



General Assembly

**Amendment**

January Session, 2009

LCO No. 7421

\*SB0095007421SD0\*

Offered by:

SEN. DUFF, 25<sup>th</sup> Dist.

REP. BARRY, 12<sup>th</sup> Dist.

To: Subst. Senate Bill No. 950

File No. 233

Cal. No. 207

**"AN ACT CONCERNING CONSUMER CREDIT LICENSEES."**

1 Strike everything after the enacting clause and substitute the  
2 following in lieu thereof:

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4 repealed and the following is substituted in lieu thereof (*Effective*  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

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

16 refuse to renew such license, such surrender will not become effective  
17 except at such time and under such conditions as the commissioner by  
18 order determines. If no proceeding is pending or has been instituted by  
19 the commissioner at the time of surrender, the commissioner may still  
20 institute a proceeding to suspend, revoke or refuse to renew a license  
21 under subsection (a) of this section up to the date one year after the  
22 date of receipt of the license by the commissioner.

23 Sec. 2. Subsection (b) of section 36a-486 of the general statutes is  
24 repealed and the following is substituted in lieu thereof (*Effective from*  
25 *passage*):

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

42 Sec. 3. Section 36a-489 of the general statutes is repealed and the  
43 following is substituted in lieu thereof (*Effective from passage*):

44 (a) If the commissioner finds, upon the filing of an application for a  
45 license as a mortgage lender, mortgage correspondent lender or  
46 mortgage broker, that the applicant meets the requirements of  
47 subsection (a) of section 36a-488, and that the financial responsibility,

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

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

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

82 effective date of withdrawal.

83 Sec. 4. Subsection (e) of section 36a-490 of the general statutes is  
84 repealed and the following is substituted in lieu thereof (*Effective from*  
85 *passage*):

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

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

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

114 Sec. 6. Section 36a-537 of the general statutes is repealed and the  
115 following is substituted in lieu thereof (*Effective from passage*):

116 The application for a license as a sales finance company shall be on a  
117 form prescribed by the commissioner, in writing and under oath,  
118 together with such exhibits and other pertinent information as the  
119 commissioner may require. The application shall include (1) history of  
120 criminal convictions for the ten-year period prior to the date of the  
121 application of the applicant; and the partners, if the applicant is a  
122 partnership; the members, if the applicant is a limited liability  
123 company or association; or the officers, directors and principal  
124 employees if the applicant is a corporation; and (2) sufficient  
125 information pertaining to the history of criminal convictions, in a form  
126 acceptable to the commissioner, on such applicant, partners, directors,  
127 members, officers, directors and principal employees as the  
128 commissioner deems necessary to make findings under section 36a-  
129 541, as amended by this act.

130 Sec. 7. Section 36a-541 of the general statutes is repealed and the  
131 following is substituted in lieu thereof (*Effective from passage*):

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

147 commissioner finds that the applicant or any partner, member, officer,  
148 director or principal employee of the applicant has been convicted,  
149 during the ten-year period prior to the date of application, of any  
150 misdemeanor involving any aspect of the sales finance business, or any  
151 felony. Any denial of an application by the commissioner shall, when  
152 applicable, be subject to the provisions of section 46a-80. Withdrawal  
153 of an application for a license shall become effective upon receipt by  
154 the commissioner of a notice of intent to withdraw such application.  
155 The commissioner may deny a license up to the date one year after the  
156 date the withdrawal became effective.

157 Sec. 8. Section 36a-556 of the general statutes is repealed and the  
158 following is substituted in lieu thereof (*Effective from passage*):

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

181 receipt by the commissioner of a notice of intent to withdraw such  
182 application. The commissioner may deny a license up to the date one  
183 year after the date the withdrawal became effective. The capital  
184 investment shall be not less than twenty-five thousand dollars for each  
185 licensed location in a city or town with a population of ten thousand or  
186 more inhabitants and ten thousand dollars for each licensed location in  
187 a city or town with a smaller population. Population shall be  
188 determined according to the last United States census at the time a  
189 license is granted.

190 Sec. 9. Section 36a-557 of the general statutes is repealed and the  
191 following is substituted in lieu thereof (*Effective from passage*):

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

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

207 Sec. 10. Subsection (c) of section 36a-581 of the general statutes is  
208 repealed and the following is substituted in lieu thereof (*Effective from*  
209 *passage*):

210 (c) An application for a check cashing license or renewal of such  
211 license shall be in writing, under oath and on a form provided by the  
212 commissioner. The application shall set forth: (1) The name and

213 address of the applicant; (2) if the applicant is a firm or partnership,  
214 the names and addresses of each member of the firm or partnership;  
215 (3) if the applicant is a corporation, the names and addresses of each  
216 officer, director, authorized agent and each shareholder owning ten  
217 per cent or more of the outstanding stock of such corporation; (4) if the  
218 applicant is a limited liability company, the names and addresses of  
219 each member and authorized agent of such limited liability company;  
220 (5) (A) the history of criminal convictions for the ten-year period prior  
221 to the date of the application of the applicant; the members, if the  
222 applicant is a firm or partnership; the officers, directors, authorized  
223 agent and each shareholder owning ten per cent or more of the  
224 outstanding stock of the applicant, if the applicant is a corporation,  
225 and (B) sufficient information pertaining to the history of criminal  
226 convictions in a form acceptable to the commissioner on such  
227 applicant, members, officers, directors, authorized agent and  
228 shareholders as the commissioner deems necessary to make the  
229 findings under subsection (e) of his section, as amended by this act; (6)  
230 each location where the check cashing business is to be conducted and  
231 the type of facility that will be operated at that location; ~~[(6)]~~ (7) the  
232 business plan, which shall include the proposed days and hours of  
233 operation; ~~[(7)]~~ (8) the amount of liquid assets available for each  
234 location which shall not be less than the amount specified in  
235 subdivision (7) of subsection (e) of this section, as amended by this act;  
236 ~~[(8)]~~ (9) for each limited facility, a copy of the executed contract  
237 evidencing the proposed arrangement between the applicant and the  
238 employer; and ~~[(9)]~~ (10) any other information the commissioner may  
239 require.

240 Sec. 11. Subsection (a) of section 36a-582 of the general statutes is  
241 repealed and the following is substituted in lieu thereof (*Effective from*  
242 *passage*):

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



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

275 Sec. 12. Subsection (e) of section 36a-581 of the general statutes is  
276 repealed and the following is substituted in lieu thereof (*Effective from*  
277 *passage*):

278 (e) Upon the filing of the required application and the applicable  
279 license and location fees, the commissioner shall investigate the facts  
280 and may issue a license if the commissioner finds that (1) the applicant

281 is in all respects properly qualified and of good character, (2) if the  
282 applicant is a firm or partnership, each member of the firm or  
283 partnership is in all respects properly qualified and of good character,  
284 (3) if the applicant is a corporation, each officer, director, authorized  
285 agent and each shareholder owning ten per cent or more of the  
286 outstanding stock of such corporation is in all respects properly  
287 qualified and of good character, (4) if the applicant is a limited liability  
288 company, each member and authorized agent is in all respects  
289 properly qualified and of good character, (5) granting such license  
290 would not be against the public interest, (6) the applicant has a feasible  
291 plan for conducting business, and (7) the applicant has available and  
292 shall continuously maintain liquid assets of at least ten thousand  
293 dollars for each general facility location and at least two thousand five  
294 hundred dollars for each limited facility location specified in the  
295 application. The commissioner may deny an application if the  
296 commissioner finds that the applicant or any member, officer, director  
297 or authorized agent or shareholder owning ten per cent or more of the  
298 outstanding stock of the applicant has been convicted, during the ten-  
299 year period prior to the date of application, of any misdemeanor  
300 involving any aspect of the check cashing services business, or any  
301 felony. Any denial of an application by the commissioner shall, when  
302 applicable, be subject to the provisions of section 46a-80.

303 Sec. 13. Section 36a-596 of the general statutes is repealed and the  
304 following is substituted in lieu thereof (*Effective from passage*):

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

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

314 (2) "Holder" means a person, other than a purchaser, who is either in  
315 possession of a Connecticut payment instrument and is the named  
316 payee thereon or in possession of a Connecticut payment instrument  
317 issued or endorsed to such person or bearer or in blank. "Holder" does  
318 not include any person who is in possession of a lost, stolen or forged  
319 Connecticut payment instrument.

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

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

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

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

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

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

341 (9) "Outstanding" means, in the case of a money order, travelers  
342 check, electronic payment instrument or stored value, that: (A) It is  
343 sold or issued in the United States; (B) a report of it has been received

344 by a licensee from its agents; [or subagents;] and (C) it has not yet been  
345 paid by the issuer.

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

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

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

377 "prime quality".

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

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

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

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

394 Sec. 14. Subsection (a) of section 36a-597 of the general statutes is  
395 repealed and the following is substituted in lieu thereof (*Effective from*  
396 *passage*):

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

408 notify the commissioner, in writing, of the termination of the contract  
409 between such licensee and agent.

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

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

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

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

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

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

432 (5) The name and residence address of [(A)] the individual, if the  
433 applicant is an individual; [(B)] the partners, if the applicant is a  
434 partnership; [(C)] the directors, trustees, principal officers, and any  
435 shareholder owning ten per cent or more of each class of its securities,  
436 if the applicant is a corporation or association; or [(D)] the members, if  
437 the applicant is a limited liability company; [, and sufficient

438 information pertaining to the name and address, in a form acceptable  
439 to the commissioner, on such partners, directors, trustees, principal  
440 officers, members, and any shareholder owning ten per cent or more of  
441 each class of its securities, as the commissioner deems necessary to  
442 make the findings under section 36a-600;]

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

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

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

465 (9) (A) The history of criminal convictions for the ten-year period  
466 prior to the date of the application of the individual, if the applicant is  
467 an individual; the partners, if the applicant is a partnership; the  
468 directors, trustees, principal officers and any shareholder owning ten  
469 per cent or more of each class of its securities if the applicant is a

470 corporation or association; or the members, if the applicant is a limited  
471 liability company, and (B) sufficient information pertaining to the  
472 history of criminal convictions, in a form acceptable to the  
473 commissioner, on such individual or the partners, directors, trustees,  
474 principal officers, members and any shareholder owning ten per cent  
475 or more of each class of the applicant's securities;

476 [(9)] (10) (A) The surety bond required by subsection (a) of section  
477 36a-602, if applicable;

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

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

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

492 [(11)] (12) Any other information the commissioner may require.

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

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



500 commissioner.

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

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

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

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

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

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

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

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

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

527 (a) Upon the filing of an application for an original license, and the

528 payment of the fees for investigation and license, the commissioner  
529 shall investigate the financial condition and responsibility, financial  
530 and business experience, character and general fitness of the applicant.  
531 The commissioner shall approve conditionally any application, if the  
532 commissioner finds that:

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

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

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

550 (4) The applicant is in compliance with the provisions of sections  
551 36a-603 and 36a-604;

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

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

559 (b) If the commissioner conditionally approves an application, the  
560 applicant shall have thirty days, which the commissioner may extend  
561 for cause, to comply with the requirements of section 36a-602, as  
562 amended by this act. Upon such compliance, the commissioner's  
563 conditional approval shall become final, and the commissioner shall  
564 issue a license to the applicant. The commissioner shall not issue a  
565 license to any applicant unless the applicant is in compliance with all  
566 the requirements of subsection (a) of this section and section 36a-602  
567 and has paid the investigation and license fee required under section  
568 36a-599.

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

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

581 (b) The surety company may cancel the bond at any time by a  
582 written notice to the licensee, stating the date cancellation shall take  
583 effect. Such notice shall be sent by certified mail to the licensee at least  
584 thirty days prior to the date of cancellation. A surety bond shall not be  
585 cancelled unless the surety company notifies the commissioner in  
586 writing not less than thirty days prior to the effective date of  
587 cancellation. After receipt of such notification from the surety  
588 company, the commissioner shall give written notice to the licensee of  
589 the date such bond cancellation shall take effect. The commissioner  
590 shall automatically suspend the license on [the] such date, [the  
591 cancellation takes effect,] unless the [surety bond has been replaced or

592 renewed,] licensee, prior to such date, submits (1) a letter of  
593 reinstatement of the bond from the surety company, (2) a new bond,  
594 (3) evidence that all of the principal sum of such surety bond has been  
595 invested as provided in subsection (c) of this section, [or] (4) a new  
596 bond that replaces the surety bond [has been replaced] in part and  
597 evidence that the remaining part of the principal sum of such surety  
598 bond has been invested as provided in subsection (c) of this section, or  
599 [unless] (5) evidence that the licensee has ceased business and has  
600 [voluntarily] surrendered the license. [The] After a license has been  
601 automatically suspended, the commissioner shall give the licensee  
602 notice of the automatic suspension pending proceedings for revocation  
603 or refusal to renew such license and an opportunity for a hearing on  
604 such actions in accordance with section 36a-51 and require the licensee  
605 to take or refrain from taking such action as in the opinion of the  
606 commissioner will effectuate the purposes of this section.

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

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

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

623 (a) A licensee may conduct its business at one or more locations

624 within this state as follows:

625 (1) The business may be conducted by the licensee or through or by  
626 means of such agents [and subagents] as the licensee may periodically  
627 designate or appoint. An agent may not engage in the business of  
628 issuing Connecticut payment instruments or the business of money  
629 transmission on behalf of a licensee through or by means of a  
630 subagent.

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

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

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

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

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

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

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

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

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

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

686       (c) Whenever it appears to the commissioner that any person has

687 violated, is violating or is about to violate any provision of sections  
688 36a-595 to 36a-610, inclusive, as amended by this act, or any regulation  
689 adopted under said sections, or any licensee has failed to pay a  
690 judgment ordered by any court within or outside of this state thirty  
691 days after the date on which the judgment becomes final or thirty days  
692 after the date of the expiration or termination of a stay of execution of  
693 the judgment, or engaged in fraud, intentional misrepresentation or  
694 gross negligence, or engaged in an unsafe and unsound practice, the  
695 commissioner may take action against such person in accordance with  
696 [section] sections 36a-50 and 36a-52.

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

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

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

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

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

730 (3) The United States Postal Service; and

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

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

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

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

746 As used in sections 36a-655 to 36a-665, inclusive, "bona fide  
747 nonprofit organization" means any organization that is exempt from  
748 taxation under Section 501(c)(3) of the Internal Revenue Code of 1986,  
749 or any subsequent corresponding internal revenue code of the United  
750 States, as from time to time amended; "debt adjustment" means, for or



751 with the expectation of a fee, commission or other valuable  
752 consideration, receiving, as agent of a debtor, money or evidences  
753 thereof for the purpose of distributing such money or evidences  
754 thereof among creditors in full or partial payment of obligations of the  
755 debtor; and "debtor" means any individual who has incurred  
756 indebtedness or owes a debt for personal, family or household  
757 purposes.

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

760 (a) No person [, other than a bona fide nonprofit organization,] shall  
761 engage in the business of debt adjustment in this state [. No bona fide  
762 nonprofit organization shall engage in the business of debt adjustment  
763 in this state] without a debt adjuster license. Any [bona fide nonprofit  
764 organization] person desiring to obtain such a license shall file with the  
765 commissioner an application under oath, setting forth such  
766 information as the commissioner may require. Each applicant for a  
767 license and each licensee shall notify the commissioner of any change  
768 in the applicant's business from that stated in the application for the  
769 license.

770 (b) An application for a debt adjuster license or renewal of such  
771 license shall be in writing on a form provided by the commissioner  
772 and shall include (1) the history of criminal convictions for the ten-year  
773 period prior to the date of the application of the applicant; the  
774 partners, if the applicant is a partnership; the members, if the applicant  
775 is a limited liability company or association; or the officers, directors  
776 and principal employees if the applicant is a corporation, and (2)  
777 sufficient information pertaining to the history of criminal convictions,  
778 in a form acceptable to the commissioner, on such applicant, partners,  
779 directors, members, officers, directors and principal employees as the  
780 commissioner deems necessary to make the findings under subsection  
781 (c) of this section.

782 [(b)] (c) If the commissioner finds, upon the filing of an application

783 for a debt adjuster license, that: (1) The financial responsibility,  
784 character, reputation, integrity and general fitness of the applicant and  
785 of the partners thereof if the applicant is a partnership, of the members  
786 if the applicant is a limited liability company or association, and of the  
787 officers, directors and principal employees if the applicant is a  
788 corporation, are such as to warrant belief that the business will be  
789 operated soundly and efficiently, in the public interest and consistent  
790 with the purposes of sections 36a-655 to 36a-665, inclusive, as amended  
791 by this act; and (2) the applicant is solvent and no proceeding in  
792 bankruptcy, receivership or assignment for the benefit of creditors has  
793 been commenced against the applicant, the commissioner may  
794 thereupon issue the applicant a debt adjuster license. If the  
795 commissioner fails to make such findings, the commissioner shall not  
796 issue a license and shall notify the applicant of the reasons for such  
797 denial. The commissioner may deny an application if the  
798 commissioner finds that the applicant or any partner, member, officer,  
799 director or principal employee of the applicant has been convicted,  
800 during the ten-year period prior to the date of application, of any  
801 misdemeanor involving any aspect of the debt adjuster business, or  
802 any felony. Any denial of an application by the commissioner shall,  
803 when applicable, be subject to the provisions of section 46a-80.  
804 Withdrawal of an application for a license shall become effective upon  
805 receipt by the commissioner of a notice of intent to withdraw such  
806 application. The commissioner may deny a license up to the date one  
807 year after the effective date of withdrawal.

808 [(c)] (d) Each applicant for an original debt adjuster license that is a  
809 bona fide nonprofit organization shall, at the time of making such  
810 application, pay to the commissioner an application fee of two  
811 hundred fifty dollars. Each applicant for an original or a renewal of a  
812 debt adjuster license that is not a bona fide nonprofit organization  
813 shall, at the time of making such application, pay to the commissioner  
814 an application fee of one thousand six hundred dollars or, in the case  
815 of an application that is filed not earlier than the date one year before  
816 the date of expiration of such license, a license fee of eight hundred

817 dollars. Each such license shall expire at the close of business on  
818 September thirtieth of the odd-numbered year following its issuance  
819 unless such license is renewed. [Any license issued prior to October 1,  
820 2002, shall expire on September 30, 2003, unless renewed.] Each  
821 licensee shall, on or before September first of the year in which the  
822 license expires, file such renewal application as the commissioner may  
823 require.

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

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

836 Sec. 25. Section 36a-660 of the general statutes is repealed and the  
837 following is substituted in lieu thereof (*Effective October 1, 2009*):

838 Each licensee shall: (1) [Keep] Provide the debtor with a written  
839 agreement that sets forth the services to be provided by the licensee  
840 and any fees to be charged for such services; (2) provide  
841 individualized credit counseling and budgeting assistance to the  
842 debtor without charge prior to entering into a written agreement with  
843 the debtor; (3) determine that the debtor has the financial ability to  
844 make the payments stated in the written agreement and that the  
845 payments stated in the written agreement are suitable for the debtor;  
846 (4) contact each creditor of the debtor to determine whether such  
847 creditors will accept payment of the debtor's debts as contemplated by  
848 the written agreement; (5) keep complete and adequate records during

849 the term of the [contract] written agreement and for a period of seven  
850 years from the date of cancellation or completion of the [contract]  
851 written agreement with each debtor, which records shall contain  
852 complete information regarding the [contract] written agreement,  
853 extensions thereof, payments, disbursements and charges, and shall be  
854 open to inspection by the commissioner during normal business hours;  
855 [(2)] (6) make remittances to creditors within a reasonable time after  
856 receipt of any funds, less prorated fees and costs, unless the reasonable  
857 payment of one or more of the debtor's obligations requires that such  
858 funds be held for a longer period so as to accumulate a sum certain;  
859 and [(3)] (7) furnish the debtor a written statement of the debtor's  
860 account [within a reasonable time after the debtor may request it]  
861 periodically, and no less than quarterly, and [within] not later than the  
862 date ninety days after the date of completion of the adjustment of the  
863 debtor's debts, and shall furnish the debtor a verbal accounting at any  
864 time the debtor may request it during normal business hours.

865 Sec. 26. Section 36a-661 of the general statutes is repealed and the  
866 following is substituted in lieu thereof (*Effective October 1, 2009*):

867 No licensee shall: (1) Purchase from a creditor any obligation of a  
868 debtor; (2) operate as a collection agent and as a licensee as to the same  
869 debtor's account; (3) execute any contract or agreement to be signed by  
870 the debtor unless the contract or agreement is fully and completely  
871 filled in and finished; (4) directly or indirectly require the debtor to  
872 purchase other services or materials as a condition to enter into a  
873 written agreement for services; (5) pay any bonus or other  
874 consideration to any person for the referral of a debtor to the licensee's  
875 business or accept or receive any bonus, commission or other  
876 consideration for referring any debtor to any person for any reason, or  
877 [(5)] (6) advertise, display, distribute, broadcast or televise or permit to  
878 be displayed, advertised, distributed, broadcast or televised the  
879 licensee's services, rates or terms in any manner whatsoever wherein  
880 any false, misleading or deceptive statement or representation is made  
881 with regard to the services to be performed by the licensee or the  
882 charges to be made therefor.

883       Sec. 27. (NEW) (*Effective October 1, 2009*) (a) If a debt adjuster  
884 licensee imposes a fee or other charge or receives money or other  
885 payments not specified in the written agreement with the debtor, the  
886 debtor may void the agreement and recover any fees paid.

887       (b) If any person is not licensed as required by section 36a-656 of the  
888 general statutes, as amended by this act, the written agreement is  
889 voidable by the debtor.

890       (c) If a debtor voids a written agreement under this section, the  
891 licensee shall not have a claim against the debtor for breach of contract  
892 or for restitution.

893       Sec. 28. Subsection (b) of section 36a-664 of the general statutes is  
894 repealed and the following is substituted in lieu thereof (*Effective from*  
895 *passage*):

896       (b) The surety or insurance company shall have the right to cancel  
897 any bond or insurance policy written or issued under subsection (a) of  
898 this section at any time by a written notice to the licensee, stating the  
899 date cancellation shall take effect. Such notice shall be sent by certified  
900 mail to the licensee at least thirty days prior to the date of cancellation.  
901 No such bond shall be cancelled unless the surety or insurance  
902 company notifies the commissioner in writing not less than thirty days  
903 prior to the effective date of cancellation. After receipt of such  
904 notification from the surety or insurance company, the commissioner  
905 shall give written notice to the licensee of the date such bond or  
906 insurance policy cancellation shall take effect. The commissioner shall  
907 automatically suspend the license on [the] such date, [the cancellation  
908 takes effect,] unless [the bond or insurance policy has been replaced or  
909 renewed. The] prior to such date the licensee submits a letter of  
910 reinstatement of the bond or insurance policy from the surety or  
911 insurance company or a new bond or insurance policy or the licensee  
912 has surrendered the license. After a license has been automatically  
913 suspended, the commissioner shall give the licensee notice of the  
914 automatic suspension pending proceedings for revocation or refusal to

915 renew and an opportunity for a hearing on such actions in accordance  
916 with section 36a-51 and require the licensee to take or refrain from  
917 taking such action as in the opinion of the commissioner will effectuate  
918 the purposes of this section.

919 Sec. 29. (NEW) (*Effective October 1, 2009*) (a) As used in this section  
920 and sections 30 to 33, inclusive, of this act, (1) "debt negotiation"  
921 means, for or with the expectation of a fee, commission or other  
922 valuable consideration, assisting a debtor in negotiating or attempting  
923 to negotiate on behalf of a debtor the terms of a debtor's obligations  
924 with one or more mortgagees or creditors of the debtor, including the  
925 negotiation of short sales of residential property or foreclosure rescue  
926 services; (2) "debtor" means any individual who has incurred  
927 indebtedness or owes a debt for personal, family or household  
928 purposes; (3) "mortgagee" means the original lender under a mortgage  
929 loan secured by residential property or its agents, successors or  
930 assigns; (4) "mortgagor" means the owner-occupant of a one-to-four  
931 family residential property located in this state, including, but not  
932 limited to, a single-family unit in a common interest community, who  
933 is also the borrower under a mortgage encumbering such residential  
934 property; (5) "short sale" means the sale of residential property by a  
935 mortgagor for an amount less than the outstanding balance owed on  
936 the loan secured by such property where, prior to the sale, the  
937 mortgagee or an assignee of the mortgagee agrees to accept less than  
938 the outstanding loan balance in full or partial satisfaction of the  
939 mortgage debt and the proceeds of the sale are paid to the mortgagee  
940 or an assignee of the mortgagee; (6) "foreclosure rescue services"  
941 means services related to or promising assistance in connection with  
942 (A) avoiding or delaying actual or anticipated foreclosure proceedings  
943 concerning residential property, or (B) curing or otherwise addressing  
944 a default or failure to timely pay with respect to a mortgage loan  
945 secured by residential property, and includes, but is not limited to, the  
946 offer, arrangement or placement of a mortgage loan secured by  
947 residential property or other extension of credit when those services  
948 are advertised, offered or promoted in the context of foreclosure

949 related services; and (7) "residential property" means one-to-four  
950 family owner-occupied real property.

951 (b) No person shall engage or offer to engage in debt negotiation in  
952 this state without a license issued under this section for each location  
953 where debt negotiation will be conducted. Any person desiring to  
954 obtain such a license shall file with the commissioner an application  
955 under oath, setting forth such information as the commissioner may  
956 require. Each applicant for a license and each licensee shall notify the  
957 commissioner of any change in the applicant's business from that  
958 stated in the application for the license. A person is engaging in debt  
959 negotiation in this state if such person: (1) Has a place of business  
960 located within this state; (2) has a place of business located outside of  
961 this state and the debtor is a resident of this state who negotiates or  
962 agrees to the terms of the services contract in person, by mail, by  
963 telephone or via the Internet while physically present in this state; or  
964 (3) has his or her place of business located outside of this state and the  
965 contract concerns a debt that is secured by property located within this  
966 state.

967 (c) An application for an original or renewal debt negotiation license  
968 shall be in writing on a form provided by the commissioner and shall  
969 include (1) the history of criminal convictions for the ten-year period  
970 prior to the date of the application of the (A) applicant, (B) partners, if  
971 the applicant is a partnership, (C) members, if the applicant is a limited  
972 liability company or association, or (D) officers, directors and principal  
973 employees, if the applicant is a corporation; and (2) sufficient  
974 information pertaining to the history of criminal convictions, in a form  
975 acceptable to the commissioner, on such applicant, partners, members,  
976 officers, directors and principal employees as the commissioner deems  
977 necessary to make the findings under subsection (d) of this section.

978 (d) If the commissioner finds, upon the filing of an application for a  
979 debt negotiation license, that: (1) The financial responsibility, character,  
980 reputation, integrity and general fitness of the (A) applicant, (B)  
981 partners thereof, if the applicant is a partnership, (C) members, if the

982 applicant is a limited liability company or association, and (D) officers,  
983 directors and principal employees, if the applicant is a corporation, are  
984 such as to warrant belief that the business will be operated soundly  
985 and efficiently, in the public interest and consistent with the purposes  
986 of sections 29 to 33, inclusive, of this act; and (2) the applicant is  
987 solvent and no proceeding in bankruptcy, receivership or assignment  
988 for the benefit of creditors has been commenced against the applicant,  
989 the commissioner may thereupon issue the applicant a debt  
990 negotiation license. Such debt negotiation license shall not be  
991 transferable. Any change of location of a licensee shall require prior  
992 written notice to the commissioner. No licensee shall use any name  
993 unless such name has been approved by the commissioner. If the  
994 commissioner fails to make such findings, the commissioner shall not  
995 issue a license and shall notify the applicant of the reasons for such  
996 denial. The commissioner may deny an application if the  
997 commissioner finds that the applicant or any partner, member, officer,  
998 director or principal employee of the applicant has been convicted,  
999 during the ten-year period prior to the date of application, of any  
1000 misdemeanor involving any aspect of the debt negotiation business or  
1001 any felony. Any denial of an application by the commissioner shall,  
1002 when applicable, be subject to the provisions of section 46a-80 of the  
1003 general statutes. Withdrawal of an application for a license shall  
1004 become effective upon receipt by the commissioner of a notice of intent  
1005 to withdraw such application. The commissioner may deny a license  
1006 up to the date one year after the effective date of withdrawal.

1007 (e) Each applicant for an original or renewal debt negotiation license  
1008 shall, at the time of making such application, pay to the commissioner  
1009 an application fee of one thousand six hundred dollars, provided, if  
1010 such application is filed not earlier than one year before the date such  
1011 license will expire, such person shall pay a license fee of eight hundred  
1012 dollars. Each such license shall expire at the close of business on  
1013 September thirtieth of the odd-numbered year following its issuance  
1014 unless such license is renewed. Each licensee shall, on or before  
1015 September first of the year in which the license expires, file such



1016 renewal application as the commissioner may require. Whenever an  
1017 application for a license is filed under this section by any person who  
1018 was a licensee under this section and whose license expired less than  
1019 sixty days prior to the date such application was filed, such application  
1020 shall be accompanied by a one-hundred-dollar processing fee in  
1021 addition to the application fee.

1022 (f) If the commissioner determines that a check filed with the  
1023 commissioner to pay an application fee has been dishonored, the  
1024 commissioner shall automatically suspend the license or a renewal  
1025 license that has been issued but is not yet effective. The commissioner  
1026 shall give the licensee notice of the automatic suspension pending  
1027 proceedings for revocation or refusal to renew and an opportunity for  
1028 a hearing on such actions in accordance with section 36a-51 of the  
1029 general statutes.

1030 (g) No abatement of the license fee shall be made if the license is  
1031 surrendered, revoked or suspended prior to the expiration of the  
1032 period for which it was issued. The fee required by subsection (e) of  
1033 this section shall be nonrefundable.

1034 Sec. 30. (NEW) (*Effective October 1, 2009*) (a) (1) No debt negotiation  
1035 license, and no renewal thereof, shall be granted unless the applicant  
1036 has filed a surety bond with the commissioner in an aggregate amount  
1037 of forty thousand dollars for all licensed locations. Such surety bond  
1038 shall be written by a surety authorized to write such bonds in this  
1039 state.

1040 (2) The form of any surety bond submitted pursuant to this section  
1041 shall be approved by the Attorney General. Any surety bond filed  
1042 under this section shall be conditioned upon the licensee faithfully  
1043 performing any and all written agreements with debtors and  
1044 conducting such business consistent with the provisions of sections 29  
1045 to 33, inclusive, of this act. Any debtor who may be damaged by  
1046 failure to perform any written agreements or by conduct inconsistent  
1047 with the provisions of sections 29 to 33, inclusive, of this act may

1048 proceed on any such surety bond against the principal or surety  
1049 thereon, or both, to recover damages. The commissioner may proceed  
1050 on any such surety bond against the principal or surety thereon, or  
1051 both, to collect any civil penalty imposed upon the licensee pursuant to  
1052 subsection (a) of section 36a-50 of the general statutes. The proceeds of  
1053 any bond, even if commingled with other assets of the licensee, shall  
1054 be deemed by operation of law to be held in trust for the benefit of  
1055 such claimants against the licensee in the event of bankruptcy of the  
1056 licensee and shall be immune from attachment by creditors and  
1057 judgment creditors. Any bond required by this section shall be  
1058 maintained during the entire period of the license granted to the  
1059 applicant, and the aggregate liability under any such bond shall not  
1060 exceed the principal amount of the bond.

1061 (b) The surety shall have the right to cancel any bond written or  
1062 issued under subsection (a) of this section at any time by a written  
1063 notice to the licensee stating the date cancellation shall take effect. Such  
1064 notice shall be sent by certified mail to the licensee at least thirty days  
1065 prior to the date of cancellation. No such bond shall be cancelled  
1066 unless the surety notifies the commissioner in writing not less than  
1067 thirty days prior to the effective date of cancellation. After receipt of  
1068 such notification from the surety, the commissioner shall give written  
1069 notice to the licensee of the date such bond cancellation shall take  
1070 effect. The commissioner shall automatically suspend the license on  
1071 such date, unless prior to such date the licensee submits a letter of  
1072 reinstatement of the bond from the surety or a new bond, or the  
1073 licensee has surrendered the license. After a license has been  
1074 automatically suspended, the commissioner shall give the licensee  
1075 notice of the automatic suspension pending proceedings for revocation  
1076 or refusal to renew and an opportunity for a hearing on such actions in  
1077 accordance with section 36a-51 of the general statutes and shall require  
1078 the licensee to take or refrain from taking such action as, in the opinion  
1079 of the commissioner, will effectuate the purposes of this section.

1080 (c) No licensee shall use, attempt to use or make reference to, either  
1081 directly or indirectly, any word or phrase that states or implies that the

1082 licensee is endorsed, sponsored, recommended, bonded or insured by  
1083 the state.

1084 Sec. 31. (NEW) (*Effective October 1, 2009*) The provisions of sections  
1085 29 to 33, inclusive, of this act shall not apply to the following: (1) Any  
1086 attorney admitted to the practice of law in this state, when engaged in  
1087 such practice; (2) any bank, out-of-state bank, Connecticut credit  
1088 union, federal credit union or out-of-state credit union, provided  
1089 subsidiaries of such institutions other than operating subsidiaries of  
1090 federal banks and federally-chartered out-of-state banks are not  
1091 exempt from licensure; (3) any person licensed as a debt adjuster  
1092 pursuant to sections 36a-655 to 36a-665, inclusive, of the general  
1093 statutes while performing debt adjuster services; (4) any person acting  
1094 under the order of a court; or (5) any bona fide nonprofit organization  
1095 organized under Section 501(c)(3) of the Internal Revenue Code of  
1096 1986, or any subsequent corresponding internal revenue code of the  
1097 United States, as amended from time to time.

1098 Sec. 32. (NEW) (*Effective October 1, 2009*) (a) A debt negotiator shall  
1099 provide to each debtor a contract that shall include a complete,  
1100 detailed list of services to be performed, the costs of such services and  
1101 the results to be achieved. Each debt negotiation service contract shall  
1102 contain (1) a statement certifying that the person offering debt  
1103 negotiation services has reviewed the consumer's debt, and (2) an  
1104 individualized evaluation of the likelihood that the proposed debt  
1105 negotiation services would reduce the consumer's debt or debt service  
1106 or, if appropriate, prevent the consumer's residential home from being  
1107 foreclosed. Each contract shall allow the consumer to cancel or rescind  
1108 such contract within three business days after the date on which the  
1109 consumer signed the contract. Such contract shall contain a clear and  
1110 conspicuous caption that shall read, "Debtor's three-day right to  
1111 cancel", along with the following statement: "If you wish to cancel this  
1112 contract, you may cancel by mailing a written notice by certified or  
1113 registered mail to the address specified below. The notice shall state  
1114 that you do not wish to be bound by this contract and must be  
1115 delivered or mailed before midnight of the third business day after

1116 you sign this contract." As used in this section, "business day" shall  
1117 have the same meaning as in section 42-134a of the general statutes.

1118 (b) No person offering debt negotiation services may receive a fee,  
1119 commission or other valuable consideration for the performance of any  
1120 service the person offering debt negotiation services has agreed to  
1121 perform for any consumer until the person offering debt negotiation  
1122 services has fully performed such service. A person offering debt  
1123 negotiation services may receive reasonable periodic payments as  
1124 services are rendered, provided such payments are clearly stated in the  
1125 contract. The commissioner may establish a schedule of maximum fees  
1126 that a debt negotiator may charge for specific services.

1127 (c) Any contract that does not comply with the provisions of this  
1128 section shall be voidable by the consumer.

1129 Sec. 33. (NEW) (*Effective October 1, 2009*) (a) The commissioner may  
1130 suspend, revoke or refuse to renew any license or take any other  
1131 action, in accordance with the provisions of section 36a-51 of the  
1132 general statutes, for any reason that would be sufficient grounds for  
1133 the commissioner to deny application for a license under sections 29 to  
1134 33, inclusive, of this act, or if the commissioner finds that the licensee  
1135 or any proprietor, director, officer, member, partner, shareholder,  
1136 trustee, employee or agent of such licensee has done any of the  
1137 following: (1) Made any material misstatement in the application; (2)  
1138 committed any fraud or misappropriated funds; (3) violated any of the  
1139 provisions of sections 29 to 33, inclusive, of this act, or any other law or  
1140 regulation applicable to the conduct of its business; or (4) failed to  
1141 perform any agreement with a debtor.

1142 (b) Whenever it appears to the commissioner that any person has  
1143 violated, is violating or is about to violate the provisions of sections 29  
1144 to 33, inclusive, of this act, or any licensee or any proprietor, director,  
1145 officer, member, partner, shareholder, trustee, employee or agent of  
1146 such licensee has committed any fraud, misappropriated funds or  
1147 failed to perform any agreement with a debtor, the commissioner may

1148 take action against such person or licensee in accordance with sections  
1149 36a-50 and 36a-52 of the general statutes.

1150 (c) Upon complaint, the Banking Commissioner may review any  
1151 fees or charges assessed by a person offering debt negotiation services  
1152 and order the reduction of such fees or charges or repayment of such  
1153 amount of the fees or charges that the commissioner deems excessive,  
1154 taking into consideration the fees that other persons performing  
1155 similar debt negotiation services charge for such services and the  
1156 benefit to the consumer of such services. In conducting an  
1157 investigation pursuant to this subsection, the commissioner shall have  
1158 the same authority as specified in section 36a-17 of the general statutes.

1159 Sec. 34. Section 36a-718 of the general statutes is repealed and the  
1160 following is substituted in lieu thereof (*Effective from passage*):

1161 If the commissioner determines that any mortgage servicing  
1162 company has violated any provision of section 36a-716, the  
1163 commissioner may [.] take action against such mortgage servicing  
1164 company in accordance with [section] sections 36a-50 and 36a-52. [,  
1165 order the mortgage servicing company to cease and desist from such  
1166 violation.] The commissioner may also order the mortgage servicing  
1167 company to make restitution to the mortgagor upon fourteen days'  
1168 notice in writing. Such notice shall be sent by certified mail, return  
1169 receipt requested, or by any express delivery carrier that provides a  
1170 dated delivery receipt, to the principal place of business of the  
1171 mortgage servicing company and shall state the grounds for the  
1172 contemplated action. Within fourteen days of receipt of the notice, the  
1173 mortgage servicing company may file a written request for a hearing.  
1174 If a hearing is requested, the commissioner shall not issue an order to  
1175 make restitution until after such hearing is held. Such hearing shall be  
1176 conducted in accordance with the provisions of chapter 54.

1177 Sec. 35. Subdivision (1) of subsection (b) of section 36a-801 of the  
1178 general statutes is repealed and the following is substituted in lieu  
1179 thereof (*Effective from passage*):

1180 (b) (1) Any person desiring to act within this state as a consumer  
1181 collection agency shall make a written application to the commissioner  
1182 for such license in such form as the commissioner prescribes. Such  
1183 application shall be accompanied by (A) a financial statement prepared  
1184 by a certified public accountant or a public accountant, the accuracy of  
1185 which is sworn to under oath before a notary public by the proprietor,  
1186 a general partner or a corporate officer or a member duly authorized to  
1187 execute such documents, (B) the history of criminal convictions for the  
1188 ten-year period prior to the date of the application of the applicant, (C)  
1189 a license fee of eight hundred dollars, or in the case of an initial  
1190 application that is filed not earlier than one year before the date such  
1191 license will expire, a license fee of four hundred dollars, and [(C)] (D)  
1192 an investigation fee of one hundred dollars. The commissioner shall  
1193 cause to be made such inquiry and examination as to the qualifications  
1194 of each such applicant as the commissioner deems necessary. Each  
1195 applicant shall furnish satisfactory evidence to the commissioner that  
1196 the applicant is a person of good moral character and is financially  
1197 responsible. If the commissioner is satisfied that such applicant is in all  
1198 respects properly qualified and trustworthy and that the granting of  
1199 such license is not against the public interest, the commissioner may  
1200 issue to such applicant a license, in such form as the commissioner  
1201 may adopt, to act within this state as a consumer collection agency.  
1202 The commissioner may deny an application if the commissioner finds  
1203 that the applicant has been convicted, during the ten-year period prior  
1204 to the date of application, of any misdemeanor involving any aspect of  
1205 the consumer collection agency business, or any felony. Any denial of  
1206 an application by the commissioner shall, when applicable, be subject  
1207 to the provisions of section 46a-80. Any such license issued by the  
1208 commissioner shall expire at the close of business on September  
1209 thirtieth of the odd-numbered year following its issuance, unless such  
1210 license is renewed. [, provided any license that is renewed effective  
1211 May 1, 2003, shall expire on September 30, 2005.] The commissioner  
1212 may renew such application, in the commissioner's discretion, upon  
1213 filing of a proper renewal application accompanied by a license fee of  
1214 eight hundred dollars, [or in the case of an application for renewal of a

1215 license that expires on April 30, 2003, a license fee of one thousand  
1216 dollars,] and satisfactory proof that such applicant at that time  
1217 possesses the required qualifications for the license. The commissioner  
1218 may deny a renewal application if the commissioner finds that the  
1219 applicant has been convicted, during the ten-year period prior to the  
1220 date of application, of any misdemeanor involving any aspect of the  
1221 consumer collection agency business, or any felony. Any denial of an  
1222 application by the commissioner shall, when applicable, be subject to  
1223 the provisions of section 46a-80. Such renewal application shall be filed  
1224 with the commissioner on or before September first of the year in  
1225 which the license expires. [, or in the case of a license that expires on  
1226 April 30, 2003, on or before April 1, 2003.] Any renewal application  
1227 filed with the commissioner after September first [, or in the case of a  
1228 license that expires on April 30, 2003, after April 1, 2003,] shall be  
1229 accompanied by a one-hundred-dollar late fee and any such filing shall  
1230 be deemed to be timely and sufficient for purposes of subsection (b) of  
1231 section 4-182. Whenever an application for a license, other than a  
1232 renewal application, is filed under sections 36a-800 to 36a-810,  
1233 inclusive, as amended by this act, by any person who was a licensee  
1234 under said sections 36a-800 to 36a-810, inclusive, as amended by this  
1235 act, and whose license expired less than sixty days prior to the date  
1236 such application was filed, such application shall be accompanied by a  
1237 one-hundred-dollar processing fee in addition to the application fee.  
1238 To further the enforcement of this section and to determine the  
1239 eligibility of any person holding a license, the commissioner may, as  
1240 often as the commissioner deems necessary, examine the licensee's  
1241 books and records, and may, at any time, require the licensee to submit  
1242 such a financial statement for the examination of the commissioner, so  
1243 that the commissioner may determine whether the licensee is  
1244 financially responsible to carry on a consumer collection agency  
1245 business within the intents and purposes of sections 36a-800 to 36a-  
1246 810, inclusive, as amended by this act. Any financial statement  
1247 submitted by a licensee shall be confidential and shall not be a public  
1248 record unless introduced in evidence at a hearing conducted by the  
1249 commissioner. The applicant or licensee shall notify the commissioner,

1250 in writing, of any change in the information provided in its initial  
1251 application for license or most recent renewal application for such  
1252 license, as applicable, not later than ten business days after the  
1253 occurrence of the event that results in such information becoming  
1254 inaccurate.

1255 Sec. 36. Subsections (a) and (b) of section 36a-802 of the general  
1256 statutes are repealed and the following is substituted in lieu thereof  
1257 (*Effective October 1, 2009*):

1258 (a) No such license and no renewal thereof shall be granted unless  
1259 the applicant has filed with the commissioner a bond to the people of  
1260 the state in the penal sum of [five] twenty-five thousand dollars,  
1261 approved by the Attorney General as to form and by the commissioner  
1262 as to sufficiency of the security thereof. Such bond shall be conditioned  
1263 that such licensee shall well, truly and faithfully account for all funds  
1264 entrusted to the licensee and collected and received by the licensee in  
1265 the licensee's capacity as a consumer collection agency. Any person  
1266 who may be damaged by the wrongful conversion of any creditor,  
1267 consumer debtor or property tax debtor funds received by such  
1268 consumer collection agency may proceed on such bond against the  
1269 principal or surety thereon, or both, to recover damages. The  
1270 commissioner may proceed on such bond against the principal or  
1271 surety thereon, or both, to collect any civil penalty imposed upon the  
1272 licensee pursuant to subsection (a) of section 36a-50. The proceeds of  
1273 the bond, even if commingled with other assets of the licensee, shall be  
1274 deemed by operation of law to be held in trust for the benefit of such  
1275 claimants against the licensee in the event of bankruptcy of the licensee  
1276 and shall be immune from attachment by creditors and judgment  
1277 creditors. The bond shall run concurrently with the period of the  
1278 license granted to the applicant, and the aggregate liability under the  
1279 bond shall not exceed the penal sum of the bond.

1280 (b) The surety company shall have the right to cancel the bond at  
1281 any time by a written notice to the licensee stating the date cancellation  
1282 shall take effect. Such notice shall be sent by certified mail to the



1283 licensee at least thirty days prior to the date of cancellation. A surety  
1284 bond shall not be cancelled unless the surety company notifies the  
1285 commissioner in writing not less than thirty days prior to the effective  
1286 date of cancellation. After receipt of such notification from the surety  
1287 company, the commissioner shall give written notice to the licensee of  
1288 the date such bond cancellation shall take effect. The commissioner  
1289 shall automatically suspend the license on [the] such date, [the  
1290 cancellation takes effect,] unless the [surety bond has been replaced or  
1291 renewed. The] licensee prior to such date submits a letter of  
1292 reinstatement of the bond from the surety company or a new bond or  
1293 the licensee has ceased business and has surrendered its license. After  
1294 a license has been automatically suspended, the commissioner shall  
1295 give the licensee notice of the automatic suspension pending  
1296 proceedings for revocation or refusal to renew and an opportunity for  
1297 a hearing on such actions in accordance with section 36a-51 and  
1298 require the licensee to take or refrain from taking such action as in the  
1299 opinion of the commissioner will effectuate the purposes of this  
1300 section.

1301 Sec. 37. Subsection (a) of section 36a-806 of the general statutes is  
1302 repealed and the following is substituted in lieu thereof (*Effective*  
1303 *October 1, 2009*):

1304 (a) No consumer collection agency shall engage in this state in any  
1305 practice which is prohibited in section 36a-805 or determined pursuant  
1306 to [sections 36a-807 and] section 36a-808, as amended by this act, to be  
1307 an unfair or deceptive act or practice, nor shall any consumer  
1308 collection agency engage outside of this state in any act or practice  
1309 prohibited in said section 36a-805. The commissioner shall have power  
1310 to examine the affairs of every consumer collection agency in this state  
1311 in order to determine whether it has been or is engaged in any act or  
1312 practice prohibited by sections 36a-805 to 36a-808, inclusive, as  
1313 amended by this act.

1314 Sec. 38. Section 36a-807 of the general statutes is repealed and the  
1315 following is substituted in lieu thereof (*Effective October 1, 2009*):

1316 [(a) If the commissioner determines that any person has been  
1317 engaged, or is engaging, in violations of sections 36a-801 to 36a-808,  
1318 inclusive, in any act or practice prohibited in section 36a-805, or in  
1319 violations of any regulations issued pursuant to section 36a-809, the  
1320 commissioner may order such person to cease and desist from such  
1321 practices in accordance with section 36a-52. In that connection, the  
1322 commissioner may exercise the powers contained in section 36a-17.]

1323 [(b)] No order of the commissioner under sections 36a-805 to 36a-  
1324 808, inclusive, as amended by this act, shall relieve or absolve any  
1325 person affected by such order from any liability under any other laws  
1326 of this state.

1327 Sec. 39. Section 36a-808 of the general statutes is repealed and the  
1328 following is substituted in lieu thereof (*Effective October 1, 2009*):

1329 Whenever the commissioner has reason to believe that any  
1330 consumer collection agency is engaging in this state in any act or  
1331 practice in the conduct of such business which is not defined in section  
1332 36a-805, and that such act or practice is unfair or deceptive, [or  
1333 whenever it appears to the commissioner that any consumer collection  
1334 agency or other person has violated, is violating, or is about to violate  
1335 any provision of sections 36a-800 to 36a-810, inclusive, or any  
1336 regulation adopted pursuant to section 36a-809,] the commissioner  
1337 may take action against such consumer collection agency [or person] in  
1338 accordance with section 36a-50.

1339 Sec. 40. Section 36a-555 of the general statutes is repealed and the  
1340 following is substituted in lieu thereof (*Effective October 1, 2009*):

1341 No person shall (1) engage in the business of making loans of  
1342 money or credit; (2) make, offer, broker or assist a borrower in  
1343 Connecticut to obtain such a loan; or (3) in whole or in part, arrange  
1344 such loans through a third party or act as an agent for a third party,  
1345 regardless of whether approval, acceptance or ratification by the third  
1346 party is necessary to create a legal obligation for the third party,  
1347 through any method, including, but not limited to, mail, telephone,

1348 internet or any electronic means, in the amount or to the value of  
1349 fifteen thousand dollars or less for loans made under section 36a-563 or  
1350 section 36a-565, and charge, contract for or receive a greater rate of  
1351 interest, charge or consideration than twelve per cent per annum  
1352 therefor, unless licensed to do so by the commissioner pursuant to  
1353 sections 36a-555 to 36a-573, inclusive, as amended by this act. The  
1354 provisions of this section shall not apply to [(1)] (A) a bank, [(2)] (B) an  
1355 out-of-state bank, [(3)] (C) a Connecticut credit union, [(4)] (D) a  
1356 federal credit union, [(5)] (E) an out-of-state credit union, [(6)] (F) a  
1357 savings and loan association wholly owned subsidiary service  
1358 corporation, [(7)] (G) a person to the extent that such person makes  
1359 loans for agricultural, commercial, industrial or governmental use or  
1360 extends credit through an open-end credit plan, as defined in  
1361 subdivision (8) of subsection (a) of section 36a-676, for the retail  
1362 purchase of consumer goods or services, [(8)] (H) a mortgage lender or  
1363 mortgage correspondent lender licensed pursuant to sections 36a-485  
1364 to 36a-498a, inclusive, as amended by this act, when making first  
1365 mortgage loans, as defined in section 36a-485, or [(9)] (I) a licensed  
1366 pawnbroker.

1367 Sec. 41. Section 36a-573 of the general statutes is repealed and the  
1368 following is substituted in lieu thereof (*Effective October 1, 2009*):

1369 (a) No person, except as authorized by the provisions of sections  
1370 36a-555 to 36a-573, inclusive, as amended by this act, shall, directly or  
1371 indirectly, charge, contract for or receive any interest, charge or  
1372 consideration greater than twelve per cent per annum upon the loan,  
1373 use or forbearance of money or credit of the amount or value of (1) five  
1374 thousand dollars or less for any such transaction entered into before  
1375 October 1, 1997, and (2) fifteen thousand dollars or less for any such  
1376 transaction entered into on and after October 1, 1997. The provisions of  
1377 this section shall apply to any person who, as security for any such  
1378 loan, use or forbearance of money or credit, makes a pretended  
1379 purchase of property from any person and permits the owner or  
1380 pledgor to retain the possession thereof, or who, by any device or  
1381 pretense of charging for the person's services or otherwise, seeks to

1382 obtain a greater compensation than twelve per cent per annum. No  
1383 loan for which a greater rate of interest or charge than is allowed by  
1384 the provisions of sections 36a-555 to 36a-573, inclusive, as amended by  
1385 this act, has been contracted for or received, wherever made, shall be  
1386 enforced in this state, and any person in any way participating therein  
1387 in this state shall be subject to the provisions of said sections, provided,  
1388 a loan lawfully made after June 5, 1986, in compliance with a validly  
1389 enacted licensed loan law of another state to a borrower who was not,  
1390 at the time of the making of such loan, a resident of Connecticut but  
1391 who has become a resident of Connecticut, may be acquired by a  
1392 licensee and its interest provision shall be enforced in accordance with  
1393 its terms.

1394 (b) The provisions of subsection (a) of this section shall apply to any  
1395 loan made or renewed in this state if the loan is made to a borrower  
1396 who resides in or maintains a domicile in this state and such borrower  
1397 (1) negotiates or agrees to the terms of the loan in person, by mail, by  
1398 telephone or via the Internet while physically present in this state; (2)  
1399 enters into or executes a loan agreement with the lender in person, by  
1400 mail, by telephone or via the Internet while physically present in this  
1401 state; or (3) makes a payment of the loan in this state. As used in this  
1402 subsection, "payment of the loan" includes a debit on an account the  
1403 borrower holds in a branch of a financial institution or the use of a  
1404 negotiable instrument drawn on an account at a financial institution,  
1405 and "financial institution" means any bank or credit union chartered or  
1406 licensed under the laws of this state, any other state or the United  
1407 States and having its main office or a branch office in this state.

1408 (c) Whenever it appears to the Banking Commissioner that any  
1409 person has violated the provisions of subsection (a) of this section or  
1410 offered a loan that violates the provisions of subsection (a), the  
1411 commissioner may investigate, take administrative action or assess  
1412 civil penalties and restitution in accordance with the provisions of  
1413 sections 36a-50 and 36a-52.

1414 Sec. 42. Section 52-352b of the general statutes is repealed and the

1415 following is submitted in lieu thereof (*Effective October 1, 2009*):

1416 The following property of any natural person shall be exempt:

1417 (a) Necessary apparel, bedding, foodstuffs, household furniture and  
1418 appliances;

1419 (b) Tools, books, instruments, farm animals and livestock feed,  
1420 which are necessary to the exemptioner in the course of his or her  
1421 occupation, profession or farming operation;

1422 (c) Burial plot for the exemptioner and his or her immediate family;

1423 (d) Public assistance payments and any wages earned by a public  
1424 assistance recipient under an incentive earnings or similar program;

1425 (e) Health and disability insurance payments;

1426 (f) Health aids necessary to enable the exemptioner to work or to  
1427 sustain health;

1428 (g) Workers' compensation, Social Security, veterans and  
1429 unemployment benefits;

1430 (h) Court-approved payments for child support;

1431 (i) Arms and military equipment, uniforms or musical instruments  
1432 owned by any member of the militia or armed forces of the United  
1433 States;

1434 (j) One motor vehicle to the value of three thousand five hundred  
1435 dollars, provided value shall be determined as the fair market value of  
1436 the motor vehicle less the amount of all liens and security interests  
1437 which encumber it;

1438 (k) Wedding and engagement rings;

1439 (l) Residential utility deposits for one residence, and one residential  
1440 security deposit;

1441 (m) Any assets or interests of an exemptioner in, or payments  
1442 received by the exemptioner from, a plan or arrangement described in  
1443 section 52-321a;

1444 (n) Alimony and support, other than child support, but only to the  
1445 extent that wages are exempt from execution under section 52-361a;

1446 (o) An award under a crime reparations act;

1447 (p) All benefits allowed by any association of persons in this state  
1448 towards the support of any of its members incapacitated by sickness or  
1449 infirmity from attending to his usual business;

1450 (q) All moneys due the exemptioner from any insurance company  
1451 on any insurance policy issued on exempt property, to the same extent  
1452 that the property was exempt;

1453 (r) Any interest of the exemptioner in any property not to exceed in  
1454 value one thousand dollars;

1455 (s) Any interest of the exemptioner not to exceed in value four  
1456 thousand dollars in any accrued dividend or interest under, or loan  
1457 value of, any unmatured life insurance contract owned by the  
1458 exemptioner under which the insured is the exemptioner or an  
1459 individual of whom the exemptioner is a dependent;

1460 (t) The homestead of the exemptioner to the value of seventy-five  
1461 thousand dollars, or, in the case of a money judgment arising out of  
1462 services provided at a hospital, to the value of one hundred twenty-  
1463 five thousand dollars, provided value shall be determined as the fair  
1464 market value of the real property less the amount of any statutory or  
1465 consensual lien which encumbers it; and

1466 (u) Irrevocable transfers of money to an account held by a [bona fide  
1467 nonprofit] debt adjuster licensed pursuant to sections 36a-655 to 36a-  
1468 665, inclusive, as amended by this act, for the benefit of creditors of the  
1469 exemptioner."

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>from passage</i>	36a-486(b)
Sec. 3	<i>from passage</i>	36a-489
Sec. 4	<i>from passage</i>	36a-490(e)
Sec. 5	<i>October 1, 2009</i>	36a-492(b)
Sec. 6	<i>from passage</i>	36a-537
Sec. 7	<i>from passage</i>	36a-541
Sec. 8	<i>from passage</i>	36a-556
Sec. 9	<i>from passage</i>	36a-557
Sec. 10	<i>from passage</i>	36a-581(c)
Sec. 11	<i>from passage</i>	36a-582(a)
Sec. 12	<i>from passage</i>	36a-581(e)
Sec. 13	<i>from passage</i>	36a-596
Sec. 14	<i>from passage</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-660
Sec. 26	<i>October 1, 2009</i>	36a-661
Sec. 27	<i>October 1, 2009</i>	New section
Sec. 28	<i>from passage</i>	36a-664(b)
Sec. 29	<i>October 1, 2009</i>	New section
Sec. 30	<i>October 1, 2009</i>	New section
Sec. 31	<i>October 1, 2009</i>	New section
Sec. 32	<i>October 1, 2009</i>	New section
Sec. 33	<i>October 1, 2009</i>	New section
Sec. 34	<i>from passage</i>	36a-718
Sec. 35	<i>from passage</i>	36a-801(b)(1)
Sec. 36	<i>October 1, 2009</i>	36a-802(a) and (b)
Sec. 37	<i>October 1, 2009</i>	36a-806(a)

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Sec. 38	<i>October 1, 2009</i>	36a-807
Sec. 39	<i>October 1, 2009</i>	36a-808
Sec. 40	<i>October 1, 2009</i>	36a-555
Sec. 41	<i>October 1, 2009</i>	36a-573
Sec. 42	<i>October 1, 2009</i>	52-352b