



Senate

General Assembly

File No. 233

January Session, 2009

Substitute Senate Bill No. 950

Senate, March 26, 2009

The Committee on Banks reported through SEN. DUFF of the 25th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING CONSUMER CREDIT LICENSEES.

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

1 Section 1. Subsection (c) of section 36a-51 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2009*):

4 (c) Any licensee may surrender any license issued by the
5 commissioner under any provision of the general statutes by [filing
6 with the commissioner written notice that such license is surrendered]
7 surrendering the license to the commissioner in person or by
8 registered or certified mail, but such surrender shall not affect the
9 licensee's civil or criminal liability, or affect the commissioner's ability
10 to impose an administrative penalty on the licensee pursuant to section
11 36a-50 for acts committed prior to the surrender. If, prior to receiving
12 [written notice of a licensee's intent to surrender its license] the license,
13 the commissioner has instituted a proceeding to suspend, revoke or
14 refuse to renew such license, such surrender will not become effective
15 except at such time and under such conditions as the commissioner by

16 order determines. If no proceeding is pending or has been instituted by
17 the commissioner at the time of surrender, the commissioner may still
18 institute a proceeding to suspend, revoke or refuse to renew a license
19 under subsection (a) of this section up to the date one year after the
20 date of receipt of the license by the commissioner.

21 Sec. 2. Subsection (b) of section 36a-486 of the general statutes is
22 repealed and the following is substituted in lieu thereof (*Effective*
23 *October 1, 2009*):

24 (b) No person licensed as a mortgage lender, mortgage
25 correspondent lender or mortgage broker shall employ or retain a
26 mortgage loan originator unless such mortgage loan originator is
27 licensed under sections 36a-485 to 36a-498a, inclusive, as amended by
28 this act. No individual may act as a mortgage loan originator without
29 being licensed, or act as a mortgage loan originator for more than one
30 person. The license of a mortgage loan originator is not effective
31 during any period when such mortgage loan originator is not
32 associated with a licensed mortgage lender, mortgage correspondent
33 lender or mortgage broker, or during any period in which the license
34 of the mortgage lender, mortgage correspondent lender or mortgage
35 broker with whom such originator is associated has been suspended.
36 Either the mortgage loan originator or the mortgage lender, mortgage
37 correspondent lender or mortgage broker may file a notification of the
38 termination of employment of a mortgage loan originator with the
39 Nationwide Mortgage Licensing System.

40 Sec. 3. Section 36a-489 of the general statutes is repealed and the
41 following is substituted in lieu thereof (*Effective October 1, 2009*):

42 (a) If the commissioner finds, upon the filing of an application for a
43 license as a mortgage lender, mortgage correspondent lender or
44 mortgage broker, that the applicant meets the requirements of
45 subsection (a) of section 36a-488, and that the financial responsibility,
46 character, reputation, integrity and general fitness of the applicant and
47 of the partners thereof if the applicant is a partnership, of the members
48 if the applicant is a limited liability company or association, and of the

49 officers, directors and principal employees if the applicant is a
50 corporation, are such as to warrant belief that the business will be
51 operated soundly and efficiently, in the public interest and consistent
52 with the purposes of sections 36a-485 to 36a-498a, inclusive, as
53 amended by this act, and sections 36a-760a to 36a-760h, inclusive, the
54 commissioner may thereupon issue the license. If the commissioner
55 fails to make such findings, or if the commissioner finds that the
56 applicant has made a material misstatement in such application, the
57 commissioner shall not issue a license, and shall notify the applicant of
58 the denial and the reasons for such denial. Any denial of an
59 application by the commissioner shall, when applicable, be subject to
60 the provisions of section 46a-80.

61 (b) Upon the filing of an application for a mortgage loan originator
62 license, the commissioner shall license the mortgage loan originator
63 named in the application unless the commissioner finds that such
64 applicant or mortgage loan originator has made a material
65 misstatement in the application or that the financial responsibility,
66 character, reputation, integrity and general fitness of such mortgage
67 loan originator are not such as to warrant belief that granting such
68 license would be in the public interest and consistent with the
69 purposes of sections 36a-485 to 36a-498a, inclusive, as amended by this
70 act, and sections 36a-760a to 36a-760h, inclusive. If the commissioner
71 denies an application for a mortgage loan originator license, the
72 commissioner shall notify the applicant and the proposed mortgage
73 loan originator of the denial and the reasons for such denial. Any
74 denial of an application by the commissioner shall, when applicable,
75 be subject to the provisions of section 46a-80.

76 (c) Withdrawal of an application for a license filed under subsection
77 (a) or (b) of this section shall become effective upon receipt by the
78 commissioner of a notice of intent to withdraw such application. The
79 commissioner may deny a license up to the date one year after the
80 effective date of withdrawal.

81 Sec. 4. Subsection (e) of section 36a-490 of the general statutes is

82 repealed and the following is substituted in lieu thereof (*Effective*
83 *October 1, 2009*):

84 (e) Each mortgage lender, mortgage correspondent lender,
85 mortgage broker and mortgage loan originator license shall remain in
86 force and effect until it has been surrendered, revoked, suspended or
87 expires, or is no longer effective, in accordance with the provisions of
88 [sections 36a-485 to 36a-498a, inclusive] this title.

89 Sec. 5. Subsection (b) of section 36a-492 of the general statutes is
90 repealed and the following is substituted in lieu thereof (*Effective*
91 *October 1, 2009*):

92 (b) The surety company shall have the right to cancel the bond at
93 any time by a written notice to the licensee stating the date cancellation
94 shall take effect. Such notice shall be sent by certified mail to the
95 licensee at least thirty days prior to the date of cancellation. A surety
96 bond shall not be cancelled unless the surety company notifies the
97 commissioner in writing not less than thirty days prior to the effective
98 date of cancellation. After receipt of such notification from the surety
99 company, the commissioner shall give written notice to the licensee of
100 the date such bond cancellation shall take effect. The commissioner
101 shall automatically suspend the license on such date, unless the
102 licensee prior to such date submits a letter of reinstatement of the bond
103 from the surety company or a new bond or the licensee has ceased
104 business and has surrendered the license in accordance with
105 subsection (a) of section 36a-490. After a license has been automatically
106 suspended, the commissioner shall give the licensee notice of the
107 automatic suspension, proceedings pursuant to section 36a-494 and an
108 opportunity for a hearing on such action in accordance with section
109 36a-51, and require the licensee to take or refrain from taking such
110 action as in the opinion of the commissioner will effectuate the
111 purposes of this section.

112 Sec. 6. Section 36a-537 of the general statutes is repealed and the
113 following is substituted in lieu thereof (*Effective October 1, 2009*):

114 The application for a license as a sales finance company shall be on a
115 form prescribed by the commissioner, in writing and under oath,
116 together with such exhibits and other pertinent information as the
117 commissioner may require. The application shall include (1) history of
118 criminal convictions for the ten-year period prior to the date of the
119 application of the applicant; and the partners, if the applicant is a
120 partnership; the members, if the applicant is a limited liability
121 company or association; or the officers, directors and principal
122 employees if the applicant is a corporation; and (2) sufficient
123 information pertaining to the history of criminal convictions, in a form
124 acceptable to the commissioner, on such applicant, partners, directors,
125 members, officers, directors and principal employees as the
126 commissioner deems necessary to make findings under section 36a-
127 541, as amended by this act.

128 Sec. 7. Section 36a-541 of the general statutes is repealed and the
129 following is substituted in lieu thereof (*Effective October 1, 2009*):

130 If the commissioner finds, upon the filing of an application for a
131 license as a sales finance company, that the financial responsibility,
132 character, reputation, integrity and general fitness of the applicant and
133 of the partners thereof if the applicant is a partnership, of the members
134 if the applicant is a limited liability company or association, and of the
135 officers, directors and principal employees if the applicant is a
136 corporation, are such as to warrant belief that the business will be
137 operated soundly and efficiently, in the public interest and consistent
138 with the purposes of sections 36a-535 to 36a-546, inclusive, as amended
139 by this act, the commissioner may thereupon issue the applicant the
140 license. If the commissioner fails to make such findings, or if the
141 commissioner finds that the applicant has made any material
142 misstatement in the application, the commissioner shall not issue a
143 license, and shall notify the applicant of the denial and the reasons for
144 such denial. The commissioner may deny an application if the
145 commissioner finds that the applicant or any partner, member, officer,
146 director or principal employee of the applicant has been convicted,
147 during the ten-year period prior to the date of application, of any

148 misdemeanor involving any aspect of the sales finance business, or any
149 felony. Any denial of an application by the commissioner shall, when
150 applicable, be subject to the provisions of section 46a-80. Withdrawal
151 of an application for a license shall become effective upon receipt by
152 the commissioner of a notice of intent to withdraw such application.
153 The commissioner may deny a license up to the date one year after the
154 date the withdrawal became effective.

155 Sec. 8. Section 36a-556 of the general statutes is repealed and the
156 following is substituted in lieu thereof (*Effective October 1, 2009*):

157 Upon the filing of the required application and license fee, the
158 commissioner shall investigate the facts and, if the commissioner finds
159 that (1) the experience, character and general fitness of the applicant,
160 and of the members thereof if the applicant is a partnership, limited
161 liability company or association, and of the officers and directors
162 thereof if the applicant is a corporation, are satisfactory, (2) a license to
163 such applicant will be for the convenience and advantage of the
164 community in which the applicant's business is to be conducted and
165 (3) the applicant has the capital investment required by this section, the
166 commissioner shall issue a license to the applicant to make loans in
167 accordance with sections 36a-555 to 36a-573, inclusive, as amended by
168 this act. If the commissioner fails to make such findings or finds that
169 the applicant made a material misstatement in the application, the
170 commissioner shall not issue a license and shall notify the applicant of
171 the denial and the reasons for such denial. The commissioner may
172 deny an application if the commissioner finds that the applicant or any
173 member, officer, or director of the applicant has been convicted, during
174 the ten-year period prior to the date of application, of any
175 misdemeanor involving any aspect of the small loan lender business,
176 or any felony. Any denial of an application by the commissioner shall,
177 when applicable, be subject to the provisions of section 46a-80.
178 Withdrawal of an application for a license shall become effective upon
179 receipt by the commissioner of a notice of intent to withdraw such
180 application. The commissioner may deny a license up to the date one
181 year after the date the withdrawal became effective. The capital

182 investment shall be not less than twenty-five thousand dollars for each
183 licensed location in a city or town with a population of ten thousand or
184 more inhabitants and ten thousand dollars for each licensed location in
185 a city or town with a smaller population. Population shall be
186 determined according to the last United States census at the time a
187 license is granted.

188 Sec. 9. Section 36a-557 of the general statutes is repealed and the
189 following is substituted in lieu thereof (*Effective October 1, 2009*):

190 (a) An application for such license shall be in writing, under oath
191 and in the form prescribed by the commissioner, and shall include (1)
192 the history of criminal convictions for the ten-year period prior to the
193 date of the application of the applicant; the members, if the applicant is
194 a partnership, limited liability company or association; or the officers
195 and directors, if the applicant is a corporation, and (2) sufficient
196 information pertaining to the history of criminal convictions, in a form
197 acceptable to the commissioner, on such applicant, members, officers
198 and directors as the commissioner deems necessary to make the
199 findings under section 36a-556, as amended by this act.

200 (b) Withdrawal of an application for a license filed under subsection
201 (a) of this section shall become effective upon receipt by the
202 commissioner of a notice of intent to withdraw such application. The
203 commissioner may deny a license up to the date one year after the date
204 the withdrawal became effective.

205 Sec. 10. Subsection (c) of section 36a-581 of the general statutes is
206 repealed and the following is substituted in lieu thereof (*Effective*
207 *October 1, 2009*):

208 (c) An application for a check cashing license or renewal of such
209 license shall be in writing, under oath and on a form provided by the
210 commissioner. The application shall set forth: (1) The name and
211 address of the applicant; (2) if the applicant is a firm or partnership,
212 the names and addresses of each member of the firm or partnership;
213 (3) if the applicant is a corporation, the names and addresses of each

214 officer, director, authorized agent and each shareholder owning ten
215 per cent or more of the outstanding stock of such corporation; (4) if the
216 applicant is a limited liability company, the names and addresses of
217 each member and authorized agent of such limited liability company;
218 (5) (i) the history of criminal convictions for the ten-year period prior
219 to the date of the application of the applicant; the members, if the
220 applicant is a firm or partnership; the officers, directors, authorized
221 agent and each shareholder owning ten per cent or more of the
222 outstanding stock of the applicant, if the applicant is a corporation,
223 and (ii) sufficient information pertaining to the history of criminal
224 convictions in a form acceptable to the commissioner on such
225 applicant, members, officers, directors, authorized agent and
226 shareholders as the commissioner deems necessary to make the
227 findings under subsection (e) of his section, as amended by this act; (6)
228 each location where the check cashing business is to be conducted and
229 the type of facility that will be operated at that location; ~~[(6)]~~ (7) the
230 business plan, which shall include the proposed days and hours of
231 operation; ~~[(7)]~~ (8) the amount of liquid assets available for each
232 location which shall not be less than the amount specified in
233 subdivision (7) of subsection (e) of this section, as amended by this act;
234 ~~[(8)]~~ (9) for each limited facility, a copy of the executed contract
235 evidencing the proposed arrangement between the applicant and the
236 employer; and ~~[(9)]~~ (10) any other information the commissioner may
237 require.

238 Sec. 11. Subsection (a) of section 36a-582 of the general statutes is
239 repealed and the following is substituted in lieu thereof (*Effective*
240 *October 1, 2009*):

241 (a) Each applicant for a check cashing license shall pay to the
242 commissioner a nonrefundable initial license fee of two thousand
243 dollars and a nonrefundable location fee of two hundred dollars for
244 each location, except that if such application is filed not earlier than
245 one year before the date such license will expire, the applicant shall
246 pay to the commissioner a nonrefundable initial license fee of one
247 thousand dollars and a nonrefundable location fee of one hundred

248 dollars for each location. Each licensee shall pay to the commissioner a
249 nonrefundable (1) name change fee of one hundred dollars for each
250 application to change a name, and (2) location transfer fee of one
251 hundred dollars for each application to transfer a location. Each license
252 issued pursuant to section 36a-581, as amended by this act, shall expire
253 at the close of business on September thirtieth of the odd-numbered
254 year following its issuance unless such license is renewed, provided
255 any license that is renewed effective July 1, 2007, shall expire on
256 September 30, 2009, unless renewed. Each licensee shall, on or before
257 September first of the year in which the license expires, pay to the
258 commissioner a renewal license fee of one thousand five hundred
259 dollars and a renewal location fee for each location of one hundred
260 dollars for the succeeding two years, commencing October first. In the
261 case of a license that expires on June 30, 2007, each licensee shall, on or
262 before June 1, 2007, pay to the commissioner a renewal license fee of
263 one thousand six hundred eighty-eight dollars and a renewal location
264 fee of one hundred thirteen dollars. Any renewal application filed with
265 the commissioner after September first, or in the case of a license that
266 expires on June 30, 2007, after June 1, 2007, shall be accompanied by a
267 one-hundred-dollar late fee and any such filing shall be deemed to be
268 timely and sufficient for purposes of subsection (b) of section 4-182.
269 Each licensee shall file with the commissioner, not later than
270 September first of each even-numbered year, the information required
271 by subdivision [(7)] (8) of subsection (c) of section 36a-581, as amended
272 by this act.

273 Sec. 12. Subsection (e) of section 36a-581 of the general statutes is
274 repealed and the following is substituted in lieu thereof (*Effective*
275 *October 1, 2009*):

276 (e) Upon the filing of the required application and the applicable
277 license and location fees, the commissioner shall investigate the facts
278 and may issue a license if the commissioner finds that (1) the applicant
279 is in all respects properly qualified and of good character, (2) if the
280 applicant is a firm or partnership, each member of the firm or
281 partnership is in all respects properly qualified and of good character,

282 (3) if the applicant is a corporation, each officer, director, authorized
283 agent and each shareholder owning ten per cent or more of the
284 outstanding stock of such corporation is in all respects properly
285 qualified and of good character, (4) if the applicant is a limited liability
286 company, each member and authorized agent is in all respects
287 properly qualified and of good character, (5) granting such license
288 would not be against the public interest, (6) the applicant has a feasible
289 plan for conducting business, and (7) the applicant has available and
290 shall continuously maintain liquid assets of at least ten thousand
291 dollars for each general facility location and at least two thousand five
292 hundred dollars for each limited facility location specified in the
293 application. The commissioner may deny an application if the
294 commissioner finds that the applicant or any member, officer, director
295 or authorized agent or shareholder owning ten per cent or more of the
296 outstanding stock of the applicant has been convicted, during the ten-
297 year period prior to the date of application, of any misdemeanor
298 involving any aspect of the check cashing services business, or any
299 felony. Any denial of an application by the commissioner shall, when
300 applicable, be subject to the provisions of section 46a-80.

301 Sec. 13. Section 36a-596 of the general statutes is repealed and the
302 following is substituted in lieu thereof (*Effective October 1, 2009*):

303 As used in sections 36a-595 to 36a-610, inclusive, as amended by this
304 act:

305 (1) "Electronic payment instrument" means a card or other tangible
306 object for the transmission of money or monetary value or payment of
307 money which contains a microprocessor chip, magnetic stripe, or other
308 means for the storage of information, that is prefunded and for which
309 the value is decremented upon each use, but does not include a card or
310 other tangible object that is redeemable by the issuer in the issuer's
311 goods or services.

312 (2) "Holder" means a person, other than a purchaser, who is either in
313 possession of a Connecticut payment instrument and is the named
314 payee thereon or in possession of a Connecticut payment instrument

315 issued or endorsed to such person or bearer or in blank. "Holder" does
316 not include any person who is in possession of a lost, stolen or forged
317 Connecticut payment instrument.

318 (3) "Licensee" means any person licensed or required to be licensed
319 pursuant to sections 36a-595 to 36a-610, inclusive, as amended by this
320 act.

321 (4) "Material litigation" means any litigation that, according to
322 generally accepted accounting principles, is deemed significant to a
323 person's financial health and would be required to be referenced in a
324 person's annual audited financial statements, report to shareholders or
325 similar documents.

326 (5) "Monetary value" means a medium of exchange, whether or not
327 redeemable in money.

328 (6) "Money order" means any check, draft, money order or other
329 payment instrument. "Money order" does not include a travelers check
330 or electronic payment instrument.

331 (7) "Money transmission" means engaging in the business of
332 receiving money or monetary value for current or future transmission
333 or the business of transmitting money or monetary value within the
334 United States or to locations outside the United States by any and all
335 means including, but not limited to, payment instrument, wire,
336 facsimile or electronic transfer or issuing stored value.

337 (8) "Net worth" means the excess of assets over liabilities as
338 determined by generally accepted accounting principles.

339 (9) "Outstanding" means, in the case of a money order, travelers
340 check, electronic payment instrument or stored value, that: (A) It is
341 sold or issued in the United States; (B) a report of it has been received
342 by a licensee from its agents; [or subagents;] and (C) it has not yet been
343 paid by the issuer.

344 (10) "Payment instrument" means a money order, travelers check or

345 electronic payment instrument that evidences either an obligation for
346 the transmission of money or monetary value or payment of money, or
347 the purchase or the deposit of funds for the purchase of such money
348 order, travelers check or electronic payment instrument. A payment
349 instrument is a "Connecticut payment instrument" if it is sold in this
350 state.

351 (11) "Permissible investment" means: (A) Cash in United States
352 currency; (B) time deposits, as defined in section 36a-2, or other debt
353 instruments of a bank; (C) bills of exchange or bankers acceptances
354 which are eligible for purchase by member banks of the Federal
355 Reserve System; (D) commercial paper of prime quality; (E) interest-
356 bearing bills, notes, bonds, debentures or other obligations issued or
357 guaranteed by: (i) The United States or any of its agencies or
358 instrumentalities, or (ii) any state, or any agency, instrumentality,
359 political subdivision, school district or legally constituted authority of
360 any state if such investment is of prime quality; (F) interest-bearing
361 bills or notes, or bonds, debentures or preferred stocks, traded on any
362 national securities exchange or on a national over-the-counter market,
363 if such debt or equity investments are of prime quality; (G) receivables
364 due from selling agents consisting of the proceeds of the sale of
365 payment instruments which are not past due or doubtful of collection;
366 (H) gold; and (I) any other investments approved by the
367 commissioner. Notwithstanding the provisions of this subdivision, if
368 the commissioner at any time finds that an investment of a licensee is
369 unsatisfactory for investment purposes, the investment shall not
370 qualify as a permissible investment.

371 (12) "Prime quality" of an investment means that it is within the top
372 four rating categories in any rating service recognized by the
373 commissioner unless the commissioner determines for any licensee
374 that only those investments in the top three rating categories qualify as
375 "prime quality".

376 (13) "Purchaser" means a person who buys or has bought a
377 Connecticut payment instrument or who has given money or

378 monetary value for current or future transmission.

379 (14) "Stored value" means monetary value that is evidenced by an
380 electronic record. For the purposes of this subdivision, "electronic
381 record" means information that is stored in an electronic medium and
382 is retrievable in perceivable form.

383 (15) "Travelers check" means a payment instrument for the payment
384 of money that contains a provision for a specimen signature of the
385 purchaser to be completed at the time of a purchase of the instrument
386 and a provision for a countersignature of the purchaser to be
387 completed at the time of negotiation.

388 (16) "Unsafe or unsound practice" means a practice or conduct by a
389 licensee or an agent of such licensee that is likely to result in a material
390 loss, insolvency or dissipation of the licensee's assets or otherwise
391 materially prejudice the interests of purchasers.

392 Sec. 14. Subsection (a) of section 36a-597 of the general statutes is
393 repealed and the following is substituted in lieu thereof (*Effective*
394 *October 1, 2009*):

395 (a) No person shall engage in the business of issuing Connecticut
396 payment instruments, or engage in the business of money
397 transmission, without [first obtaining] a license [from] issued by the
398 commissioner as provided in section 36a-600, as amended by this act.
399 No person shall engage in such business or in the business of selling
400 Connecticut payment instruments as an agent, [or subagent,] except as
401 an agent [or subagent] of a [licensee] person that has been issued a
402 license by the commissioner as provided in section 36a-600, as
403 amended by this act, or an entity or a person exempt under section
404 36a-609, as amended by this act, and in accordance with section 36a-
405 607, as amended by this act. The licensee and the agent shall promptly
406 notify the commissioner, in writing, of the termination of the contract
407 between such licensee and agent.

408 Sec. 15. Section 36a-598 of the general statutes is repealed and the

409 following is substituted in lieu thereof (*Effective October 1, 2009*):

410 (a) Each application for an original or renewal license required
411 under sections 36a-595 to 36a-610, inclusive, as amended by this act,
412 shall be made in writing and under oath to the commissioner in such
413 form as the commissioner may prescribe. The application shall include:

414 (1) The exact name of the applicant and, if incorporated, the date of
415 incorporation and the state where incorporated;

416 (2) The complete address of the principal office from which the
417 business is to be conducted [,] and of the office where the books and
418 records of the applicant are [maintained and] to be maintained; [,
419 including the street and number, if any, and the municipality and
420 county of such offices;]

421 (3) The complete name and address of each of the applicant's
422 branches, subsidiaries, affiliates and agents, [and subagents,] if any,
423 engaging in this state in the business of selling or issuing Connecticut
424 payment instruments, or engaging in the business of money
425 transmission;

426 (4) The name, title, address and telephone number of the person to
427 whom notice of the commissioner's approval or disapproval of the
428 application shall be sent and to whom any inquiries by the
429 commissioner concerning the application shall be directed;

430 (5) The name and residence address of [(A)] the individual, if the
431 applicant is an individual; [(B)] the partners, if the applicant is a
432 partnership; [(C)] the directors, trustees, principal officers, and any
433 shareholder owning ten per cent or more of each class of its securities,
434 if the applicant is a corporation or association; or [(D)] the members, if
435 the applicant is a limited liability company; [, and sufficient
436 information pertaining to the name and address, in a form acceptable
437 to the commissioner, on such partners, directors, trustees, principal
438 officers, members, and any shareholder owning ten per cent or more of
439 each class of its securities, as the commissioner deems necessary to

440 make the findings under section 36a-600;]

441 (6) The most recently audited unconsolidated financial statement of
442 the applicant, including its balance sheet and receipts and
443 disbursements for the preceding year, prepared by an independent
444 certified public accountant acceptable to the commissioner;

445 (7) A list of the applicant's permissible investments, the book and
446 market values of such investments, and the dollar amount of the
447 applicant's aggregate outstanding payment instruments (A) as of the
448 date of the financial statement filed in accordance with subdivision (6)
449 of this subsection; and (B) as of a date no earlier than thirty business
450 days prior to the filing of the application;

451 (8) The history of material litigation [and criminal convictions] for
452 the five-year period prior to the date of the application of [(A)] the
453 individual, if the applicant is an individual; [(B)] the partners, if the
454 applicant is a partnership; [(C)] the directors, trustees, principal
455 officers and any shareholder owning ten per cent or more of each class
456 of its securities, if the applicant is a corporation or association; or [(D)]
457 the members, if the applicant is a limited liability company, and
458 sufficient information pertaining to the history of material litigation,
459 [and criminal convictions,] in a form acceptable to the commissioner,
460 on such individual or the partners, directors, trustees, principal
461 officers, members and any shareholder owning ten per cent or more of
462 each class of [its] the applicant's securities;

463 (9) (A) The history of criminal convictions for the ten-year period
464 prior to the date of the application of the individual, if the applicant is
465 an individual; the partners, if the applicant is a partnership; the
466 directors, trustees, principal officers and any shareholder owning ten
467 per cent or more of each class of its securities if the applicant is a
468 corporation or association; or the members, if the applicant is a limited
469 liability company, and (B) sufficient information pertaining to the
470 history of criminal convictions, in a form acceptable to the
471 commissioner, on such individual or the partners, directors, trustees,
472 principal officers, members and any shareholder owning ten per cent

473 or more of each class of the applicant's securities;

474 ~~[(9)]~~ (10) (A) The surety bond required by subsection (a) of section
475 36a-602, if applicable;

476 (B) A list of the investments maintained in accordance with
477 subsection (c) of section 36a-602, if applicable, and the book and
478 market values of any such investments (i) as of the date of the financial
479 statement filed in accordance with subdivision (6) of this subsection;
480 and (ii) as of a date no earlier than thirty business days prior to the
481 filing of the application;

482 ~~[(C) The commissioner may defer compliance with the provisions of
483 this subdivision until after the commissioner rules on the application,
484 but the commissioner shall not issue a license until an applicant
485 complies with the provisions of this subdivision;]~~

486 ~~[(10)]~~ (11) A statement of whether the applicant will engage in the
487 business of issuing money orders, travelers checks or electronic
488 payment instruments or engage in the business of money transmission
489 in this state; and

490 ~~[(11)]~~ (12) Any other information the commissioner may require.

491 (b) An applicant or licensee shall promptly notify the commissioner,
492 in writing, of any change in the information provided in the
493 application for license or most recent renewal of such license.

494 (c) A licensee shall not change the name specified on its license
495 unless, prior to such change in name, the licensee files an application
496 with the commissioner accompanied by the name change fee specified
497 in subsection (a) of section 36a-599 and receives the approval of the
498 commissioner.

499 ~~(d) A licensee shall provide a written notice to the commissioner no~~
500 later than one business day after the licensee has reason to know of the
501 occurrence of any of the following events:

502 (1) The filing of a petition by or against the licensee under the
503 United States Bankruptcy Code for bankruptcy or reorganization;

504 (2) The filing of a petition by or against the licensee for receivership,
505 the commencement of any other judicial or administrative proceeding
506 for its dissolution or reorganization, or the making of a general
507 assignment for the benefit of its creditors;

508 (3) The commencement of a proceeding to revoke or suspend its
509 license to engage in money transmission in another state or foreign
510 country, or other formal or informal regulatory action by any
511 governmental agency against the licensee and the reasons therefor;

512 (4) The commencement of any action by the Attorney General or the
513 attorney general of any other state and the reasons therefor;

514 (5) The cancellation or other impairment of the licensee's bond or
515 other security, including notice of claims filed against the licensee's
516 bond or other security;

517 (6) A conviction of the licensee or of a partner, director, trustee,
518 principal officer, member or shareholder owning ten per cent or more
519 of each class of the licensee's securities for a misdemeanor involving
520 the money transmission business or the business of issuing
521 Connecticut payment instruments, or a felony; or

522 (7) A conviction of its agent for a felony.

523 Sec. 16. Section 36a-600 of the general statutes is repealed and the
524 following is substituted in lieu thereof (*Effective October 1, 2009*):

525 (a) Upon the filing of an application for an original license, and the
526 payment of the fees for investigation and license, the commissioner
527 shall investigate the financial condition and responsibility, financial
528 and business experience, character and general fitness of the applicant.
529 The commissioner shall approve conditionally any application, if the
530 commissioner finds that:

531 (1) The applicant's financial condition is sound;

532 (2) The applicant's business will be conducted honestly, fairly,
533 equitably, carefully and efficiently within the purposes and intent of
534 sections 36a-595 to 36a-610, inclusive, as amended by this act, and in a
535 manner commanding the confidence and trust of the community;

536 (3) (A) If the applicant is an individual, such individual is in all
537 respects properly qualified and of good character, (B) if the applicant is
538 a partnership, each partner is in all respects properly qualified and of
539 good character, (C) if the applicant is a corporation or association, each
540 president, chairperson of the executive committee, senior officer
541 responsible for the corporation's business, chief financial officer or any
542 other person who performs similar functions as determined by the
543 commissioner, director, trustee and each shareholder owning ten per
544 cent or more of each class of the securities of such corporation is in all
545 respects properly qualified and of good character, or (D) if the
546 applicant is a limited liability company, each member is in all respects
547 properly qualified and of good character;

548 (4) The applicant is in compliance with the provisions of sections
549 36a-603 and 36a-604;

550 (5) No person on behalf of the applicant knowingly has made any
551 incorrect statement of a material fact in the application, or in any
552 report or statement made pursuant to sections 36a-595 to 36a-610,
553 inclusive, as amended by this act; and [;]

554 (6) No person on behalf of the applicant knowingly has omitted to
555 state any material fact necessary to give the commissioner any
556 information lawfully required by the commissioner.

557 (b) If the commissioner conditionally approves an application, the
558 applicant shall have thirty days from the date of such appeal [, which
559 the commissioner may extend for cause,] to comply with the
560 requirements of section 36a-602, as amended by this act. The
561 commissioner may extend the time for compliance for cause. Upon

562 such compliance, the commissioner's conditional approval shall
563 become final, and the commissioner shall issue a license to the
564 applicant. The commissioner shall not issue a license to any applicant
565 unless the applicant is in compliance with all the requirements of
566 subsection (a) of this section and section 36a-602 and has paid the
567 investigation and license fee required under section 36a-599.

568 (c) The commissioner may deny an application if the commissioner
569 finds that the applicant or any of its partners, directors, trustees,
570 principal officers or shareholders owning ten per cent or more of the
571 shares of the applicant or members have been convicted, during the
572 ten-year period prior to the date of application, of any misdemeanor
573 involving any aspect of the money transmission business or the
574 business of issuing Connecticut payment instruments, or any felony.
575 Any denial of an application by the commissioner shall, when
576 applicable, be subject to the provisions of section 46a-80.

577 Sec. 17. Subsection (b) of section 36a-602 of the general statutes is
578 repealed and the following is substituted in lieu thereof (*Effective*
579 *October 1, 2009*):

580 (b) The surety company may cancel the bond at any time by a
581 written notice to the licensee, stating the date cancellation shall take
582 effect. Such notice shall be sent by certified mail to the licensee at least
583 thirty days prior to the date of cancellation. A surety bond shall not be
584 cancelled unless the surety company notifies the commissioner in
585 writing not less than thirty days prior to the effective date of
586 cancellation. After receipt of such notification from the surety
587 company, the commissioner shall give written notice to the licensee of
588 the date such bond cancellation shall take effect. The commissioner
589 shall automatically suspend the license on [the] such date, [the
590 cancellation takes effect,] unless the [surety bond has been replaced or
591 renewed,] licensee, prior to such date, submits (1) a letter of
592 reinstatement of the bond from the surety company, (2) a new bond,
593 (3) evidence that all of the principal sum of such surety bond has been
594 invested as provided in subsection (c) of this section, [or] (4) a new

595 bond that replaces the surety bond [has been replaced] in part and
596 evidence that the remaining part of the principal sum of such surety
597 bond has been invested as provided in subsection (c) of this section, or
598 [unless] (5) evidence that the licensee has ceased business and has
599 [voluntarily] surrendered the license. [The] After a license has been
600 automatically suspended, the commissioner shall give the licensee
601 notice of the automatic suspension pending proceedings for revocation
602 or refusal to renew such license and an opportunity for a hearing on
603 such actions in accordance with section 36a-51 and require the licensee
604 to take or refrain from taking such action as in the opinion of the
605 commissioner will effectuate the purposes of this section.

606 Sec. 18. Section 36a-605 of the general statutes is repealed and the
607 following is substituted in lieu thereof (*Effective October 1, 2009*):

608 In connection with the examination of a licensee under section 36a-
609 17, the commissioner may also examine the agents [and subagents] of
610 such licensee. The commissioner, in lieu of conducting an examination,
611 may accept the report of examination of any other state or federal
612 supervisory agency or any organization affiliated with or representing
613 such supervisory agency with respect to the examination or other
614 supervision of any person subject to the provisions of sections 36a-595
615 to 36a-610, inclusive, as amended by this act, or a report prepared by
616 an independent accounting firm, and reports so accepted are
617 considered for purposes of sections 36a-595 to 36a-610, inclusive, as
618 amended by this act, as an official examination report of the
619 commissioner.

620 Sec. 19. Section 36a-607 of the general statutes is repealed and the
621 following is substituted in lieu thereof (*Effective October 1, 2009*):

622 (a) A licensee may conduct its business at one or more locations
623 within this state as follows:

624 (1) The business may be conducted by the licensee or through or by
625 means of such agents [and subagents] as the licensee may periodically
626 designate or appoint. An agent may not engage in the business of

627 issuing Connecticut payment instruments or the business of money
628 transmission on behalf of a licensee through or by means of a
629 subagent.

630 (2) No license under sections 36a-595 to 36a-610, inclusive, as
631 amended by this act, shall be required of any agent [or subagent] of a
632 licensee.

633 (3) Each agent [and subagent] of a licensee shall, from the moment
634 of receipt, hold the proceeds of a sale or delivery of a licensee's
635 Connecticut payment instruments in trust for the benefit of such
636 licensee. [or of an agent of the licensee on behalf of such licensee.]

637 (4) A licensee shall be liable for the loss caused to any purchaser or
638 holder of the licensee's Connecticut payment instruments by the failure
639 of an agent [or subagent] of the licensee to forward to the licensee the
640 amount due from the proceeds of a sale or delivery of the licensee's
641 Connecticut payment instruments, or money or monetary value
642 received for transmission.

643 (5) The licensee shall enter into a contract with each of its agents that
644 requires the agent to operate in full compliance with sections 36a-595
645 to 36a-610, inclusive, as amended by this act, and provides that
646 appointment of the agent is not effective during any period when the
647 license of the licensee has been suspended. The licensee shall provide
648 each such agent with policies and procedures sufficient to ensure
649 compliance with sections 36a-595 to 36a-610, inclusive, as amended by
650 this act.

651 (6) An agent of a licensee shall remit all money owing to the licensee
652 in accordance with the terms of the contract between the licensee and
653 the agent.

654 (7) An agent of a licensee shall not provide money transmission
655 services outside the scope of activity permissible under the contract
656 between the agent and the licensee.

657 (b) For purposes of subsection (a) of this section, a licensee [shall

658 include] means any person that has obtained a license from the
659 commissioner as provided in section 36a-600, as amended by this act,
660 and any entity or person exempt under section 36a-609, as amended by
661 this act.

662 Sec. 20. Section 36a-608 of the general statutes is repealed and the
663 following is substituted in lieu thereof (*Effective October 1, 2009*):

664 (a) The commissioner shall make such investigations and conduct
665 such hearings as the commissioner considers necessary to determine
666 whether any licensee or any other person has violated or is about to
667 violate any of the provisions of sections 36a-595 to 36a-610, inclusive,
668 as amended by this act, or whether any licensee has acted in such
669 manner as otherwise would justify the suspension or revocation of the
670 license. The provisions of section 36a-17 shall apply to such
671 investigation.

672 (b) The commissioner may suspend or revoke a license or take any
673 other action, in accordance with section 36a-51, as amended by this act,
674 on any ground on which the commissioner might refuse to issue an
675 original license, for any violation of sections 36a-595 to 36a-610,
676 inclusive, as amended by this act, or of any regulation adopted under
677 said sections, for noncompliance with an order [which] that the
678 commissioner may issue under said sections to a licensee, [or] for
679 failure of the licensee to pay a judgment ordered by any court within
680 or outside this state within thirty days after the judgment becomes
681 final or within thirty days after expiration or termination of a stay of
682 execution of the judgment, for engaging in fraud, intentional
683 misrepresentation or gross negligence, or for engaging in an unsafe
684 and unsound practice.

685 (c) Whenever it appears to the commissioner that any person has
686 violated, is violating or is about to violate any provision of sections
687 36a-595 to 36a-610, inclusive, as amended by this act, or any regulation
688 adopted under said sections, or any licensee has failed to pay a
689 judgment ordered by any court within or outside of this state thirty
690 days after the date on which the judgment becomes final or thirty days

691 after the date of the expiration or termination of a stay of execution of
692 the judgment, or engaged in fraud, intentional misrepresentation or
693 gross negligence, or engaged in an unsafe and unsound practice, the
694 commissioner may take action against such person in accordance with
695 [section] sections 36a-50 and 36a-52.

696 (d) [The commissioner may order a licensee to terminate its agency
697 relationship with any agent or subagent who refuses to allow an
698 examination of its books and records regarding the business of such
699 licensee as provided in section 36a-605.] The commissioner may order
700 a licensee to terminate its agency relationship with any agent if the
701 commissioner finds that: (1) The agent violated any provision of
702 sections 36a-595 to 36a-610, inclusive, as amended by this act, or any
703 regulation adopted under said sections or any other law or regulation
704 applicable to the conduct of its business; (2) the agent refused to allow
705 an examination of its books and records regarding the business of such
706 licensee as provided in section 36a-605, as amended by this act; (3) the
707 agent engaged in fraud, intentional misrepresentation, or gross
708 negligence or misappropriated funds; (4) the agent has been convicted
709 of a violation of a state or federal anti-money laundering statute; (5)
710 the competence, experience, character or general fitness of the agent or
711 a manager, partner, director, trustee, principal officer, member or
712 shareholder owning ten per cent or more of each class of the agent's
713 securities demonstrates that it would not be in the public interest to
714 permit such agent to engage in the business of issuing Connecticut
715 payment instruments or the business of money transmission on behalf
716 of a licensee; or (6) the agent is engaging in an unsafe or unsound
717 practice.

718 Sec. 21. Section 36a-609 of the general statutes is repealed and the
719 following is substituted in lieu thereof (*Effective October 1, 2009*):

720 The provisions of sections 36a-597 to 36a-606a, inclusive, as
721 amended by this act, shall not apply to:

722 (1) Any federally insured federal bank, out-of-state bank, federal
723 credit union or out-of-state credit union, provided such institution

724 does not issue or sell Connecticut payment instruments or transmit
725 money or monetary value through an agent [or subagent] which is not
726 a federally insured bank, out-of-state bank, Connecticut credit union,
727 federal credit union or out-of-state credit union;

728 (2) Any Connecticut bank or Connecticut credit union;

729 (3) The United States Postal Service; and

730 (4) A person whose activity is limited to the electronic funds transfer
731 of governmental benefits for or on behalf of a federal, state or other
732 governmental agency, quasi-governmental agency or government
733 sponsored enterprise.

734 Sec. 22. Subsection (c) of section 36a-647 of the general statutes is
735 repealed and the following is substituted in lieu thereof (*Effective*
736 *October 1, 2009*):

737 (c) Whenever the commissioner has reason to believe that any
738 person has violated, is violating or is about to violate any provision of
739 sections 36a-645 to 36a-647, inclusive, as amended by this act, or any
740 regulation adopted under this section, the commissioner may take
741 action against such person in accordance with [section] sections 36a-50
742 and 36a-52.

743 Sec. 23. Section 36a-655 of the general statutes is repealed and the
744 following is substituted in lieu thereof (*Effective October 1, 2009*):

745 As used in sections 36a-655 to 36a-665, inclusive, as amended by this
746 act, ["bona fide nonprofit organization" means any organization that is
747 exempt from taxation under Section 501(c)(3) of the Internal Revenue
748 Code of 1986, or any subsequent corresponding internal revenue code
749 of the United States, as from time to time amended;] (1) "debt
750 adjustment" means (A) receiving, as agent of a debtor, money or
751 evidences thereof for the purpose of distributing such money or
752 evidences thereof among creditors in full or partial payment of
753 obligations of the debtor, (B) arranging or assisting a debtor to arrange
754 for the distribution of one or more payments to or among one or more

755 creditors of the debtor in full or partial payment of the debtor's
756 obligations, or (C) negotiating the terms of a debtor's obligations with
757 one or more creditors of the debtor, including the term, interest rate,
758 installment payments, loan balance or amount necessary for a creditor
759 to release any liens on property securing the debtor's obligation,
760 including the negotiation of short sales of real estate; [and] (2) "debtor"
761 means any individual who has incurred indebtedness or owes a debt
762 for personal, family or household purposes; (3) "mortgagee" means the
763 original lender under a mortgage, or its agents, successors or assigns;
764 (4) "mortgagor" means the owner-occupant of a one-to-four family
765 residential property located in this state, including, but not limited to,
766 a single-family unit in a common interest community, who is also the
767 borrower under a mortgage encumbering such real property; and (5)
768 "short sale" means a procedure in which, due to prevailing real estate
769 market conditions, a mortgagor sells or is only reasonably able to sell a
770 mortgaged property for less than the value of the mortgage, and the
771 mortgagee agrees to accept the money received from such sale as
772 satisfaction of a mortgage and may also waive its rights under a
773 promissory note in lieu of foreclosure proceedings.

774 Sec. 24. Section 36a-656 of the general statutes is repealed and the
775 following is substituted in lieu thereof (*Effective October 1, 2009*):

776 (a) No person [, other than a bona fide nonprofit organization,] shall
777 engage in the business of debt adjustment in this state [. No bona fide
778 nonprofit organization shall engage in the business of debt adjustment
779 in this state] without a debt adjuster license. Any [bona fide nonprofit
780 organization] person desiring to obtain such a license shall file with the
781 commissioner an application under oath, setting forth such
782 information as the commissioner may require. Each applicant for a
783 license and each licensee shall notify the commissioner of any change
784 in the applicant's business from that stated in the application for the
785 license.

786 (b) An application for a debt adjuster license or renewal of such
787 license shall be in writing on a form provided by the commissioner

788 and shall include (1) the history of criminal convictions for the ten-year
789 period prior to the date of the application of the applicant; the
790 partners, if the applicant is a partnership; the members, if the applicant
791 is a limited liability company or association; or the officers, directors
792 and principal employees if the applicant is a corporation, and (2)
793 sufficient information pertaining to the history of criminal convictions,
794 in a form acceptable to the commissioner, on such applicant, partners,
795 directors, members, officers, directors and principal employees as the
796 commissioner deems necessary to make the findings under subsection
797 (c) of this section.

798 [(b)] (c) If the commissioner finds, upon the filing of an application
799 for a debt adjuster license, that: (1) The financial responsibility,
800 character, reputation, integrity and general fitness of the applicant and
801 of the partners thereof if the applicant is a partnership, of the members
802 if the applicant is a limited liability company or association, and of the
803 officers, directors and principal employees if the applicant is a
804 corporation, are such as to warrant belief that the business will be
805 operated soundly and efficiently, in the public interest and consistent
806 with the purposes of sections 36a-655 to 36a-665, inclusive, as amended
807 by this act; and (2) the applicant is solvent and no proceeding in
808 bankruptcy, receivership or assignment for the benefit of creditors has
809 been commenced against the applicant, the commissioner may
810 thereupon issue the applicant a debt adjuster license. If the
811 commissioner fails to make such findings, the commissioner shall not
812 issue a license and shall notify the applicant of the reasons for such
813 denial. The commissioner may deny an application if the
814 commissioner finds that the applicant or any partner, member, officer,
815 director or principal employee of the applicant has been convicted,
816 during the ten-year period prior to the date of application, of any
817 misdemeanor involving any aspect of the debt adjuster business, or
818 any felony. Any denial of an application by the commissioner shall,
819 when applicable, be subject to the provisions of section 46a-80.
820 Withdrawal of an application for a license shall become effective upon
821 receipt by the commissioner of a notice of intent to withdraw such
822 application. The commissioner may deny a license up to the date one

823 year after the effective date of withdrawal.

824 [(c)] (d) Each applicant for an original debt adjuster license shall, at
825 the time of making such application, pay to the commissioner an
826 application fee of two hundred fifty dollars. Each such license shall
827 expire at the close of business on September thirtieth of the odd-
828 numbered year following its issuance unless such license is renewed.
829 [Any license issued prior to October 1, 2002, shall expire on September
830 30, 2003, unless renewed.] Each licensee shall, on or before September
831 first of the year in which the license expires, file such renewal
832 application as the commissioner may require.

833 [(d)] (e) If the commissioner determines that a check filed with the
834 commissioner to pay an application fee has been dishonored, the
835 commissioner shall automatically suspend the license or a renewal
836 license that has been issued but is not yet effective. The commissioner
837 shall give the licensee notice of the automatic suspension pending
838 proceedings for revocation or refusal to renew and an opportunity for
839 a hearing on such actions in accordance with section 36a-51, as
840 amended by this act.

841 [(e)] (f) No abatement of the license fee shall be made if the license is
842 surrendered, revoked or suspended prior to the expiration of the
843 period for which it was issued. The fee required by subsection [(c)] (d)
844 of this section shall be nonrefundable.

845 Sec. 25. Subsection (b) of section 36a-664 of the general statutes is
846 repealed and the following is substituted in lieu thereof (*Effective*
847 *October 1, 2009*):

848 (b) The surety or insurance company shall have the right to cancel
849 any bond or insurance policy written or issued under subsection (a) of
850 this section at any time by a written notice to the licensee, stating the
851 date cancellation shall take effect. Such notice shall be sent by certified
852 mail to the licensee at least thirty days prior to the date of cancellation.
853 No such bond shall be cancelled unless the surety or insurance
854 company notifies the commissioner in writing not less than thirty days

855 prior to the effective date of cancellation. After receipt of such
856 notification from the surety or insurance company, the commissioner
857 shall give written notice to the licensee of the date such bond or
858 insurance policy cancellation shall take effect. The commissioner shall
859 automatically suspend the license on [the] such date, [the cancellation
860 takes effect,] unless [the bond or insurance policy has been replaced or
861 renewed. The] prior to such date the licensee submits a letter of
862 reinstatement of the bond or insurance policy from the surety or
863 insurance company or a new bond or insurance policy or the licensee
864 has surrendered the license. After a license has been automatically
865 suspended, the commissioner shall give the licensee notice of the
866 automatic suspension pending proceedings for revocation or refusal to
867 renew and an opportunity for a hearing on such actions in accordance
868 with section 36a-51 and require the licensee to take or refrain from
869 taking such action as in the opinion of the commissioner will effectuate
870 the purposes of this section.

871 Sec. 26. Section 36a-718 of the general statutes is repealed and the
872 following is substituted in lieu thereof (*Effective October 1, 2009*):

873 If the commissioner determines that any mortgage servicing
874 company has violated any provision of section 36a-716, the
875 commissioner may [,] take action against such mortgage servicing
876 company in accordance with [section] sections 36a-50 and 36a-52. [,
877 order the mortgage servicing company to cease and desist from such
878 violation.] The commissioner may also order the mortgage servicing
879 company to make restitution to the mortgagor upon fourteen days'
880 notice in writing. Such notice shall be sent by certified mail, return
881 receipt requested, or by any express delivery carrier that provides a
882 dated delivery receipt, to the principal place of business of the
883 mortgage servicing company and shall state the grounds for the
884 contemplated action. Within fourteen days of receipt of the notice, the
885 mortgage servicing company may file a written request for a hearing.
886 If a hearing is requested, the commissioner shall not issue an order to
887 make restitution until after such hearing is held. Such hearing shall be
888 conducted in accordance with the provisions of chapter 54.

889 Sec. 27. Subdivision (1) of subsection (b) of section 36a-801 of the
890 general statutes is repealed and the following is substituted in lieu
891 thereof (*Effective October 1, 2009*):

892 (b) (1) Any person desiring to act within this state as a consumer
893 collection agency shall make a written application to the commissioner
894 for such license in such form as the commissioner prescribes. Such
895 application shall be accompanied by (A) a financial statement prepared
896 by a certified public accountant or a public accountant, the accuracy of
897 which is sworn to under oath before a notary public by the proprietor,
898 a general partner or a corporate officer or a member duly authorized to
899 execute such documents, (B) the history of criminal convictions for the
900 ten-year period prior to the date of the application of the applicant; (C)
901 a license fee of eight hundred dollars, or in the case of an initial
902 application that is filed not earlier than one year before the date such
903 license will expire, a license fee of four hundred dollars, and [(C)] (D)
904 an investigation fee of one hundred dollars. The commissioner shall
905 cause to be made such inquiry and examination as to the qualifications
906 of each such applicant as the commissioner deems necessary. Each
907 applicant shall furnish satisfactory evidence to the commissioner that
908 the applicant is a person of good moral character and is financially
909 responsible. If the commissioner is satisfied that such applicant is in all
910 respects properly qualified and trustworthy and that the granting of
911 such license is not against the public interest, the commissioner may
912 issue to such applicant a license, in such form as the commissioner
913 may adopt, to act within this state as a consumer collection agency.
914 The commissioner may deny an application if the commissioner finds
915 that the applicant has been convicted, during the ten-year period prior
916 to the date of application, of any misdemeanor involving any aspect of
917 the consumer collection agency business, or any felony. Any denial of
918 an application by the commissioner shall, when applicable, be subject
919 to the provisions of section 46a-80. Any such license issued by the
920 commissioner shall expire at the close of business on September
921 thirtieth of the odd-numbered year following its issuance, unless such
922 license is renewed. [, provided any license that is renewed effective
923 May 1, 2003, shall expire on September 30, 2005.] The commissioner

924 may renew such application, in the commissioner's discretion, upon
925 filing of a proper renewal application accompanied by a license fee of
926 eight hundred dollars, [or in the case of an application for renewal of a
927 license that expires on April 30, 2003, a license fee of one thousand
928 dollars,] and satisfactory proof that such applicant at that time
929 possesses the required qualifications for the license. The commissioner
930 may deny a renewal application if the commissioner finds that the
931 applicant has been convicted, during the ten-year period prior to the
932 date of application, of any misdemeanor involving any aspect of the
933 consumer collection agency business, or any felony. Any denial of an
934 application by the commissioner shall, when applicable, be subject to
935 the provisions of section 46a-80. Such renewal application shall be filed
936 with the commissioner on or before September first of the year in
937 which the license expires. [, or in the case of a license that expires on
938 April 30, 2003, on or before April 1, 2003.] Any renewal application
939 filed with the commissioner after September first [, or in the case of a
940 license that expires on April 30, 2003, after April 1, 2003,] shall be
941 accompanied by a one-hundred-dollar late fee and any such filing shall
942 be deemed to be timely and sufficient for purposes of subsection (b) of
943 section 4-182. Whenever an application for a license, other than a
944 renewal application, is filed under sections 36a-800 to 36a-810,
945 inclusive, as amended by this act, by any person who was a licensee
946 under said sections 36a-800 to 36a-810, inclusive, as amended by this
947 act, and whose license expired less than sixty days prior to the date
948 such application was filed, such application shall be accompanied by a
949 one-hundred-dollar processing fee in addition to the application fee.
950 To further the enforcement of this section and to determine the
951 eligibility of any person holding a license, the commissioner may, as
952 often as the commissioner deems necessary, examine the licensee's
953 books and records, and may, at any time, require the licensee to submit
954 such a financial statement for the examination of the commissioner, so
955 that the commissioner may determine whether the licensee is
956 financially responsible to carry on a consumer collection agency
957 business within the intents and purposes of sections 36a-800 to 36a-
958 810, inclusive, as amended by this act. Any financial statement

959 submitted by a licensee shall be confidential and shall not be a public
960 record unless introduced in evidence at a hearing conducted by the
961 commissioner. The applicant or licensee shall notify the commissioner,
962 in writing, of any change in the information provided in its initial
963 application for license or most recent renewal application for such
964 license, as applicable, not later than ten business days after the
965 occurrence of the event that results in such information becoming
966 inaccurate.

967 Sec. 28. Subsections (a) and (b) of section 36a-802 of the general
968 statutes are repealed and the following is substituted in lieu thereof
969 (*Effective October 1, 2009*):

970 (a) No such license and no renewal thereof shall be granted unless
971 the applicant has filed with the commissioner a bond to the people of
972 the state in the penal sum of [five] twenty-five thousand dollars,
973 approved by the Attorney General as to form and by the commissioner
974 as to sufficiency of the security thereof. Such bond shall be conditioned
975 that such licensee shall well, truly and faithfully account for all funds
976 entrusted to the licensee and collected and received by the licensee in
977 the licensee's capacity as a consumer collection agency. Any person
978 who may be damaged by the wrongful conversion of any creditor,
979 consumer debtor or property tax debtor funds received by such
980 consumer collection agency may proceed on such bond against the
981 principal or surety thereon, or both, to recover damages. The
982 commissioner may proceed on such bond against the principal or
983 surety thereon, or both, to collect any civil penalty imposed upon the
984 licensee pursuant to subsection (a) of section 36a-50. The proceeds of
985 the bond, even if commingled with other assets of the licensee, shall be
986 deemed by operation of law to be held in trust for the benefit of such
987 claimants against the licensee in the event of bankruptcy of the licensee
988 and shall be immune from attachment by creditors and judgment
989 creditors. The bond shall run concurrently with the period of the
990 license granted to the applicant, and the aggregate liability under the
991 bond shall not exceed the penal sum of the bond.

992 (b) The surety company shall have the right to cancel the bond at
993 any time by a written notice to the licensee stating the date cancellation
994 shall take effect. Such notice shall be sent by certified mail to the
995 licensee at least thirty days prior to the date of cancellation. A surety
996 bond shall not be cancelled unless the surety company notifies the
997 commissioner in writing not less than thirty days prior to the effective
998 date of cancellation. After receipt of such notification from the surety
999 company, the commissioner shall give written notice to the licensee of
1000 the date such bond cancellation shall take effect. The commissioner
1001 shall automatically suspend the license on [the] such date, [the
1002 cancellation takes effect,] unless the [surety bond has been replaced or
1003 renewed. The] licensee prior to such date submits a letter of
1004 reinstatement of the bond from the surety company or a new bond or
1005 the licensee has ceased business and has surrendered its license. After
1006 a license has been automatically suspended, the commissioner shall
1007 give the licensee notice of the automatic suspension pending
1008 proceedings for revocation or refusal to renew and an opportunity for
1009 a hearing on such actions in accordance with section 36a-51 and
1010 require the licensee to take or refrain from taking such action as in the
1011 opinion of the commissioner will effectuate the purposes of this
1012 section.

1013 Sec. 29. Subsection (a) of section 36a-806 of the general statutes is
1014 repealed and the following is substituted in lieu thereof (*Effective*
1015 *October 1, 2009*):

1016 (a) No consumer collection agency shall engage in this state in any
1017 practice which is prohibited in section 36a-805 or determined pursuant
1018 to [sections 36a-807 and] section 36a-808, as amended by this act, to be
1019 an unfair or deceptive act or practice, nor shall any consumer
1020 collection agency engage outside of this state in any act or practice
1021 prohibited in said section 36a-805. The commissioner shall have power
1022 to examine the affairs of every consumer collection agency in this state
1023 in order to determine whether it has been or is engaged in any act or
1024 practice prohibited by sections 36a-805 to 36a-808, inclusive, as
1025 amended by this act.

1026 Sec. 30. Section 36a-807 of the general statutes is repealed and the
1027 following is substituted in lieu thereof (*Effective October 1, 2009*):

1028 [(a) If the commissioner determines that any person has been
1029 engaged, or is engaging, in violations of sections 36a-801 to 36a-808,
1030 inclusive, in any act or practice prohibited in section 36a-805, or in
1031 violations of any regulations issued pursuant to section 36a-809, the
1032 commissioner may order such person to cease and desist from such
1033 practices in accordance with section 36a-52. In that connection, the
1034 commissioner may exercise the powers contained in section 36a-17.]

1035 [(b)] No order of the commissioner under sections 36a-805 to 36a-
1036 808, inclusive, as amended by this act, shall relieve or absolve any
1037 person affected by such order from any liability under any other laws
1038 of this state.

1039 Sec. 31. Section 36a-808 of the general statutes is repealed and the
1040 following is substituted in lieu thereof (*Effective October 1, 2009*):

1041 Whenever the commissioner has reason to believe that any
1042 consumer collection agency is engaging in this state in any act or
1043 practice in the conduct of such business which is not defined in section
1044 36a-805, and that such act or practice is unfair or deceptive, [or
1045 whenever it appears to the commissioner that any consumer collection
1046 agency or other person has violated, is violating, or is about to violate
1047 any provision of sections 36a-800 to 36a-810, inclusive, or any
1048 regulation adopted pursuant to section 36a-809,] the commissioner
1049 may take action against such consumer collection agency [or person] in
1050 accordance with section 36a-50.

1051 Sec. 32. Section 36a-555 of the general statutes is repealed and the
1052 following is substituted in lieu thereof (*Effective October 1, 2009*):

1053 No person shall (1) engage in the business of making loans of
1054 money or credit; (2) make, offer, broker or assist a borrower in
1055 Connecticut to obtain such a loan; or (3) in whole or in part, arrange
1056 such loans through a third party or act as an agent for a third party,

1057 regardless of whether approval, acceptance or ratification by the third
1058 party is necessary to create a legal obligation for the third party,
1059 through any method, including, but not limited to, mail, telephone,
1060 internet or any electronic means, in the amount or to the value of
1061 fifteen thousand dollars or less for loans made under section 36a-563 or
1062 section 36a-565, and charge, contract for or receive a greater rate of
1063 interest, charge or consideration than twelve per cent per annum
1064 therefor, unless licensed to do so by the commissioner pursuant to
1065 sections 36a-555 to 36a-573, inclusive, as amended by this act. The
1066 provisions of this section shall not apply to [(1)] (A) a bank, [(2)] (B) an
1067 out-of-state bank, [(3)] (C) a Connecticut credit union, [(4)] (D) a
1068 federal credit union, [(5)] (E) an out-of-state credit union, [(6)] (F) a
1069 savings and loan association wholly owned subsidiary service
1070 corporation, [(7)] (G) a person to the extent that such person makes
1071 loans for agricultural, commercial, industrial or governmental use or
1072 extends credit through an open-end credit plan, as defined in
1073 subdivision (8) of subsection (a) of section 36a-676, for the retail
1074 purchase of consumer goods or services, [(8)] (H) a mortgage lender or
1075 mortgage correspondent lender licensed pursuant to sections 36a-485
1076 to 36a-498a, inclusive, as amended by this act, when making first
1077 mortgage loans, as defined in section 36a-485, or [(9)] (I) a licensed
1078 pawnbroker.

1079 Sec. 33. Section 36a-573 of the general statutes is repealed and the
1080 following is substituted in lieu thereof (*Effective October 1, 2009*):

1081 (a) No person, except as authorized by the provisions of sections
1082 36a-555 to 36a-573, inclusive, as amended by this act, shall, directly or
1083 indirectly, charge, contract for or receive any interest, charge or
1084 consideration greater than twelve per cent per annum upon the loan,
1085 use or forbearance of money or credit of the amount or value of (1) five
1086 thousand dollars or less for any such transaction entered into before
1087 October 1, 1997, and (2) fifteen thousand dollars or less for any such
1088 transaction entered into on and after October 1, 1997. The provisions of
1089 this section shall apply to any person who, as security for any such
1090 loan, use or forbearance of money or credit, makes a pretended

1091 purchase of property from any person and permits the owner or
1092 pledgor to retain the possession thereof, or who, by any device or
1093 pretense of charging for the person's services or otherwise, seeks to
1094 obtain a greater compensation than twelve per cent per annum. No
1095 loan for which a greater rate of interest or charge than is allowed by
1096 the provisions of sections 36a-555 to 36a-573, inclusive, as amended by
1097 this act, has been contracted for or received, wherever made, shall be
1098 enforced in this state, and any person in any way participating therein
1099 in this state shall be subject to the provisions of said sections, provided,
1100 a loan lawfully made after June 5, 1986, in compliance with a validly
1101 enacted licensed loan law of another state to a borrower who was not,
1102 at the time of the making of such loan, a resident of Connecticut but
1103 who has become a resident of Connecticut, may be acquired by a
1104 licensee and its interest provision shall be enforced in accordance with
1105 its terms.

1106 (b) The provisions of subsection (a) of this section shall apply to any
1107 loan made or renewed in this state if the loan is made to a borrower
1108 who resides in or maintains a domicile in this state and such borrower
1109 (1) negotiates or agrees to the terms of the loan in person, by mail, by
1110 telephone or via the Internet while physically present in this state; (2)
1111 enters into or executes a loan agreement with the lender in person, by
1112 mail, by telephone or via the Internet while physically present in this
1113 state; or (3) makes a payment of the loan in this state. As used in this
1114 subsection, "payment of the loan" includes a debit on an account the
1115 borrower holds in a branch of a financial institution or the use of a
1116 negotiable instrument drawn on an account at a financial institution,
1117 and "financial institution" means any bank or credit union chartered or
1118 licensed under the laws of this state, any other state or the United
1119 States and having its main office or a branch office in this state.

1120 (c) Whenever it appears to the Banking Commissioner that any
1121 person has violated the provisions of subsection (a) of this section or
1122 offered a loan that violates the provisions of subsection (a), the
1123 commissioner may investigate, take administrative action or assess
1124 civil penalties and restitution in accordance with the provisions of

1125 sections 36a-50 and 36a-52.

1126 Sec. 34. Section 52-352b of the general statutes is repealed and the
1127 following is submitted in lieu thereof (*Effective October 1, 2009*):

1128 The following property of any natural person shall be exempt:

1129 (a) Necessary apparel, bedding, foodstuffs, household furniture and
1130 appliances;

1131 (b) Tools, books, instruments, farm animals and livestock feed,
1132 which are necessary to the exemptioner in the course of his or her
1133 occupation, profession or farming operation;

1134 (c) Burial plot for the exemptioner and his or her immediate family;

1135 (d) Public assistance payments and any wages earned by a public
1136 assistance recipient under an incentive earnings or similar program;

1137 (e) Health and disability insurance payments;

1138 (f) Health aids necessary to enable the exemptioner to work or to
1139 sustain health;

1140 (g) Workers' compensation, Social Security, veterans and
1141 unemployment benefits;

1142 (h) Court-approved payments for child support;

1143 (i) Arms and military equipment, uniforms or musical instruments
1144 owned by any member of the militia or armed forces of the United
1145 States;

1146 (j) One motor vehicle to the value of three thousand five hundred
1147 dollars, provided value shall be determined as the fair market value of
1148 the motor vehicle less the amount of all liens and security interests
1149 which encumber it;

1150 (k) Wedding and engagement rings;

1151 (l) Residential utility deposits for one residence, and one residential
1152 security deposit;

1153 (m) Any assets or interests of an exemptioner in, or payments
1154 received by the exemptioner from, a plan or arrangement described in
1155 section 52-321a;

1156 (n) Alimony and support, other than child support, but only to the
1157 extent that wages are exempt from execution under section 52-361a;

1158 (o) An award under a crime reparations act;

1159 (p) All benefits allowed by any association of persons in this state
1160 towards the support of any of its members incapacitated by sickness or
1161 infirmity from attending to his usual business;

1162 (q) All moneys due the exemptioner from any insurance company
1163 on any insurance policy issued on exempt property, to the same extent
1164 that the property was exempt;

1165 (r) Any interest of the exemptioner in any property not to exceed in
1166 value one thousand dollars;

1167 (s) Any interest of the exemptioner not to exceed in value four
1168 thousand dollars in any accrued dividend or interest under, or loan
1169 value of, any unmatured life insurance contract owned by the
1170 exemptioner under which the insured is the exemptioner or an
1171 individual of whom the exemptioner is a dependent;

1172 (t) The homestead of the exemptioner to the value of seventy-five
1173 thousand dollars, or, in the case of a money judgment arising out of
1174 services provided at a hospital, to the value of one hundred twenty-
1175 five thousand dollars, provided value shall be determined as the fair
1176 market value of the real property less the amount of any statutory or
1177 consensual lien which encumbers it; and

1178 (u) Irrevocable transfers of money to an account held by a bona fide
1179 nonprofit organization licensed as a debt adjuster [licensed] pursuant

1180 to sections 36a-655 to 36a-665, inclusive, as amended by this act, for the
1181 benefit of creditors of the exemptioner. For purposes of this section,
1182 "bona fide nonprofit organization" means any organization that is
1183 exempt from taxation under Section 501(c)(3) of the Internal Revenue
1184 Code of 1986, or any subsequent corresponding internal revenue code
1185 of the United States, as amended from time to time.

1186 Sec. 35. Section 36a-3 of the general statutes is repealed and the
1187 following is substituted in lieu thereof (*Effective October 1, 2009*):

1188 Other definitions applying to this title or to specified parts thereof
1189 and the sections in which they appear are:

- T1 "Account". Sections 36a-155 and 36a-365.
- T2 "Additional proceeds". Section 36a-746e.
- T3 "Administrative expense". Section 36a-237.
- T4 "Advance fee". Sections 36a-485 and 36a-615.
- T5 "Advertise" or "advertisement". Section 36a-485.
- T6 "Agency bank". Section 36a-285.
- T7 "Alternative mortgage loan". Section 36a-265.
- T8 "Amount financed". Section 36a-690.
- T9 "Annual percentage rate". Section 36a-690.
- T10 "Annual percentage yield". Section 36a-316.
- T11 "Annuities". Section 36a-455a.
- T12 "Applicant". Section 36a-736.
- T13 "APR". Section 36a-746a.
- T14 "Assessment area". Section 36a-37.
- T15 "Assets". Section 36a-70.
- T16 "Associate". Section 36a-184.
- T17 "Associated member". Section 36a-458a.
- T18 "Bank". Section 36a-30.
- T19 "Bankers' bank". Section 36a-70.
- T20 "Banking business". Section 36a-425.
- T21 "Basic services". Section 36a-437a.
- T22 "Billing cycle". Section 36a-565.
- T23 ["Bona fide nonprofit organization". Section 36a-655.]

- T24 "Branch". Sections 36a-145, 36a-410 and 36a-435b.
- T25 "Branch office". Section 36a-485.
- T26 "Branch or agency net payment entitlement". Section 36a-428n.
- T27 "Branch or agency net payment obligation". Section 36a-428n.
- T28 "Broker". Section 36a-746a.
- T29 "Business and industrial development corporation". Section
- T30 36a-626.
- T31 "Business and property in this state". Section 36a-428n.
- T32 "Capital". Section 36a-435b.
- T33 "Cash advance". Section 36a-564.
- T34 "Cash price". Section 36a-770.
- T35 "Certificate of incorporation". Section 36a-435b.
- T36 "CHFA loan". Section 36a-760.
- T37 "Closely related activities". Sections 36a-250 and 36a-455a.
- T38 "Collective managing agency account". Section 36a-365.
- T39 "Commercial vehicle". Section 36a-770.
- T40 "Community bank". Section 36a-70.
- T41 "Community credit union". Section 36a-37.
- T42 "Community development bank". Section 36a-70.
- T43 "Community reinvestment performance". Section 36a-37.
- T44 "Connecticut holding company". Sections 36a-53 and 36a-410.
- T45 "Consolidate". Section 36a-145.
- T46 "Construction loan". Section 36a-458a.
- T47 "Consumer". Sections 36a-155, 36a-676 and 36a-695.
- T48 "Consumer Credit Protection Act". Section 36a-676.
- T49 "Consumer debtor" and "debtor". Sections 36a-645 and
- T50 36a-800.
- T51 "Consumer collection agency". Section 36a-800.
- T52 "Consummation". Section 36a-746a.
- T53 "Controlling interest". Section 36a-276.
- T54 "Conventional mortgage rate". Section 36a-760.
- T55 "Corporate". Section 36a-435b.
- T56 "Credit". Sections 36a-645 and 36a-676.
- T57 "Credit manager". Section 36a-435b.
- T58 "Creditor". Sections 36a-676, 36a-695 and 36a-800.

- T59 "Credit card", "cardholder" and "card issuer". Section 36a-676.
- T60 "Credit clinic". Section 36a-700.
- T61 "Credit rating agency". Section 36a-695.
- T62 "Credit report". Section 36a-695.
- T63 "Credit sale". Section 36a-676.
- T64 "Credit union service organization". Section 36a-435b.
- T65 "Credit union service organization services". Section 36a-435b.
- T66 "De novo branch". Section 36a-410.
- T67 "Debt". Section 36a-645.
- T68 "Debt adjustment". Section 36a-655, as amended by this act.
- T69 "Debt mutual fund". Sections 36a-275 and 36a-459a.
- T70 "Debt securities". Sections 36a-275 and 36a-459a.
- T71 "Debtor". Section 36a-655, as amended by this act.
- T72 "Deliver". Section 36a-316.
- T73 "Deposit". Section 36a-316.
- T74 "Deposit account". Section 36a-316.
- T75 "Deposit account charge". Section 36a-316.
- T76 "Deposit account disclosures". Section 36a-316.
- T77 "Deposit contract". Section 36a-316.
- T78 "Deposit services". Section 36a-425.
- T79 "Depositor". Section 36a-316.
- T80 "Director". Section 36a-435b.
- T81 "Earning period". Section 36a-316.
- T82 "Electronic payment instrument". Section 36a-596, as amended by this
- T83 act.
- T84 "Eligible collateral". Section 36a-330.
- T85 "Equity mutual fund". Sections 36a-276 and 36a-459a.
- T86 "Equity security". Sections 36a-276 and 36a-459a.
- T87 "Executive officer". Sections 36a-263 and 36a-469c.
- T88 "Federal Credit Union Act". Section 36a-435b.
- T89 "Federal Home Mortgage Disclosure Act". Section 36a-736.
- T90 "FHA loan". Section 36a-760.
- T91 "Fiduciary". Section 36a-365.
- T92 "Filing fee". Section 36a-770.
- T93 "Finance charge". Sections 36a-690 and 36a-770.

- T94 "Financial institution". Sections 36a-41, 36a-44a, 36a-155, 36a-316,
T95 36a-330, 36a-435b, 36a-736 and 36a-755.
- T96 "Financial records". Section 36a-41.
- T97 "First mortgage loan". Sections 36a-485, 36a-705, 36a-715 and
T98 36a-725.
- T99 "Foreign banking corporation". Section 36a-425.
- T100 "Fully indexed rate". Section 36a-760b.
- T101 "General facility". Section 36a-580.
- T102 "Global net payment entitlement". Section 36a-428n.
- T103 "Global net payment obligation". Section 36a-428n.
- T104 "Goods". Sections 36a-535 and 36a-770.
- T105 "Graduated payment mortgage loan". Section 36a-265.
- T106 "Guardian". Section 36a-365.
- T107 "High cost home loan". Section 36a-746a.
- T108 "Holder". Section 36a-596, as amended by this act.
- T109 "Home banking services". Section 36a-170.
- T110 "Home banking terminal". Section 36a-170.
- T111 "Home improvement loan". Section 36a-736.
- T112 "Home purchase loan". Section 36a-736.
- T113 "Home state". Section 36a-410.
- T114 "Immediate family member". Section 36a-435b.
- T115 "Insider". Section 36a-454b.
- T116 "Installment loan contract". Sections 36a-535 and 36a-770.
- T117 "Insurance". Section 36a-455a.
- T118 "Insurance bank". Section 36a-285.
- T119 "Insurance department". Section 36a-285.
- T120 "Interest". Section 36a-316.
- T121 "Interest rate". Section 36a-316.
- T122 "Interim interest". Section 36a-746a.
- T123 "Lender". Sections 36a-746a, 36a-760 and 36a-770.
- T124 "Lessor". Section 36a-676.
- T125 "License". Section 36a-626.
- T126 "Licensee". Sections 36a-596 and 36a-626.
- T127 "Limited branch". Section 36a-145.
- T128 "Limited facility". Section 36a-580.

- T129 "Loan broker". Section 36a-615.
- T130 "Loss". Section 36a-330.
- T131 "Made in this state". Section 36a-770.
- T132 "Main office". Section 36a-485.
- T133 "Managing agent". Section 36a-365.
- T134 "Manufactured home". Section 36a-457b.
- T135 "Material litigation". Section 36a-596, as amended by this act.
- T136 "Member". Section 36a-435b.
- T137 "Member business loan". Section 36a-458a.
- T138 "Member in good standing". Section 36a-435b.
- T139 "Membership share". Section 36a-435b.
- T140 "Mobile branch". Section 36a-435b.
- T141 "Money order". Section 36a-596, as amended by this act.
- T142 "Money transmission". Section 36a-365.
- T143 "Mortgage". Section 36a-760g.
- T144 "Mortgage broker". Sections 36a-485, 36a-705 and 36a-760.
- T145 "Mortgage correspondent lender". Section 36a-485.
- T146 "Mortgage insurance". Section 36a-725.
- T147 "Mortgage lender". Sections 36a-485, 36a-705 and 36a-725.
- T148 "Mortgage loan". Sections 36a-261, 36a-265, 36a-457b,
T149 36a-485 and 36a-736.
- T150 "Mortgage loan originator". Section 36a-485.
- T151 "Mortgage rate lock-in". Section 36a-705.
- T152 "Mortgage servicing company". Section 36a-715.
- T153 "Mortgagor". Section 36a-715.
- T154 "Motor vehicle". Section 36a-770.
- T155 "Multiple common bond membership". Section 36a-435b.
- T156 "Municipality". Section 36a-800.
- T157 "Net outstanding member business loan balance". Section 36a-458a.
- T158 "Net worth". Sections 36a-441a, 36a-458a and 36a-596, as amended by
T159 this act.
- T160 "Network". Section 36a-155.
- T161 "Nonprime home loan". Section 36a-760.
- T162 "Nonrefundable". Section 36a-498.
- T163 "Note account". Sections 36a-301 and 36a-456b.

- T164 "Office". Sections 36a-23, 36a-316 and 36a-485.
- T165 "Officer". Section 36a-435b.
- T166 "Open-end credit plan". Section 36a-676.
- T167 "Open-end line of credit". Section 36a-760.
- T168 "Open-end loan". Section 36a-565.
- T169 "Organization". Section 36a-800.
- T170 "Out-of-state holding company". Section 36a-410.
- T171 "Outstanding". Section 36a-596, as amended by this act.
- T172 "Passbook savings account". Section 36a-316.
- T173 "Payment instrument". Section 36a-596, as amended by this act.
- T174 "Periodic statement". Section 36a-316.
- T175 "Permissible investment". Section 36a-596, as amended by this act.
- T176 "Person". Section 36a-184.
- T177 "Post". Section 36a-316.
- T178 "Prepaid finance charge". Section 36a-746a.
- T179 "Prime quality". Section 36a-596, as amended by this act.
- T180 "Principal amount of the loan". Section 36a-485.
- T181 "Processor". Section 36a-155.
- T182 "Public deposit". Section 36a-330.
- T183 "Purchaser". Section 36a-596, as amended by this act.
- T184 "Qualified financial contract". Section 36a-428n.
- T185 "Qualified public depository" and "depository". Section 36a-330.
- T186 "Real estate". Section 36a-457b.
- T187 "Records". Section 36a-17.
- T188 "Related person". Section 36a-53.
- T189 "Relocate". Sections 36a-145 and 36a-462a.
- T190 "Residential property". Section 36a-485.
- T191 "Retail buyer". Sections 36a-535 and 36a-770.
- T192 "Retail credit transaction". Section 42-100b.
- T193 "Retail installment contract". Sections 36a-535 and 36a-770.
- T194 "Retail installment sale". Sections 36a-535 and 36a-770.
- T195 "Retail seller". Sections 36a-535 and 36a-770.
- T196 "Reverse annuity mortgage loan". Section 36a-265.
- T197 "Sales finance company". Sections 36a-535 and 36a-770.
- T198 "Savings department". Section 36a-285.

T199	"Savings deposit". Section 36a-316.
T200	"Secondary mortgage loan". Section 36a-485.
T201	"Security convertible into a voting security". Section 36a-184.
T202	"Senior management". Section 36a-435b.
T203	"Share". Section 36a-435b.
T204	"Simulated check". Section 36a-485.
T205	"Single common bond membership". Section 36a-435b.
T206	"Special mortgage". Section 36a-760c.
T207	"Social purpose investment". Section 36a-277.
T208	"Standard mortgage loan". Section 36a-265.
T209	"Table funding agreement". Section 36a-485.
T210	"Tax and loan account". Sections 36a-301 and 36a-456b.
T211	"The Savings Bank Life Insurance Company". Section 36a-285.
T212	"Time account". Section 36a-316.
T213	"Travelers check". Section 36a-596, <u>as amended by this act</u> .
T214	"Troubled Connecticut credit union". Section 36a-448a.
T215	"Unsecured loan". Section 36a-615.
T216	"Warehouse agreement". Section 36a-485.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2009</i>	36a-51(c)
Sec. 2	<i>October 1, 2009</i>	36a-486(b)
Sec. 3	<i>October 1, 2009</i>	36a-489
Sec. 4	<i>October 1, 2009</i>	36a-490(e)
Sec. 5	<i>October 1, 2009</i>	36a-492(b)
Sec. 6	<i>October 1, 2009</i>	36a-537
Sec. 7	<i>October 1, 2009</i>	36a-541
Sec. 8	<i>October 1, 2009</i>	36a-556
Sec. 9	<i>October 1, 2009</i>	36a-557
Sec. 10	<i>October 1, 2009</i>	36a-581(c)
Sec. 11	<i>October 1, 2009</i>	36a-582(a)
Sec. 12	<i>October 1, 2009</i>	36a-581(e)
Sec. 13	<i>October 1, 2009</i>	36a-596
Sec. 14	<i>October 1, 2009</i>	36a-597(a)
Sec. 15	<i>October 1, 2009</i>	36a-598

Sec. 16	<i>October 1, 2009</i>	36a-600
Sec. 17	<i>October 1, 2009</i>	36a-602(b)
Sec. 18	<i>October 1, 2009</i>	36a-605
Sec. 19	<i>October 1, 2009</i>	36a-607
Sec. 20	<i>October 1, 2009</i>	36a-608
Sec. 21	<i>October 1, 2009</i>	36a-609
Sec. 22	<i>October 1, 2009</i>	36a-647(c)
Sec. 23	<i>October 1, 2009</i>	36a-655
Sec. 24	<i>October 1, 2009</i>	36a-656
Sec. 25	<i>October 1, 2009</i>	36a-664(b)
Sec. 26	<i>October 1, 2009</i>	36a-718
Sec. 27	<i>October 1, 2009</i>	36a-801(b)(1)
Sec. 28	<i>October 1, 2009</i>	36a-802(a) and (b)
Sec. 29	<i>October 1, 2009</i>	36a-806(a)
Sec. 30	<i>October 1, 2009</i>	36a-807
Sec. 31	<i>October 1, 2009</i>	36a-808
Sec. 32	<i>October 1, 2009</i>	36a-555
Sec. 33	<i>October 1, 2009</i>	36a-573
Sec. 34	<i>October 1, 2009</i>	52-352b
Sec. 35	<i>October 1, 2009</i>	36a-3

BA *Joint Favorable Subst.*

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: None

Municipal Impact: None

OLR Bill Analysis**sSB 950*****AN ACT CONCERNING CONSUMER CREDIT LICENSEES.*****SUMMARY:**

This bill makes a number of changes regarding consumer credit licensees. It specifies how licenses must be surrendered, allows the commissioner to deny an application for a period after a prior application has been withdrawn, and requires license applicants to provide a history of criminal convictions and allows the commissioner to deny the application on that basis.

The bill also:

1. requires money transmitter licensees to notify the commissioner of certain events, requires contracts between them and their agents, and clarifies the commissioner's enforcement authority;
2. expands the definition of debt adjustment to include, among other things, short sales, and broadens who can be a licensed debt adjuster;
3. expands the applicability of the small loan lender laws;
4. provides for automatic suspension of certain licenses when the required surety bond is cancelled; and
5. makes minor, technical, and conforming changes.

EFFECTIVE DATE: October 1, 2009

LICENSEES IN GENERAL***§1 — Surrendering a License***

The bill requires any licensee who is surrendering its license to give it to the banking commissioner in person or by registered or certified mail. Current law requires only written notice that the license is surrendered. The bill allows the commissioner to institute a suspension, revocation, or refusal to renew proceeding within one year after any licensee surrenders such a license, even if no proceeding is pending at the time of surrender.

§§ 6- 10, 12, 15, 16, 24, 27 — History of Criminal Convictions in and Denial of Applications

The bill requires that an applicant for a sales finance company, small loan lender, check cashing service, money transmission or payment instrument issuer, debt adjuster, or consumer collection agency license include in its application the history of criminal convictions of the applicant and certain of the applicant's related persons for the 10- year period prior to the date of the application.

The bill also allows the commissioner to deny licenses to these applicants if the commissioner finds that they or certain other related persons of the applicants have been convicted, within the past 10 years, of any misdemeanor involving any aspect of the business for which they seek to be licensed, or any felony. The bill specifies that any denials of a money transmitter or payment instrument issuer license must be in accordance with the statutes governing denials based on a prior conviction.

§ 3, 7, 8, 9, 24, 27 — Notice of Intent to Withdraw

The bill also allows the commissioner to deny any license application for lenders, brokers, originators, sales finance companies, small loan lenders, and debt adjusters up to one year after he receives a notice of intent to withdraw such application.

MORTGAGE LENDERS, BROKERS, ORIGINATORS

§ 2 — Originators

By law, a mortgage originator's license is tied to the broker or lender with whom the originator is associated and the license is not effective

during any period when the originator is not associated with the lender or broker. The bill specifies that the license is also not effective during any period where the lender or broker's license is suspended.

§ 4 — Surrendering a License

The bill specifies that lender, broker, and originator licenses must be surrendered, revoked, or suspended in accordance with the banking statutes, rather than the sections applicable to these specific licensees. The bill also provides that a licensee's withdrawal of an application is effective on receipt of a notice of intent to the commissioner.

MONEY TRANSMITTERS, PAYMENT INSTRUMENT ISSUERS

§ 13 — Definitions

This bill broadens the definition of "licensee" to include a person who is required to be licensed pursuant the Money Transmission Act, rather than just a person who is already licensed. It also broadens the definition of "purchaser" to include a person who has given money or monetary value for current or future transmission.

§ 15 — Events Requiring Commissioner Notification

The bill requires a licensee to provide the commissioner with written notice no later than one business day after it has reason to know of the occurrence of the following events:

1. the filing of a petition by or against the licensee under the U.S. Bankruptcy Code for bankruptcy or reorganization;
2. the filing of a petition by or against the licensee for receivership, the commencement of any other judicial or administrative proceeding for its dissolution or reorganization, or the making of a general assignment for the benefit of its creditors;
3. the commencement of a proceeding to revoke or suspend its license to engage in money transmission in another state or foreign country, or other formal or informal regulatory action by any governmental agency against the licensee and the reasons for it;

4. the commencement of any action by the Connecticut attorney general or the attorney general of any other state and the reasons for it;
5. the cancellation or other impairment of the licensee's bond or other security, including notice of claims filed against the licensee's bond or other security;
6. a conviction of the licensee or of a partner, director, trustee, principal officer, member or shareholder owning 10% or more of each class of the licensee's securities for a misdemeanor involving the money transmission business or the business of issuing Connecticut payment instruments, or a felony; or
7. a conviction of its agent for a felony.

§§ 14, 19 — Contracts Between Licensee and Agent

The bill prohibits a money transmitter or payment instrument issuer agent from acting through a subagent, and eliminates all references to subagents.

The bill requires licensees to enter into a contract with each of its agents that (1) requires the agent to operate in full compliance with the Money Transmission Act and (2) provides that appointment of the agent is not effective during any period when the license of the licensee has been suspended. The licensee must provide each agent with policies and procedures sufficient to ensure compliance the Act.

The agent must give all money owing to the licensee in accordance with the terms of the contract between the licensee and the agent and the agent cannot provide money transmission services outside the scope of activity permissible under that contract.

The bill requires a licensee and agent of a licensee to promptly notify the commissioner, in writing, of the termination of the contract between the agent and licensee.

§§ 13 & 20 — Enforcement

The bill allows the commissioner to suspend, revoke, or take any other action in his power if the licensee engages in fraud, intentional misrepresentation, or gross negligence, or engages in an unsafe or unsound practice. The bill defines “unsafe or unsound practice” as a practice or conduct by a licensee its agent that is likely to result in a material loss, insolvency, or dissipation of the licensee’s assets or otherwise materially prejudice the interests of purchasers.

By law, whenever it appears that someone has violated, is about to violate, or is currently violating the Money Transmission Act, the commissioner can impose a civil penalty or seek a court order imposing a penalty, injunctive relief, or restitution. The bill allows these enforcement tools to used when any licensee has:

1. failed to pay a judgment ordered by any court within or outside of this state 30 days after the judgment becomes final or 30 days after the expiration or termination of a stay of execution of the judgment;
2. engaged in fraud, intentional misrepresentation, or gross negligence; or
3. engaged in an unsafe and unsound practice.

It also allows the commissioner to impose cease and desist orders for violations of existing law and the bill.

The bill also allows the commissioner to order the licensee to terminate its agency relationship with any agent if:

1. the agent violated any provision of the Act or its regulations, or any other law or regulation applicable to the conduct of its business;
2. the agent engaged in fraud, intentional misrepresentation, or gross negligence or misappropriated funds or has been convicted of a violation of a state or federal anti-money laundering statute;

3. the competence, experience, character or general fitness of the agent or a manager, partner, director, trustee, principal officer, member or shareholder owning 10% or more of each class of the agent's securities demonstrates that it would not be in the public interest to permit the agent to engage in the business of issuing Connecticut payment instruments or the business of money transmission on behalf of a licensee; or
4. the agent is engaging in an unsafe or unsound practice.

The law already allows the commissioner to do this if the agent refused to allow an examination of its books and records regarding the business of such licensee as required by law.

DEBT ADJUSTMENT

§§ 22- 24 — *Expansion of Definition*

The bill expands the definition of debt collection to include (1) arranging, or assisting a customer to arrange, for the distribution of one or more payments to or among one or more creditors of the consumer in full or partial payment of the debtor's obligations and (2) negotiating the terms of a debtor's obligations with one or more of his or her creditors, including the term, interest rate, installment payments, loan balance or amount necessary for a creditor to release any liens on property securing the debtor's obligation, including the negotiation of short sales of real estate.

The bill defines a short sale as a procedure in which, due to prevailing real estate market conditions, a mortgagor sells or is only reasonably able to sell a mortgaged property for less than the value of the mortgage, and the mortgagee agrees to accept the money received from such sale as satisfaction of a mortgage and may also waive its rights under a promissory note in lieu of foreclosure proceedings.

Under the bill, a mortgagee is the original lender under a mortgage, or its agents, successors, or assigns and the mortgagor is the owner-occupant of a one-to-four family residential property located in this state, including a single-family unit in a common interest community,

who is also the borrower under a mortgage encumbering such real property.

The bill also eliminates current law's restriction limiting debt adjusting in Connecticut to bona fide nonprofit organization.

§§ 32 & 33 — SMALL LOAN LENDERS

The bill expands the restrictions of the small loan lending laws to those who (1) make, offer, broker, or assist a borrower in Connecticut to obtain such a loan or (2) in whole or in part, arrange such loans through a third party or act as an agent for a third party, regardless of whether approval, acceptance, or ratification by the third party is necessary to create a legal obligation for the third party, through any method, including mail, telephone, internet, or any electronic means. Under current law, the provisions apply only to those who engage in the business of making loans of money or credit.

By law, no person, unless authorized under the small loan lender laws, can directly or indirectly charge, contract for, or receive any interest, charge, or consideration greater than 12% annually on the loan, use, or forbearance of money or credit of the amount or value of \$15,000 or less.

Under the bill, this provision applies to any loan made or renewed in this state if the loan is made to a borrower who resides in or maintains a domicile in this state and the borrower:

1. negotiates or agrees to the terms of the loan in person, by mail, by telephone or via the Internet while physically present in this state;
2. enters into or executes a loan agreement with the lender in person, by mail, by telephone or via the Internet while physically present in this state; or
3. makes a payment of the loan in this state.

The bill defines the term "payment of the loan" to include a debit on

an account the borrower holds in a branch of a financial institution or the use of a negotiable instrument drawn on an account at a financial institution. It defines “financial institution” to mean any bank or credit union chartered or licensed under the laws of this state, any other state, or the United States and having its main office or a branch office in this state.

The bill also allows the commissioner, whenever it appears to him that any person has violated these provisions, to investigate, take administrative action, or assess civil penalties and restitution.

§§ 5, 17, 25, 28 — SURETY BOND REQUIREMENT

For mortgage lender and broker, money transmission, debt adjuster, and consumer collection agency licensees, the bill requires an automatic suspension of the license upon cancellation of the required bond, unless the bond has been reinstated or replaced, or the licensee has ceased business and has voluntarily surrendered the license. Before the automatic suspension, the bill requires the commissioner to give written notice to the licensee of the date the cancellation will take effect.

The bill also requires the commissioner to give the licensee notice of the automatic suspension pending proceedings and an opportunity for a hearing. It authorizes the commissioner to require the licensee whose license has been automatically suspended to take or refrain from taking certain actions consistent with the purposes of the statutes involved.

The bill increases the bond for consumer collection agencies from \$5,000 to \$25,000.

§§ 22, 26 — MISCELLANEOUS ENFORCEMENT PROVISIONS

The bill specifically allows the commissioner to issue cease and desist orders against any person who has violated, is violating, or is about to violate the laws governing creditor collection practices.

It also specifically allows the commissioner to impose civil penalties

against any mortgage servicing company that violates the relevant statute.

COMMITTEE ACTION

Banks Committee

Joint Favorable Substitute

Yea 16 Nay 0 (03/10/2009)