee of a limited facility shall
22 not pay any compensation or consideration to any employer.

23 (c) An application for a check cashing license or renewal of such
24 license shall be in writing, under oath and on a form provided by the
25 commissioner. The application shall set forth: (1) The name and
26 address of the applicant; (2) if the applicant is a firm or partnership,
27 the names and addresses of each member of the firm or partnership;
28 (3) if the applicant is a corporation, the names and addresses of each
29 officer, director, authorized agent and each shareholder owning ten
30 per cent or more of the outstanding stock of such corporation; (4) if the
31 applicant is a limited liability company, the names and addresses of
32 each manager and authorized agent of such limited liability company;
33 (5) each location where the check cashing business is to be conducted
34 and the type of facility that will be operated at that location; (6) the
35 business plan, which shall include the proposed days and hours of
36 operation; (7) the amount of liquid assets available for each location
37 which shall not be less than the amount specified in subdivision (6) of
38 subsection (e) of this section; (8) for each limited facility, a copy of the
39 executed contract evidencing the proposed arrangement between the
40 applicant and the employer; and (9) any other information the
41 commissioner may require.

42 (d) A licensee shall not change the location specified on its license
43 unless, prior to such change in location, the licensee files an application
44 with the commissioner for change in location accompanied by the
45 location transfer fee and receives the approval of the commissioner. A
46 licensee of a limited facility shall not change its approved days and
47 hours of operation unless, prior to any such change, the licensee files
48 an application with and receives the approval of the commissioner. No
49 general facility or limited facility shall be located within two thousand
50 five hundred feet of an existing facility or limited facility. Such
51 distance shall be measured as the radius of a circle with the entrance to
52 the existing office or mobile office considered the center point from
53 which the radius is measured.

54 (e) Upon the filing of the required application and the applicable
55 application and license fees, the commissioner shall investigate the
56 facts and may issue a license if the commissioner finds that (1) the
57 applicant is in all respects properly qualified and of good character, (2)
58 if the applicant is a firm or partnership, each member of the firm or
59 partnership is in all respects properly qualified and of good character,
60 (3) if the applicant is a corporation, each officer, director, authorized
61 agent and each shareholder owning ten per cent or more of the
62 outstanding stock of such corporation is in all respects properly
63 qualified and of good character, (4) if the applicant is a limited liability
64 company, each manager and authorized agent is in all respects
65 properly qualified and of good character, (5) granting such license
66 would not be against the public interest, (6) the applicant has a feasible
67 plan for conducting business, and (7) the applicant has available and
68 shall continuously maintain liquid assets of at least ten thousand
69 dollars for each general facility location and at least two thousand five
70 hundred dollars for each limited facility location specified in the
71 application.

72 (f) An applicant or licensee shall promptly notify the commissioner,
73 in writing, of any change in the information provided in its initial or
74 renewal application for licensure or most recent renewal of such
75 license.

76 (g) Any person who holds a license in good standing on October 1,
77 2005, and who wishes to continue to engage in the business of cashing
78 checks, shall, not later than January 1, 2006, submit to the
79 commissioner a written statement certified to be true under penalty of
80 law that the licensee complies with the provisions of sections 36a-580
81 to 36a-589, inclusive, as amended by this act. Such statement shall
82 include the information specified in subdivisions (1) to (5), inclusive, of
83 subsection (c) of this section. Upon submission of such statement
84 under oath, a person's current license shall continue in accordance
85 with the provisions of sections 36a-580 to 36a-589, inclusive, as
86 amended by this act. A person whose existing license is continued
87 under this subsection shall not be subject to the requirements of

88 subsection (d) of this section with respect to any location licensed as of
89 October 1, 2005.

90 Sec. 3. Section 36a-584 of the general statutes is repealed and the
91 following is substituted in lieu thereof (*Effective October 1, 2005*):

92 (a) A check cashing licensee shall not charge or collect in fees,
93 charges or otherwise, a sum in excess of one per cent of the check for
94 cashing a check drawn by the state of Connecticut and payable within
95 this state to a recipient of public assistance, as defined in section 36a-
96 304, if the check is negotiated to the licensee by the original payee of
97 the check, and if the payee produces reasonable identification, as
98 provided for in regulations adopted pursuant to section 36a-305.

99 (b) No check cashing licensee shall cash an item if the amount
100 exceeds [two thousand five hundred] fifteen thousand dollars. This
101 subsection shall not apply to (1) the cashing of any check, draft or
102 money order drawn by the United States, any state or any political
103 subdivision of a state, or by any department, bureau, agency,
104 authority, instrumentality or officer, acting in such officer's official
105 capacity, of the United States, any state or any political subdivision of a
106 state, (2) the cashing of any check which has been certified by the
107 depository institution on which it has been drawn, (3) the cashing of
108 any check drawn by an insurance company for the payment of a claim,
109 [and] (4) the cashing of any check drawn by an attorney from the
110 attorney's clients' funds account, and (5) the cashing of any check, draft
111 or money order where the payee is not an individual as long as the
112 licensee complies with all recordkeeping and reporting requirements
113 specified in sections 36a-580 to 36a-589, inclusive, as amended by this
114 act.

115 Sec. 4. Section 36a-585 of the general statutes is repealed and the
116 following is substituted in lieu thereof (*Effective October 1, 2005*):

117 (a) The commissioner shall, by regulation adopted in accordance
118 with the provisions of chapter 54, establish the maximum fees which
119 may be charged by a licensee for cashing a check, draft or money order

120 drawn on a depository institution. No check cashing licensee shall
121 charge any sum in excess of that established by such regulation or one
122 dollar, whichever is greater. In establishing maximum fees under this
123 section, the commissioner shall consider: (1) The effect any change in
124 rates will have on consumers; (2) start-up costs, operational expenses,
125 volume of business, and any other information the commissioner
126 deems relevant. The licensee shall conspicuously post and at all times
127 display, at each place of business, a schedule of fees permitted under
128 sections 36a-580 to 36a-589, inclusive, as amended by this act. The sum
129 of any payment made by an employee or by an employer on behalf of
130 the employee to a licensee of a limited facility for cashing payroll
131 checks shall not exceed the percentage limitation for maximum fees
132 established by the commissioner in regulations adopted pursuant to
133 this section.

134 (b) A payroll service provider shall not be subject to the maximum
135 fees provided in subsection (a) of this section when providing such
136 services.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2005	36a-580(b)
Sec. 2	October 1, 2005	36a-581
Sec. 3	October 1, 2005	36a-584
Sec. 4	October 1, 2005	36a-585

Statement of Legislative Commissioners:

In subsection (g) of section 2 and in subsection (b)(5) of section 3, the phrase "sections 36a-580 to 36a-589, inclusive, as amended by this act" was substituted in lieu of "this part" for clarity of reference.

BA *Joint Favorable Subst.*