



General Assembly

January Session, 2009

Raised Bill No. 950

LCO No. 3513

03513_____BA_

Referred to Committee on Banks

Introduced by:

(BA)

**AN ACT CONCERNING THE DEPARTMENT OF BANKING'S
PROPOSAL FOR 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2 repealed and the following is substituted in lieu thereof (*Effective*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22 repealed and the following is substituted in lieu thereof (*Effective*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.

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 Section 36a-537 of the general statutes is repealed and the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

108 The application for a license as a sales finance company shall be on a
109 form prescribed by the commissioner, in writing and under oath,
110 together with such exhibits and other pertinent information as the
111 commissioner may require. The application shall include (1) history of

112 criminal convictions for the ten-year period prior to the date of the
113 application of the applicant; and the partners, if the applicant is a
114 partnership; the members, if the applicant is a limited liability
115 company or association; or the officers, directors and principal
116 employees if the applicant is a corporation; and (2) sufficient
117 information pertaining to the history of criminal convictions, in a form
118 acceptable to the commissioner, on such applicant, partners, directors,
119 members, officers, directors and principal employees as the
120 commissioner deems necessary to make findings under section 36a-
121 541, as amended by this act.

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 Section 36a-541 of the general statutes is repealed and the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

124 If the commissioner finds, upon the filing of an application for a
125 license as a sales finance company, that the financial responsibility,
126 character, reputation, integrity and general fitness of the applicant and
127 of the partners thereof if the applicant is a partnership, of the members
128 if the applicant is a limited liability company or association, and of the
129 officers, directors and principal employees if the applicant is a
130 corporation, are such as to warrant belief that the business will be
131 operated soundly and efficiently, in the public interest and consistent
132 with the purposes of sections 36a-535 to 36a-546, inclusive, as amended
133 by this act, the commissioner may thereupon issue the applicant the
134 license. If the commissioner fails to make such findings, or if the
135 commissioner finds that the applicant has made any material
136 misstatement in the application or that the applicant or any partner,
137 member, officer, director or principal employee of the applicant has
138 been convicted during the ten-year period prior to the date of
139 application of any misdemeanor involving any aspect of the sales
140 finance business or of any felony, the commissioner shall not issue a
141 license, and shall notify the applicant of the denial and the reasons for
142 such denial. Any denial of an application by the commissioner shall,
143 when applicable, be subject to the provisions of section 46a-80.
144 Withdrawal of an application for a license shall become effective upon

145 receipt by the commissioner of a notice of intent to withdraw such
146 application. The commissioner may deny a license up to the date one
147 year after the date the withdrawal became effective.

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

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

178 determined according to the last United States census at the time a
179 license is granted.

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

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

192 (b) Withdrawal of an application for a license filed under subsection
193 (a) of this section shall become effective upon receipt by the
194 commissioner of a notice of intent to withdraw such application. The
195 commissioner may deny a license up to the date one year after the date
196 the withdrawal became effective.

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

200 (c) An application for a check cashing license or renewal of such
201 license shall be in writing, under oath and on a form provided by the
202 commissioner. The application shall set forth: (1) The name and
203 address of the applicant; (2) if the applicant is a firm or partnership,
204 the names and addresses of each member of the firm or partnership;
205 (3) if the applicant is a corporation, the names and addresses of each
206 officer, director, authorized agent and each shareholder owning ten
207 per cent or more of the outstanding stock of such corporation; (4) if the
208 applicant is a limited liability company, the names and addresses of

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

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

232 (a) Each applicant for a check cashing license shall pay to the
233 commissioner a nonrefundable initial license fee of two thousand
234 dollars and a nonrefundable location fee of two hundred dollars for
235 each location, except that if such application is filed not earlier than
236 one year before the date such license will expire, the applicant shall
237 pay to the commissioner a nonrefundable initial license fee of one
238 thousand dollars and a nonrefundable location fee of one hundred
239 dollars for each location. Each licensee shall pay to the commissioner a
240 nonrefundable (1) name change fee of one hundred dollars for each
241 application to change a name, and (2) location transfer fee of one

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

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

266 (e) Upon the filing of the required application and the applicable
267 license and location fees, the commissioner shall investigate the facts
268 and may issue a license if the commissioner finds that (1) the applicant
269 is in all respects properly qualified and of good character, (2) if the
270 applicant is a firm or partnership, each member of the firm or
271 partnership is in all respects properly qualified and of good character,
272 (3) if the applicant is a corporation, each officer, director, authorized
273 agent and each shareholder owning ten per cent or more of the
274 outstanding stock of such corporation is in all respects properly

275 qualified and of good character, (4) if the applicant is a limited liability
276 company, each member and authorized agent is in all respects
277 properly qualified and of good character, (5) the applicant or any
278 member, officer, director or authorized agent and shareholder owning
279 ten per cent or more of the outstanding stock of the applicant has not
280 been convicted, during the ten-year period prior to the date of
281 application of any misdemeanor involving any aspect of the check
282 cashing services business, or of any felony, (6) granting such license
283 would not be against the public interest, [(6)] (7) the applicant has a
284 feasible plan for conducting business, and [(7)] (8) the applicant has
285 available and shall continuously maintain liquid assets of at least ten
286 thousand dollars for each general facility location and at least two
287 thousand five hundred dollars for each limited facility location
288 specified in the application.

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

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

293 (1) "Electronic payment instrument" means a card or other tangible
294 object for the transmission of money or monetary value or payment of
295 money which contains a microprocessor chip, magnetic stripe, or other
296 means for the storage of information, that is prefunded and for which
297 the value is decremented upon each use, but does not include a card or
298 other tangible object that is redeemable by the issuer in the issuer's
299 goods or services.

300 (2) "Holder" means a person, other than a purchaser, who is either in
301 possession of a Connecticut payment instrument and is the named
302 payee thereon or in possession of a Connecticut payment instrument
303 issued or endorsed to such person or bearer or in blank. "Holder" does
304 not include any person who is in possession of a lost, stolen or forged
305 Connecticut payment instrument.

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

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

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

316 (6) "Money order" means any check, draft, money order or other
317 payment instrument. "Money order" does not include a travelers check
318 or electronic payment instrument.

319 (7) "Money transmission" means engaging in the business of
320 receiving money or monetary value for current or future transmission
321 or the business of transmitting money or monetary value within the
322 United States or to locations outside the United States by any and all
323 means including, but not limited to, payment instrument, wire,
324 facsimile or electronic transfer or issuing stored value.

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

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

332 (10) "Payment instrument" means a money order, travelers check or
333 electronic payment instrument that evidences either an obligation for
334 the transmission of money or monetary value or payment of money, or
335 the purchase or the deposit of funds for the purchase of such money

336 order, travelers check or electronic payment instrument. A payment
337 instrument is a "Connecticut payment instrument" if it is sold in this
338 state.

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

359 (12) "Prime quality" of an investment means that it is within the top
360 four rating categories in any rating service recognized by the
361 commissioner unless the commissioner determines for any licensee
362 that only those investments in the top three rating categories qualify as
363 "prime quality".

364 (13) "Purchaser" means a person who buys or has bought a
365 Connecticut payment instrument or who has given money or
366 monetary value for current or future transmission.

367 (14) "Stored value" means monetary value that is evidenced by an

368 electronic record. For the purposes of this subdivision, "electronic
369 record" means information that is stored in an electronic medium and
370 is retrievable in perceivable form.

371 (15) "Travelers check" means a payment instrument for the payment
372 of money that contains a provision for a specimen signature of the
373 purchaser to be completed at the time of a purchase of the instrument
374 and a provision for a countersignature of the purchaser to be
375 completed at the time of negotiation.

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

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

383 (a) No person shall engage in the business of issuing Connecticut
384 payment instruments, or engage in the business of money
385 transmission, without [first obtaining] a license [from] issued by the
386 commissioner as provided in section 36a-600, as amended by this act.
387 No person shall engage in such business or in the business of selling
388 Connecticut payment instruments as an agent, [or subagent,] except as
389 an agent [or subagent] of a [licensee] person that has been issued a
390 license by the commissioner as provided in section 36a-600, as
391 amended by this act, or an entity or a person exempt under section
392 36a-609, as amended by this act, and in accordance with section 36a-
393 607, as amended by this act. The licensee and the agent shall promptly
394 notify the commissioner, in writing, of the termination of the contract
395 between such licensee and agent.

396 Sec. 15. Section 36a-598 of the general statutes is repealed and the
397 following is substituted in lieu thereof (*Effective October 1, 2009*):

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

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

404 (2) The complete address of the principal office from which the
405 business is to be conducted [,] and of the office where the books and
406 records of the applicant are [maintained and] to be maintained; [,
407 including the street and number, if any, and the municipality and
408 county of such offices;]

409 (3) The complete name and address of each of the applicant's
410 branches, subsidiaries, affiliates and agents, [and subagents,] if any,
411 engaging in this state in the business of selling or issuing Connecticut
412 payment instruments, or engaging in the business of money
413 transmission;

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

418 (5) The name and residence address of (A) the individual, if the
419 applicant is an individual; (B) the partners, if the applicant is a
420 partnership; (C) the directors, trustees, principal officers, and any
421 shareholder owning ten per cent or more of each class of its securities,
422 if the applicant is a corporation or association; or (D) the members, if
423 the applicant is a limited liability company; [, and sufficient
424 information pertaining to the name and address, in a form acceptable
425 to the commissioner, on such partners, directors, trustees, principal
426 officers, members, and any shareholder owning ten per cent or more of
427 each class of its securities, as the commissioner deems necessary to
428 make the findings under section 36a-600;]

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

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

439 (8) The history of material litigation [and criminal convictions] for
440 the five-year period prior to the date of the application of (A) the
441 individual, if the applicant is an individual; (B) the partners, if the
442 applicant is a partnership; (C) the directors, trustees, principal officers
443 and any shareholder owning ten per cent or more of each class of its
444 securities, if the applicant is a corporation or association; or (D) the
445 members, if the applicant is a limited liability company, and sufficient
446 information pertaining to the history of material litigation, [and
447 criminal convictions,] in a form acceptable to the commissioner, on
448 such individual or the partners, directors, trustees, principal officers,
449 members and any shareholder owning ten per cent or more of each
450 class of [its] the applicant's securities;

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

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

462 ~~[(9)]~~ (10) (A) The surety bond required by subsection (a) of section
463 36a-602, if applicable;

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

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

474 ~~[(10)]~~ (11) A statement of whether the applicant will engage in the
475 business of issuing money orders, travelers checks or electronic
476 payment instruments or engage in the business of money transmission
477 in this state; and

478 ~~[(11)]~~ (12) Any other information the commissioner may require.

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

482 (c) A licensee shall not change the name specified on its license
483 unless, prior to such change in name, the licensee files an application
484 with the commissioner accompanied by the name change fee specified
485 in subsection (a) of section 36a-599 and receives the approval of the
486 commissioner.

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

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

492 (2) The filing of a petition by or against the licensee for receivership,
493 the commencement of any other judicial or administrative proceeding
494 for its dissolution or reorganization, or the making of a general
495 assignment for the benefit of its creditors;

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

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

502 (5) The cancellation or other impairment of the licensee's bond or
503 other security, including notice of claims filed against the licensee's
504 bond or other security;

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

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

511 Sec. 16. Subsection (a) of section 36a-600 of the general statutes is
512 repealed and the following is substituted in lieu thereof (*Effective*
513 *October 1, 2009*):

514 (a) Upon the filing of an application for an original license, and the
515 payment of the fees for investigation and license, the commissioner
516 shall investigate the financial condition and responsibility, financial
517 and business experience, character and general fitness of the applicant.
518 The commissioner shall approve conditionally any application, if the

519 commissioner finds that:

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

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

525 (3) (A) If the applicant is an individual, such individual is in all
526 respects properly qualified and of good character, (B) if the applicant is
527 a partnership, each partner is in all respects properly qualified and of
528 good character, (C) if the applicant is a corporation or association, each
529 president, chairperson of the executive committee, senior officer
530 responsible for the corporation's business, chief financial officer or any
531 other person who performs similar functions as determined by the
532 commissioner, director, trustee and each shareholder owning ten per
533 cent or more of each class of the securities of such corporation is in all
534 respects properly qualified and of good character, or (D) if the
535 applicant is a limited liability company, each member is in all respects
536 properly qualified and of good character;

537 (4) The applicant and any of its partners, directors, trustees,
538 principal officers and shareholders owning ten per cent or more of the
539 shares of the applicant or members have not been convicted during the
540 ten-year period prior to the date of application of any misdemeanor
541 involving the money transmission business or the business of issuing
542 Connecticut payment instruments, or any felony;

543 [(4)] (5) The applicant is in compliance with the provisions of
544 sections 36a-603 and 36a-604;

545 [(5)] (6) No person on behalf of the applicant knowingly has made
546 any incorrect statement of a material fact in the application, or in any
547 report or statement made pursuant to sections 36a-595 to 36a-610,
548 inclusive, [;] as amended by this act; and

549 ~~[(6)]~~ (7) No person on behalf of the applicant knowingly has omitted
550 to state any material fact necessary to give the commissioner any
551 information lawfully required by the commissioner.

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

555 (b) The surety company may cancel the bond at any time by a
556 written notice to the licensee, stating the date cancellation shall take
557 effect. Such notice shall be sent by certified mail to the licensee at least
558 thirty days prior to the date of cancellation. A surety bond shall not be
559 cancelled unless the surety company notifies the commissioner in
560 writing not less than thirty days prior to the effective date of
561 cancellation. After receipt of such notification from the surety
562 company, the commissioner shall give written notice to the licensee of
563 the date such bond cancellation shall take effect. The commissioner
564 shall automatically suspend the license on [the] such date, [the
565 cancellation takes effect,] unless the [surety bond has been replaced or
566 renewed,] licensee, prior to such date, submits (1) a letter of
567 reinstatement of the bond from the surety company, (2) a new bond,
568 (3) evidence that all of the principal sum of such surety bond has been
569 invested as provided in subsection (c) of this section, [or] (4) a new
570 bond that replaces the surety bond [has been replaced] in part and
571 evidence that the remaining part of the principal sum of such surety
572 bond has been invested as provided in subsection (c) of this section, or
573 [unless] (5) evidence that the licensee has ceased business and has
574 [voluntarily] surrendered the license. [The] After a license has been
575 automatically suspended, the commissioner shall give the licensee
576 notice of the automatic suspension pending proceedings for revocation
577 or refusal to renew such license and an opportunity for a hearing on
578 such actions in accordance with section 36a-51, as amended by this act,
579 and require the licensee to take or refrain from taking such action as in
580 the opinion of the commissioner will effectuate the purposes of this
581 section.

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

584 In connection with the examination of a licensee under section 36a-
585 17, the commissioner may also examine the agents [and subagents] of
586 such licensee. The commissioner, in lieu of conducting an examination,
587 may accept the report of examination of any other state or federal
588 supervisory agency or any organization affiliated with or representing
589 such supervisory agency with respect to the examination or other
590 supervision of any person subject to the provisions of sections 36a-595
591 to 36a-610, inclusive, as amended by this act, or a report prepared by
592 an independent accounting firm, and reports so accepted are
593 considered for purposes of sections 36a-595 to 36a-610, inclusive, as
594 amended by this act, as an official examination report of the
595 commissioner.

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

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

600 (1) The business may be conducted by the licensee or through or by
601 means of such agents [and subagents] as the licensee may periodically
602 designate or appoint. An agent may not engage in the business of
603 issuing Connecticut payment instruments or the business of money
604 transmission on behalf of a licensee through or by means of a
605 subagent.

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

609 (3) Each agent [and subagent] of a licensee shall, from the moment
610 of receipt, hold the proceeds of a sale or delivery of a licensee's
611 Connecticut payment instruments in trust for the benefit of such

612 licensee. [or of an agent of the licensee on behalf of such licensee.]

613 (4) A licensee shall be liable for the loss caused to any purchaser or
614 holder of the licensee's Connecticut payment instruments by the failure
615 of an agent [or subagent] of the licensee to forward to the licensee the
616 amount due from the proceeds of a sale or delivery of the licensee's
617 Connecticut payment instruments, or money or monetary value
618 received for transmission.

619 (5) The licensee shall enter into a contract with each of its agents that
620 requires the agent to operate in full compliance with sections 36a-595
621 to 36a-610, inclusive, as amended by this act, and provides that
622 appointment of the agent is not effective during any period when the
623 license of the licensee has been suspended. The licensee shall provide
624 each such agent with policies and procedures sufficient to ensure
625 compliance with sections 36a-595 to 36a-610, inclusive, as amended by
626 this act.

627 (6) An agent of a licensee shall remit all money owing to the licensee
628 in accordance with the terms of the contract between the licensee and
629 the agent.

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

633 (b) For purposes of subsection (a) of this section, a licensee [shall
634 include] means any person that has obtained a license from the
635 commissioner as provided in section 36a-600, as amended by this act,
636 and any entity or person exempt under section 36a-609, as amended by
637 this act.

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

640 (a) The commissioner shall make such investigations and conduct
641 such hearings as the commissioner considers necessary to determine

642 whether any licensee or any other person has violated or is about to
643 violate any of the provisions of sections 36a-595 to 36a-610, inclusive,
644 as amended by this act, or whether any licensee has acted in such
645 manner as otherwise would justify the suspension or revocation of the
646 license. The provisions of section 36a-17 shall apply to such
647 investigation.

648 (b) The commissioner may suspend or revoke a license or take any
649 other action, in accordance with section 36a-51, as amended by this act,
650 on any ground on which the commissioner might refuse to issue an
651 original license, for any violation of sections 36a-595 to 36a-610,
652 inclusive, as amended by this act, or of any regulation adopted under
653 said sections, for noncompliance with an order [which] that the
654 commissioner may issue under said sections to a licensee, [or] for
655 failure of the licensee to pay a judgment ordered by any court within
656 or outside this state within thirty days after the judgment becomes
657 final or within thirty days after expiration or termination of a stay of
658 execution of the judgment, for engaging in fraud, intentional
659 misrepresentation or gross negligence, or for engaging in an unsafe
660 and unsound practice.

661 (c) Whenever it appears to the commissioner that any person has
662 violated, is violating or is about to violate any provision of sections
663 36a-595 to 36a-610, inclusive, as amended by this act, or any regulation
664 adopted under said sections, or any licensee has failed to pay a
665 judgment ordered by any court within or outside of this state thirty
666 days after the date on which the judgment becomes final or thirty days
667 after the date of the expiration or termination of a stay of execution of
668 the judgment, or engaged in fraud, intentional misrepresentation or
669 gross negligence, or engaged in an unsafe and unsound practice, the
670 commissioner may take action against such person in accordance with
671 [section] sections 36a-50 and 36a-52.

672 (d) [The commissioner may order a licensee to terminate its agency
673 relationship with any agent or subagent who refuses to allow an

674 examination of its books and records regarding the business of such
675 licensee as provided in section 36a-605.] The commissioner may order
676 a licensee to terminate its agency relationship with any agent if the
677 commissioner finds that: (1) The agent violated any provision of
678 sections 36a-595 to 36a-610, inclusive, as amended by this act, or any
679 regulation adopted under said sections or any other law or regulation
680 applicable to the conduct of its business; (2) the agent refused to allow
681 an examination of its books and records regarding the business of such
682 licensee as provided in section 36a-605, as amended by this act; (3) the
683 agent engaged in fraud, intentional misrepresentation, or gross
684 negligence or misappropriated funds; (4) the agent has been convicted
685 of a violation of a state or federal anti-money laundering statute; (5)
686 the competence, experience, character or general fitness of the agent or
687 a manager, partner, director, trustee, principal officer, member or
688 shareholder owning ten per cent or more of each class of the agent's
689 securities demonstrates that it would not be in the public interest to
690 permit such agent to engage in the business of issuing Connecticut
691 payment instruments or the business of money transmission on behalf
692 of a licensee; or (6) the agent is engaging in an unsafe or unsound
693 practice.

694 Sec. 21. Subsection (c) of section 36a-647 of the general statutes is
695 repealed and the following is substituted in lieu thereof (*Effective*
696 *October 1, 2009*):

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

703 Sec. 22. Section 36a-655 of the general statutes is repealed and the
704 following is substituted in lieu thereof (*Effective October 1, 2009*):

705 As used in sections 36a-655 to 36a-665, inclusive, as amended by this

706 act, "bona fide nonprofit organization" means any organization that is
707 exempt from taxation under Section 501(c)(3) of the Internal Revenue
708 Code of 1986, or any subsequent corresponding internal revenue code
709 of the United States, as from time to time amended; "debt adjustment"
710 means (1) receiving, as agent of a debtor, money or evidences thereof
711 for the purpose of distributing such money or evidences thereof
712 among creditors in full or partial payment of obligations of the debtor,
713 or (2) arranging or assisting a debtor to arrange for the distribution of
714 one or more payments to or among one or more creditors of the debtor
715 in full or partial payment of the debtor's obligations; and "debtor"
716 means any individual who has incurred indebtedness or owes a debt
717 for personal, family or household purposes.

718 Sec. 23. Section 36a-656 of the general statutes is repealed and the
719 following is substituted in lieu thereof (*Effective October 1, 2009*):

720 (a) No person, other than a bona fide nonprofit organization, shall
721 engage in the business of debt adjustment in this state. No bona fide
722 nonprofit organization shall engage in the business of debt adjustment
723 in this state without a debt adjuster license. Any bona fide nonprofit
724 organization desiring to obtain such a license shall file with the
725 commissioner an application under oath, setting forth such
726 information as the commissioner may require. Each applicant for a
727 license and each licensee shall notify the commissioner of any change
728 in the applicant's business from that stated in the application for the
729 license.

730 (b) An application for a debt adjuster license or renewal of such
731 license shall be in writing on a form provided by the commissioner
732 and shall include (1) the history of criminal convictions for the ten-year
733 period prior to the date of the application of the applicant; the
734 partners, if the applicant is a partnership; the members, if the applicant
735 is a limited liability company or association; or the officers, directors
736 and principal employees if the applicant is a corporation, and (2)
737 sufficient information pertaining to the history of criminal convictions,

738 in a form acceptable to the commissioner, on such applicant, partners,
739 directors, members, officers, directors and principal employees as the
740 commissioner deems necessary to make the findings under subsection
741 (c) of this section.

742 [(b)] (c) If the commissioner finds, upon the filing of an application
743 for a debt adjuster license, that: (1) The financial responsibility,
744 character, reputation, integrity and general fitness of the applicant and
745 of the partners thereof if the applicant is a partnership, of the members
746 if the applicant is a limited liability company or association, and of the
747 officers, directors and principal employees if the applicant is a
748 corporation, are such as to warrant belief that the business will be
749 operated soundly and efficiently, in the public interest and consistent
750 with the purposes of sections 36a-655 to 36a-665, inclusive, as amended
751 by this act; and (2) the applicant is solvent and no proceeding in
752 bankruptcy, receivership or assignment for the benefit of creditors has
753 been commenced against the applicant, the commissioner may
754 thereupon issue the applicant a debt adjuster license. If the
755 commissioner fails to make such findings, or finds that the applicant or
756 any partner, member, officer, director or principal employee of the
757 applicant has been convicted, during the ten-year period prior to the
758 date of application of any misdemeanor involving any aspect of the
759 debt adjuster business or of any felony, the commissioner shall not
760 issue a license and shall notify the applicant of the reasons for such
761 denial. Any denial of an application by the commissioner shall, when
762 applicable, be subject to the provisions of section 46a-80. Withdrawal
763 of an application for a license shall become effective upon receipt by
764 the commissioner of a notice of intent to withdraw such application.
765 The commissioner may deny a license up to the date one year after the
766 effective date of withdrawal.

767 [(c)] (d) Each applicant for an original debt adjuster license shall, at
768 the time of making such application, pay to the commissioner an
769 application fee of two hundred fifty dollars. Each such license shall
770 expire at the close of business on September thirtieth of the odd-

771 numbered year following its issuance unless such license is renewed.
772 [Any license issued prior to October 1, 2002, shall expire on September
773 30, 2003, unless renewed.] Each licensee shall, on or before September
774 first of the year in which the license expires, file such renewal
775 application as the commissioner may require.

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

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

788 Sec. 24. Subsection (b) of section 36a-664 of the general statutes is
789 repealed and the following is substituted in lieu thereof (*Effective*
790 *October 1, 2009*):

791 (b) The surety or insurance company shall have the right to cancel
792 any bond or insurance policy written or issued under subsection (a) of
793 this section at any time by a written notice to the licensee, stating the
794 date cancellation shall take effect. Such notice shall be sent by certified
795 mail to the licensee at least thirty days prior to the date of cancellation.
796 No such bond shall be cancelled unless the surety or insurance
797 company notifies the commissioner in writing not less than thirty days
798 prior to the effective date of cancellation. After receipt of such
799 notification from the surety or insurance company, the commissioner
800 shall give written notice to the licensee of the date such bond or
801 insurance policy cancellation shall take effect. The commissioner shall
802 automatically suspend the license on [the] such date, [the cancellation

803 takes effect,] unless [the bond or insurance policy has been replaced or
804 renewed. The] prior to such date the licensee submits a letter of
805 reinstatement of the bond or insurance policy from the surety or
806 insurance company or a new bond or insurance policy or the licensee
807 has surrendered the license. After a license has been automatically
808 suspended, the commissioner shall give the licensee notice of the
809 automatic suspension pending proceedings for revocation or refusal to
810 renew and an opportunity for a hearing on such actions in accordance
811 with section 36a-51, as amended by this act, and require the licensee to
812 take or refrain from taking such action as in the opinion of the
813 commissioner will effectuate the purposes of this section.

814 Sec. 25. Section 36a-718 of the general statutes is repealed and the
815 following is substituted in lieu thereof (*Effective October 1, 2009*):

816 If the commissioner determines that any mortgage servicing
817 company has violated any provision of section 36a-716, the
818 commissioner may [,] take action against such mortgage servicing
819 company in accordance with [section] sections 36a-50 and 36a-52. [,
820 order the mortgage servicing company to cease and desist from such
821 violation.] The commissioner may also order the mortgage servicing
822 company to make restitution to the mortgagor upon fourteen days'
823 notice in writing. Such notice shall be sent by certified mail, return
824 receipt requested, or by any express delivery carrier that provides a
825 dated delivery receipt, to the principal place of business of the
826 mortgage servicing company and shall state the grounds for the
827 contemplated action. Within fourteen days of receipt of the notice, the
828 mortgage servicing company may file a written request for a hearing.
829 If a hearing is requested, the commissioner shall not issue an order to
830 make restitution until after such hearing is held. Such hearing shall be
831 conducted in accordance with the provisions of chapter 54.

832 Sec. 26. Subdivision (1) of subsection (b) of section 36a-801 of the
833 general statutes is repealed and the following is substituted in lieu
834 thereof (*Effective October 1, 2009*):

835 (b) (1) Any person desiring to act within this state as a consumer
836 collection agency shall make a written application to the commissioner
837 for such license in such form as the commissioner prescribes. Such
838 application shall be accompanied by (A) a financial statement prepared
839 by a certified public accountant or a public accountant, the accuracy of
840 which is sworn to under oath before a notary public by the proprietor,
841 a general partner or a corporate officer or a member duly authorized to
842 execute such documents, (B) the history of criminal convictions for the
843 ten-year period prior to the date of the application of the applicant; (C)
844 a license fee of eight hundred dollars, or in the case of an initial
845 application that is filed not earlier than one year before the date such
846 license will expire, a license fee of four hundred dollars, and [(C)] (D)
847 an investigation fee of one hundred dollars. The commissioner shall
848 cause to be made such inquiry and examination as to the qualifications
849 of each such applicant as the commissioner deems necessary. Each
850 applicant shall furnish satisfactory evidence to the commissioner that
851 the applicant is a person of good moral character and is financially
852 responsible. If the commissioner is satisfied that such applicant is in all
853 respects properly qualified and trustworthy, that the applicant has not
854 been convicted, during the ten-year period prior to the date of
855 application, of any misdemeanor involving any aspect of the consumer
856 collection agency business or of any felony, and that the granting of
857 such license is not against the public interest, the commissioner may
858 issue to such applicant a license, in such form as the commissioner
859 may adopt, to act within this state as a consumer collection agency.
860 Any such license issued by the commissioner shall expire at the close
861 of business on September thirtieth of the odd-numbered year
862 following its issuance, unless such license is renewed. [, provided any
863 license that is renewed effective May 1, 2003, shall expire on September
864 30, 2005.] The commissioner may renew such application, in the
865 commissioner's discretion, upon filing of a proper renewal application
866 accompanied by a license fee of eight hundred dollars, [or in the case
867 of an application for renewal of a license that expires on April 30, 2003,
868 a license fee of one thousand dollars,] and satisfactory proof that such

869 applicant at that time possesses the required qualifications for the
870 license and has not been convicted during the ten-year period prior to
871 the date of application of any misdemeanor involving any aspect of the
872 consumer collection agency business or of any felony. Such renewal
873 application shall be filed with the commissioner on or before
874 September first of the year in which the license expires, [, or in the case
875 of a license that expires on April 30, 2003, on or before April 1, 2003.]
876 Any renewal application filed with the commissioner after September
877 first [, or in the case of a license that expires on April 30, 2003, after
878 April 1, 2003,] shall be accompanied by a one-hundred-dollar late fee
879 and any such filing shall be deemed to be timely and sufficient for
880 purposes of subsection (b) of section 4-182. Whenever an application
881 for a license, other than a renewal application, is filed under sections
882 36a-800 to 36a-810, inclusive, as amended by this act, by any person
883 who was a licensee under said sections 36a-800 to 36a-810, inclusive, as
884 amended by this act, and whose license expired less than sixty days
885 prior to the date such application was filed, such application shall be
886 accompanied by a one-hundred-dollar processing fee in addition to the
887 application fee. To further the enforcement of this section and to
888 determine the eligibility of any person holding a license, the
889 commissioner may, as often as the commissioner deems necessary,
890 examine the licensee's books and records, and may, at any time,
891 require the licensee to submit such a financial statement for the
892 examination of the commissioner, so that the commissioner may
893 determine whether the licensee is financially responsible to carry on a
894 consumer collection agency business within the intents and purposes
895 of sections 36a-800 to 36a-810, inclusive, as amended by this act. Any
896 financial statement submitted by a licensee shall be confidential and
897 shall not be a public record unless introduced in evidence at a hearing
898 conducted by the commissioner. The applicant or licensee shall notify
899 the commissioner, in writing, of any change in the information
900 provided in its initial application for license or most recent renewal
901 application for such license, as applicable, not later than ten business
902 days after the occurrence of the event that results in such information

903 becoming inaccurate.

904 Sec. 27. Subsection (a) of section 36a-802 of the general statutes is
905 repealed and the following is substituted in lieu thereof (*Effective*
906 *October 1, 2009*):

907 (a) No such license and no renewal thereof shall be granted unless
908 the applicant has filed with the commissioner a bond to the people of
909 the state in the penal sum of [five] twenty-five thousand dollars,
910 approved by the Attorney General as to form and by the commissioner
911 as to sufficiency of the security thereof. Such bond shall be conditioned
912 that such licensee shall well, truly and faithfully account for all funds
913 entrusted to the licensee and collected and received by the licensee in
914 the licensee's capacity as a consumer collection agency. Any person
915 who may be damaged by the wrongful conversion of any creditor,
916 consumer debtor or property tax debtor funds received by such
917 consumer collection agency may proceed on such bond against the
918 principal or surety thereon, or both, to recover damages. The
919 commissioner may proceed on such bond against the principal or
920 surety thereon, or both, to collect any civil penalty imposed upon the
921 licensee pursuant to subsection (a) of section 36a-50. The proceeds of
922 the bond, even if commingled with other assets of the licensee, shall be
923 deemed by operation of law to be held in trust for the benefit of such
924 claimants against the licensee in the event of bankruptcy of the licensee
925 and shall be immune from attachment by creditors and judgment
926 creditors. The bond shall run concurrently with the period of the
927 license granted to the applicant, and the aggregate liability under the
928 bond shall not exceed the penal sum of the bond.

929 Sec. 28. Subsection (b) of section 36a-802 of the general statutes is
930 repealed and the following is substituted in lieu thereof (*Effective*
931 *October 1, 2009*):

932 (b) The surety company shall have the right to cancel the bond at
933 any time by a written notice to the licensee stating the date cancellation
934 shall take effect. Such notice shall be sent by certified mail to the

935 licensee at least thirty days prior to the date of cancellation. A surety
936 bond shall not be cancelled unless the surety company notifies the
937 commissioner in writing not less than thirty days prior to the effective
938 date of cancellation. After receipt of such notification from the surety
939 company, the commissioner shall give written notice to the licensee of
940 the date such bond cancellation shall take effect. The commissioner
941 shall automatically suspend the license on [the] such date, [the
942 cancellation takes effect,] unless the [surety bond has been replaced or
943 renewed. The] licensee prior to such date submits a letter of
944 reinstatement of the bond from the surety company or a new bond or
945 the licensee has ceased business and has surrendered its license. After
946 a license has been automatically suspended, the commissioner shall
947 give the licensee notice of the automatic suspension pending
948 proceedings for revocation or refusal to renew and an opportunity for
949 a hearing on such actions in accordance with section 36a-51, as
950 amended by this act, and require the licensee to take or refrain from
951 taking such action as in the opinion of the commissioner will effectuate
952 the purposes of this section.

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

956 (a) No consumer collection agency shall engage in this state in any
957 practice which is prohibited in section 36a-805 or determined pursuant
958 to [sections 36a-807 and] section 36a-808, as amended by this act, to be
959 an unfair or deceptive act or practice, nor shall any consumer
960 collection agency engage outside of this state in any act or practice
961 prohibited in said section 36a-805. The commissioner shall have power
962 to examine the affairs of every consumer collection agency in this state
963 in order to determine whether it has been or is engaged in any act or
964 practice prohibited by sections 36a-805 to 36a-808, inclusive, as
965 amended by this act.

966 Sec. 30. Section 36a-807 of the general statutes is repealed and the

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

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

975 [(b)] No order of the commissioner under sections 36a-805 to 36a-
976 808, inclusive, as amended by this act, shall relieve or absolve any
977 person affected by such order from any liability under any other laws
978 of this state.

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

981 Whenever the commissioner has reason to believe that any
982 consumer collection agency is engaging in this state in any act or
983 practice in the conduct of such business which is not defined in section
984 36a-805, and that such act or practice is unfair or deceptive, [or
985 whenever it appears to the commissioner that any consumer collection
986 agency or other person has violated, is violating, or is about to violate
987 any provision of sections 36a-800 to 36a-810, inclusive, or any
988 regulation adopted pursuant to section 36a-809,] the commissioner
989 may take action against such consumer collection agency [or person] in
990 accordance with section 36a-50.

991 Sec. 32. (NEW) (*Effective October 1, 2009*) (a) (1) "Financial
992 institution" means any bank or credit union chartered or licensed
993 under the laws of this state or the United States and having its main
994 office in this state or any similar out-of-state institution having a
995 branch in this state;

996 (2) "Payday lender" means any person who offers or makes a

997 payday loan to a borrower, arranges a payday loan for a third party or
998 acts as an agent for a third party, regardless of whether approval,
999 acceptance or ratification by the third party is necessary to create a
1000 legal obligation for the third party; and

1001 (3) "Payday loan" means a loan, as defined in section 36a-2 of the
1002 general statutes, other than a secured loan, made (A) primarily for
1003 personal, family or household purposes, and (B) in accordance with a
1004 loan agreement that provides that the borrower writes a postdated
1005 check to the lender, authorizes the lender to debit the borrower's
1006 account or authorizes the lender to execute a wage garnishment.

1007 (b) No payday lender shall:

1008 (1) Make or renew a payday loan in this state at a rate of interest
1009 that exceeds twelve per cent per annum, excluding a one-time
1010 origination fee for a new payday loan;

1011 (2) Charge during the term of a new payday loan, including all
1012 renewals of the loan, more than one origination fee of ten dollars per
1013 one hundred dollars of the loan amount or thirty dollars, whichever is
1014 less;

1015 (3) Charge the borrower more than one fee, not to exceed twenty
1016 dollars, per loan transaction for dishonored checks or insufficient
1017 funds, regardless of how many checks or debit agreements the lender
1018 obtains from the borrower for the transaction;

1019 (4) Make or renew a payday loan for a term of less than thirty-one
1020 days;

1021 (5) Charge a borrower any fee or interest other than a fee or interest
1022 described in subdivisions (1) to (3), inclusive, of this section;

1023 (6) Include in a payday loan agreement:

1024 (A) A hold-harmless clause;

1025 (B) A confession of judgment or other waiver of the right to notice
1026 and the opportunity to be heard in an action;

1027 (C) An agreement by the borrower not to assert any claim or
1028 defense arising out of the agreement against the lender or any holder
1029 in due course; or

1030 (D) An executory waiver or a limitation of exemption from
1031 attachment, execution or other process on real or personal property
1032 held by, owned by or due to the borrower, unless the waiver or
1033 limitation applies only to property subject to a security interest
1034 executed in connection with the loan;

1035 (7) Conduct a payday loan business where liquor or lottery tickets
1036 are sold or where gambling devices are located;

1037 (8) Renew an existing payday loan more than two times; or

1038 (9) Make a new payday loan to a borrower during the seven-day
1039 period after the day a previous payday loan expired.

1040 (c) For purposes of this section, a payday loan is made or renewed
1041 in this state if the loan is made to a borrower who resides in or
1042 maintains a domicile in this state and the borrower:

1043 (1) Negotiates or agrees to the terms of the loan in person, by mail,
1044 by telephone or via the Internet while physically present in this state;

1045 (2) Enters into or executes a loan agreement with the lender in
1046 person, by mail, by telephone or via the Internet while physically
1047 present in this state; or

1048 (3) Makes a payment of the loan in this state.

1049 (d) For purposes of this section, a borrower makes a payment on a
1050 loan in this state if a payday lender debits an account the borrower
1051 holds in a branch of a financial institution or if the borrower makes a
1052 payment with a negotiable instrument drawn on an account at a

1053 financial institution.

1054 (e) Whenever it appears to the Banking Commissioner that any
 1055 payday lender has violated, is violating or is about to violate this
 1056 section, the commissioner may take action against such lender in
 1057 accordance with sections 36a-50 and 36a-52 of the general statutes.

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(a)
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-647(c)
Sec. 22	<i>October 1, 2009</i>	36a-655
Sec. 23	<i>October 1, 2009</i>	36a-656
Sec. 24	<i>October 1, 2009</i>	36a-664(b)
Sec. 25	<i>October 1, 2009</i>	36a-718
Sec. 26	<i>October 1, 2009</i>	36a-801(b)(1)
Sec. 27	<i>October 1, 2009</i>	36a-802(a)
Sec. 28	<i>October 1, 2009</i>	36a-802(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>	New section

Statement of Purpose:

To require licensees who surrender a license to surrender such license to the Banking Commissioner; to authorize the Banking Commissioner to institute a license suspension, revocation or refusal to renew license proceeding within one year after a license is surrendered; to prevent the issuance of certain licenses if the applicants for such a license have been convicted within the past ten years of any misdemeanor involving the type of business for which the license is sought, or of any felony; to authorize the Banking Commissioner to deny an application for any such license within one year after such application is withdrawn; to expand the definition of a "debt adjuster" to add provisions governing the making or renewing of payday loans; to amend the statutes regarding money transmission licenses; to amend the statutes concerning bond requirements for certain licensees.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]