



General Assembly

February Session, 2012

Raised Bill No. 361

LCO No. 1552

01552_____BA_

Referred to Committee on Banks

Introduced by:

(BA)

***AN ACT CONCERNING REGULATORY RELIEF FOR THE
CONNECTICUT CHECK CASHING INDUSTRY.***

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

1 Section 1. Section 36a-581 of the 2012 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective October 1, 2012*):

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

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

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

15 address of the applicant; (2) if the applicant is a firm or partnership,
16 the names and addresses of each member of the firm or partnership;
17 (3) if the applicant is a corporation, the names and addresses of each
18 officer, director, authorized agent and each shareholder owning ten
19 per cent or more of the outstanding stock of such corporation; (4) if the
20 applicant is a limited liability company, the names and addresses of
21 each member and authorized agent of such limited liability company;
22 (5) (A) the history of criminal convictions of the applicant; the
23 members, if the applicant is a firm or partnership; the officers,
24 directors, authorized agent and each shareholder owning ten per cent
25 or more of the outstanding stock of the applicant, if the applicant is a
26 corporation, and (B) sufficient information pertaining to the history of
27 criminal convictions in a form acceptable to the commissioner on such
28 applicant, members, officers, directors, authorized agent and
29 shareholders as the commissioner deems necessary to make the
30 findings under subsection (e) of this section; (6) each location where
31 the check cashing business is to be conducted and the type of facility
32 that will be operated at that location; (7) the business plan, which shall
33 include the proposed days and hours of operation; (8) the amount of
34 liquid assets available for each location which shall not be less than the
35 amount specified in subdivision (7) of subsection (e) of this section; (9)
36 for each limited facility, a copy of the executed contract evidencing the
37 proposed arrangement between the applicant and the employer; and
38 (10) any other information the commissioner may require. The
39 commissioner, in accordance with section 29-17a, may conduct a state
40 and national criminal history records check of the applicant and of
41 each member, officer, director, authorized agent and shareholder
42 owning ten per cent or more of the outstanding stock of the applicant.

43 (d) A licensee shall not change the name or the location specified on
44 its license unless, prior to such change in name or location, the licensee
45 files an application with the commissioner accompanied by the
46 applicable name change fee or location transfer fee specified in section
47 36a-582 and receives the approval of the commissioner. A licensee of a
48 limited facility shall not change its approved days and hours of

49 operation unless, prior to any such change, the licensee files an
50 application with and receives the approval of the commissioner. No
51 licensee shall use any name other than the name specified on the
52 license issued by the commissioner.

53 (e) Upon the filing of the required application and the applicable
54 license and location fees, the commissioner shall investigate the facts
55 and may issue a license if the commissioner finds that (1) the applicant
56 is in all respects properly qualified and of good character, (2) if the
57 applicant is a firm or partnership, each member of the firm or
58 partnership is in all respects properly qualified and of good character,
59 (3) if the applicant is a corporation, each officer, director, authorized
60 agent and each shareholder owning ten per cent or more of the
61 outstanding stock of such corporation is in all respects properly
62 qualified and of good character, (4) if the applicant is a limited liability
63 company, each member and authorized agent is in all respects
64 properly qualified and of good character, (5) granting such license
65 would not be against the public interest, (6) the applicant has a feasible
66 plan for conducting business, and (7) except as provided for in
67 subsection (h) of this section, the applicant has available and shall
68 continuously maintain liquid assets of at least [ten] fifty thousand
69 dollars for each general facility location and at least two thousand five
70 hundred dollars for each limited facility location specified in the
71 application. The commissioner may deny an application if the
72 commissioner finds that the applicant or any member, officer, director
73 or authorized agent or shareholder owning ten per cent or more of the
74 outstanding stock of the applicant has been convicted of any
75 misdemeanor involving any aspect of the check cashing services
76 business, or any felony. Any denial of an application by the
77 commissioner shall, when applicable, be subject to the provisions of
78 section 46a-80.

79 (f) An applicant or licensee shall promptly notify the commissioner,
80 in writing, of any change in the information provided in its initial or
81 renewal application for licensure or most recent renewal of such

82 license.

83 (g) The commissioner may deem an application for a license for a
84 general facility or limited facility abandoned if the applicant fails to
85 respond to any request for information required under sections 36a-
86 580 to 36a-589, inclusive, or any regulations adopted pursuant to said
87 sections 36a-580 to 36a-589, inclusive. The commissioner shall notify
88 the applicant, in writing, that if such information is not submitted not
89 later than sixty days after such request, the application shall be
90 deemed abandoned. An application filing fee paid prior to the date an
91 application is deemed abandoned pursuant to this subsection shall not
92 be refunded. Abandonment of an application pursuant to this
93 subsection shall not preclude the applicant from submitting a new
94 application for a license under sections 36a-560 to 36a-589, inclusive.

95 (h) Each person holding a license under this section prior to October
96 1, 2012, shall have available and continuously maintain liquid assets of
97 at least ten thousand dollars, provided on and after October 1, 2015,
98 each such license shall comply with the liquid asset requirements set
99 forth in subdivision (7) of subsection (e) of this section.

100 Sec. 2. Section 36a-584 of the general statutes is repealed and the
101 following is substituted in lieu thereof (*Effective October 1, 2012*):

102 (a) A check cashing licensee shall not charge or collect in fees,
103 charges or otherwise, a sum in excess of one per cent of the check for
104 cashing a check drawn by the state of Connecticut and payable within
105 this state to a recipient of public assistance, as provided in section 36a-
106 304, if the check is negotiated to the licensee by the original payee of
107 the check, and if the payee produces reasonable identification, as
108 provided for in regulations adopted pursuant to section 36a-305.

109 [(b) No check cashing licensee shall cash an item if the amount
110 exceeds six thousand dollars. This subsection shall not apply to (1) the
111 cashing of any check, draft or money order drawn by the United
112 States, any state or any political subdivision of a state, or by any

113 department, bureau, agency, authority, instrumentality or officer,
114 acting in such officer's official capacity, of the United States, any state
115 or any political subdivision of a state, (2) the cashing of any check
116 which has been certified by the depository institution on which it has
117 been drawn, (3) the cashing of any check drawn by an insurance
118 company for the payment of a claim, (4) the cashing of any check
119 drawn by an attorney from the attorney's clients' funds account, and
120 (5) the cashing of any check, draft or money order where the payee is
121 not an individual as long as the licensee complies with all
122 recordkeeping and reporting requirements specified in sections 36a-
123 580 to 36a-589, inclusive.]

124 [(c)] (b) Not later than January 15, 2006, and quarterly thereafter,
125 each check cashing licensee shall submit a report to the commissioner
126 that specifies the type of checks cashed by such licensee and the
127 number of checks cashed that exceed two thousand five hundred
128 dollars during the previous calendar quarter.

129 Sec. 3. Section 36a-585 of the general statutes is repealed and the
130 following is substituted in lieu thereof (*Effective October 1, 2012*):

131 (a) A check cashing licensee shall not charge or collect in fees,
132 charges or otherwise a sum in excess of three per cent of the amount of
133 a check for cashing a check drawn on a depository institution or other
134 financial institution located in this or any other state, provided the
135 check is negotiated to the licensee by the original payee of the check
136 and the payee produces reasonable identification, as defined in
137 regulations adopted in accordance with the provisions of section 36a-
138 305.

139 (b) The commissioner shall, by regulation adopted in accordance
140 with the provisions of chapter 54, establish the maximum fees which
141 may be charged by a licensee for cashing a check, draft or money order
142 drawn on a depository institution. No check cashing licensee shall
143 charge any sum in excess of that established by such regulation or one
144 dollar, whichever is greater. In establishing maximum fees under this

145 section, the commissioner shall consider: (1) The effect any change in
146 rates will have on consumers; (2) start-up costs, operational expenses,
147 volume of business, and any other information the commissioner
148 deems relevant. The licensee shall conspicuously post and at all times
149 display, at each place of business, a schedule of fees permitted under
150 sections 36a-580 to 36a-589, inclusive. The sum of any payment made
151 by an employee or by an employer on behalf of the employee to a
152 licensee of a limited facility for cashing payroll checks shall not exceed
153 the percentage limitation for maximum fees established by the
154 commissioner in regulations adopted pursuant to this section.

| | | |
|---|------------------------|---------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>October 1, 2012</i> | 36a-581 |
| Sec. 2 | <i>October 1, 2012</i> | 36a-584 |
| Sec. 3 | <i>October 1, 2012</i> | 36a-585 |

Statement of Purpose:

To foster a healthy and regulated financial services industry by (1) establishing a fifty-thousand-dollar net worth and liquidity requirement for new licensees and, after a three-year phase in, existing licensees, (2) eliminating the prohibition on cashing checks exceeding six thousand dollars, and (3) establishing a three per cent base fee limitation.

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