



Substitute Senate Bill No. 911

Public Act No. 13-253

AN ACT CONCERNING MONEY TRANSMISSION AND CONSUMER COLLECTION AGENCIES.

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

Section 1. Section 36a-595 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

Sections 36a-595 to 36a-610, inclusive, as amended by this act, and sections 18 and 19 of this act shall be known and may be cited as the "Money Transmission Act".

Sec. 2. Section 36a-596 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

As used in sections 36a-595 to 36a-610, inclusive, as amended by this act, and sections 18 and 19 of this act:

(1) "Authorized delegate" means a person designated by a person licensed pursuant to sections 36a-595 to 36a-610, inclusive, as amended by this act, and sections 18 and 19 of this act to provide money transmission services on behalf of such licensed person.

[(1)] (2) "Electronic payment instrument" means a card or other tangible object for the transmission of money or monetary value or

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payment of money which contains a microprocessor chip, magnetic stripe, or other means for the storage of information, that is prefunded and for which the value is decremented upon each use, but does not include a card or other tangible object that is redeemable by the issuer in the issuer's goods or services.

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

[(3)] (4) "Licensee" means any person licensed or required to be licensed pursuant to sections 36a-595 to 36a-610, inclusive, as amended by this act, and sections 18 and 19 of this act.

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

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

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

[(7)] (6) "Money transmission" means engaging in the business of issuing or selling payment instruments or stored value, receiving money or monetary value for current or future transmission or the business of transmitting money or monetary value within the United States or to locations outside the United States by any and all means

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including, but not limited to, payment instrument, wire, facsimile or electronic transfer. [or issuing stored value.]

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

[(9)] (7) "Outstanding" means [] (A) in the case of a [money order, travelers check, electronic] payment instrument or stored value, that: [(A)] (i) It is sold or issued in the United States; [(B)] (ii) a report of it has been received by a licensee from its [agents] authorized delegates; and [(C)] (iii) it has not yet been paid by the issuer, and (B) for all other money transmissions, the value reported to the licensee for which the licensee or any authorized delegate has received money or its equivalent value from the customer for transmission, but has not yet completed the money transmission by delivering the money or monetary value to the person designated by the customer.

[(10)] (8) "Payment instrument" means a check, draft, money order, travelers check or electronic payment instrument that evidences either an obligation for the transmission of money or monetary value or payment of money, or the purchase or the deposit of funds for the purchase of such check, draft, money order, travelers check or electronic payment instrument. [A payment instrument is a "Connecticut payment instrument" if it is sold in this state.]

[(11)] (9) "Permissible investment" means: (A) Cash in United States currency; (B) time deposits, as defined in section 36a-2, or other debt instruments of a bank; (C) bills of exchange or bankers acceptances which are eligible for purchase by member banks of the Federal Reserve System; (D) commercial paper of prime quality; (E) interest-bearing bills, notes, bonds, debentures or other obligations issued or guaranteed by: (i) The United States or any of its agencies or instrumentalities, or (ii) any state, or any agency, instrumentality, political subdivision, school district or legally constituted authority of

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any state if such investment is of prime quality; (F) interest-bearing bills or notes, or bonds, debentures or preferred stocks, traded on any national securities exchange or on a national over-the-counter market, if such debt or equity investments are of prime quality; (G) receivables due from [selling agents] authorized delegates consisting of the proceeds of the sale of payment instruments which are not past due or doubtful of collection; (H) gold; and (I) any other investments approved by the commissioner. Notwithstanding the provisions of this subdivision, if the commissioner at any time finds that an investment of a licensee is unsatisfactory for investment purposes, the investment shall not qualify as a permissible investment.

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

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

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

[(15)] (13) "Travelers check" means a payment instrument for the payment of money that contains a provision for a specimen signature of the purchaser to be completed at the time of a purchase of the instrument and a provision for a countersignature of the purchaser to be completed at the time of negotiation.

[(16)] "Unsafe or unsound practice" means a practice or conduct by a

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licensee or an agent of such licensee that is likely to result in a material loss, insolvency or dissipation of the licensee's assets or otherwise materially prejudice the interests of purchasers.]

Sec. 3. Section 36a-597 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

(a) No person shall engage in the business of [issuing Connecticut payment instruments, or engage in the business of] money transmission in this state, or advertise or solicit such services, without a license issued by the commissioner as provided in [section 36a-600. No person shall engage in such business or in the business of selling Connecticut payment instruments as an agent] sections 36a-595 to 36a-610, inclusive, as amended by this act, and sections 18 and 19 of this act, except as an [agent] authorized delegate of a person that has been issued a license by the commissioner [as provided in section 36a-600 or an entity or a person exempt under section 36a-609] and in accordance with section 36a-607, as amended by this act. A person shall be deemed to be engaged in the business of money transmission in this state if such person: (1) Has a place of business in this state, (2) receives money or monetary value in this state or from a person located in this state, (3) transmits money or monetary value from a location in this state or to a person located in this state, (4) issues stored value or payment instruments that are sold in this state, or (5) sells stored value or payment instruments in this state. The licensee [and the agent] shall promptly notify the commissioner, in writing, of the termination of the contract between such licensee and [agent] authorized delegate.

(b) Any person who knowingly engages in the business of [issuing Connecticut payment instruments, or who knowingly engages in the business of] money transmission in this state, without obtaining a license, as provided in [section 36a-600] sections 36a-595 to 36a-610, inclusive, as amended by this act, and sections 18 and 19 of this act, shall be guilty of a class D felony. Each transaction in violation of the

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provisions of this subsection shall constitute a separate offense.

Sec. 4. Section 36a-598 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

(a) Each application for an [original] initial or renewal license required under sections 36a-595 to 36a-610, inclusive, as amended by this act, and sections 18 and 19 of this act shall be made in writing and under oath to the commissioner in such form as the commissioner may prescribe. The application shall include:

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

(2) The complete address of the principal office from which the business is to be conducted and of the office where the books and records of the applicant are to be maintained;

(3) The complete name and address of each of the applicant's [branches, subsidiaries, affiliates and agents] locations and authorized delegates, if any, [engaging in this state in the business of selling or issuing Connecticut payment instruments, or engaging] through which the applicant intends to engage in the business of money transmission in this state;

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

(5) The name and residence address of the individual, if the applicant is an individual; the partners, if the applicant is a partnership; the directors, trustees, principal officers, and any shareholder owning ten per cent or more of each class of its securities, if the applicant is a corporation or association; or the members, if the

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applicant is a limited liability company;

(6) [The most recently] (A) A copy of the applicant's audited financial statements for the most recent fiscal year, (B) if the applicant is a wholly-owned subsidiary of another corporation, (i) the most recent audited consolidated annual financial statements of the parent corporation or the applicant's most recent audited consolidated annual financial statement, and (ii) the most recent audited unconsolidated financial statement of the applicant, including its balance sheet and receipts and disbursements for the preceding year, [prepared by an independent certified public accountant acceptable to the commissioner] (C) if the applicant is publicly traded, a copy of the most recent 10-K report that such applicant filed with the Securities Exchange Commission or, if the applicant is a wholly-owned subsidiary of a publicly traded company, a copy of the parent company's most recent 10-K report that was filed with the Securities and Exchange Commission, and (D) if the applicant or parent company of a wholly-owned subsidiary applicant is publicly traded on a foreign exchange, a copy of documentation similar to the report filed pursuant to subparagraph (C) of this subdivision that was filed with the applicable securities regulator;

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

(8) The history of material litigation for the five-year period prior to the date of the application of the individual, if the applicant is an individual; the partners, if the applicant is a partnership; the directors, trustees, principal officers and any shareholder owning ten per cent or

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more of each class of its securities, if the applicant is a corporation or association; or the members, if the applicant is a limited liability company, and sufficient information pertaining to the history of material litigation, in a form acceptable to the commissioner, on such individual or the partners, directors, trustees, principal officers, members and any shareholder owning ten per cent or more of each class of the applicant's securities. For purposes of this section, "material litigation" means any litigation that, according to generally accepted accounting principles, is deemed significant to a person's financial health and that such person is required to reference in an annual audited financial statement, a report to shareholders or a similar document;

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

(10) (A) The surety bond required by subsection (a) of section 36a-602, as amended by this act, if applicable;

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

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(11) A statement [of whether the applicant will engage in the business of issuing money orders, travelers checks or electronic payment instruments or engage in the business of money transmission in this state; and] describing the type of money transmission business that will be conducted by the applicant in this state;

(12) The name and address of any financial institution used by the applicant for its money transmission business in this state;

(13) For each authorized delegate, a sample of the contract evidencing the proposed arrangement between the applicant and the authorized delegate; and

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

(b) The commissioner, in accordance with section 29-17a, may conduct a state and national criminal history records check of the individual applicant and of each partner, director, trustee, principal officer, member and shareholder owning ten per cent or more of each class of the securities of the applicant. The commissioner may deem an application for a license to engage in the business of [issuing Connecticut payment instruments or engage in the business of] money transmission in this state abandoned if the applicant fails to respond to any request for information required under sections 36a-595 to 36a-610, inclusive, as amended by this act, and sections 18 and 19 of this act, or any regulations adopted pursuant to said sections. The commissioner shall notify the applicant, in writing, that if the applicant fails to submit such information not later than sixty days after such request, the application shall be deemed abandoned. An application filing fee paid prior to the date an application is deemed abandoned pursuant to this subsection shall not be refunded. Abandonment of an application pursuant to this subsection shall not preclude the applicant from submitting a new application for a license under sections 36a-595 to 36a-610, inclusive, as amended by this act, and sections 18 and 19 of

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this act.

(c) An applicant or licensee shall [promptly] notify the commissioner, in writing, of any change in the information provided in the application for license or most recent renewal of such license not later than fifteen days after the applicant or licensee has reason to know of such change.

(d) A licensee shall not change the name specified on its license unless, prior to such change in name, the licensee files an application with the commissioner accompanied by the name change fee specified in subsection (a) of section 36a-599, as amended by this act, and receives the approval of the commissioner.

(e) A licensee shall provide a written notice to the commissioner [no] not later than one business day after the licensee has reason to know of the occurrence of any of the following events:

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

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

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

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

(5) The cancellation or other impairment of the licensee's bond or

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other security, including notice of claims filed against the licensee's bond or other security;

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

(7) A conviction or indictment of [its agent] an authorized delegate for a misdemeanor involving the money transmission business or a felony.

Sec. 5. Section 36a-599 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

(a) Each application for an [original] initial license shall be accompanied by a nonrefundable investigation fee of six hundred twenty-five dollars and a nonrefundable license fee of two thousand two hundred fifty dollars, except that if such application is filed not earlier than one year before the date such license will expire, the applicant shall pay a nonrefundable investigation fee of six hundred twenty-five dollars and a nonrefundable license fee of one thousand two hundred fifty dollars. Each application for a renewal license shall be accompanied by a nonrefundable license fee of two thousand two hundred fifty dollars. [, or in the case of a license that expires on June 30, 2007, a license fee of two thousand two hundred fifty dollars. The license fee shall be refunded if the application for an original license is denied, the commissioner refuses to issue a renewal license or an application for a license or renewal license is withdrawn prior to issuance of a license or renewal license by the commissioner.] Each licensee shall pay to the commissioner a nonrefundable name change fee of two hundred dollars for each application to change a name. No licensee shall use any name other than the name specified on the

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license issued by the commissioner.

(b) A license issued pursuant to sections 36a-595 to 36a-610, inclusive, as amended by this act, and sections 18 and 19 of this act shall expire at the close of business on September thirtieth of the odd-numbered year following its issuance, unless renewed or earlier surrendered, suspended or revoked pursuant to said sections. [provided any license that is renewed effective July 1, 2007, shall expire on September 30, 2009.] Not later than fifteen days after a licensee ceases to engage [in this state in the business of issuing Connecticut payment instruments or ceases to engage] in the business of money transmission in this state for any reason, including a business decision to terminate operations in this state, license revocation, bankruptcy or voluntary dissolution, such licensee shall provide written notice of surrender and surrender to the commissioner [in person or by registered or certified mail] its license for each location in which such licensee has ceased to engage in such business. The written notice of surrender shall identify the location where the records of the licensee will be stored and the name, address and telephone number of an individual authorized to provide access to the records. The surrender of a license does not reduce or eliminate the licensee's civil or criminal liability arising from acts or omissions occurring prior to the surrender of the license, including any administrative actions undertaken by the commissioner to revoke or suspend a license, assess a civil penalty, order restitution or exercise any other authority provided to the commissioner.

Sec. 6. Section 36a-600 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

(a) Upon the filing of an application for an [original] initial license, and the payment of the fees for investigation and license, the commissioner shall investigate the financial condition and responsibility, financial and business experience, character and general

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fitness of the applicant. The commissioner [shall approve conditionally any application,] may issue a license if the commissioner finds that:

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

(2) The applicant's business will be conducted honestly, fairly, equitably, carefully and efficiently within the purposes and intent of sections 36a-595 to 36a-610, inclusive, as amended by this act, and sections 18 and 19 of this act, and in a manner commanding the confidence and trust of the community;

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

(4) The applicant is in compliance with the provisions of sections [36a-603 and] 36a-602 to 36a-604, inclusive, as amended by this act;

(5) No person on behalf of the applicant knowingly has made any incorrect statement of a material fact in the application, or in any report or statement made pursuant to sections 36a-595 to 36a-610, inclusive, as amended by this act, and sections 18 and 19 of this act; [and]

(6) No person on behalf of the applicant knowingly has omitted to state any material fact necessary to give the commissioner any

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information lawfully required by the commissioner; and

(7) The applicant has paid the investigation fee and license fee required under section 36a-599, as amended by this act.

[(b) If the commissioner conditionally approves an application, the applicant shall have thirty days, which the commissioner may extend for cause, to comply with the requirements of section 36a-602. Upon such compliance, the commissioner's conditional approval shall become final, and the commissioner shall issue a license to the applicant. The commissioner shall not issue a license to any applicant unless the applicant is in compliance with all the requirements of subsection (a) of this section and section 36a-602 and has paid the investigation and license fee required under section 36a-599.]

[(c)] (b) The commissioner may deny an application if the commissioner finds that the applicant or any of its partners, directors, trustees, principal officers or shareholders owning ten per cent or more of the shares of the applicant or members (1) are listed on the specially designated nationals and blocked persons list prepared by the United States Department of the Treasury, or (2) have been convicted of any misdemeanor involving any aspect of the money transmission business [or the business of issuing payment instruments,] or any felony. Any denial of an application by the commissioner shall, when applicable, be subject to the provisions of section 46a-80.

Sec. 7. Section 36a-601 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

(a) A license may be renewed for the ensuing twenty-four-month period upon the filing of an application containing all information required by section 36a-598, as amended by this act. Such renewal application shall be filed on or before September first of the year in which the license expires, [, or in the case of an application for renewal

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of a license that expires on June 30, 2007, on or before June 1, 2007.] Any renewal application filed with the commissioner after September first [, or in the case of a license that expires on June 30, 2007, after June 1, 2007,] shall be accompanied by a one-hundred-dollar late fee and any such filing shall be deemed to be timely and sufficient for purposes of subsection (b) of section 4-182. If an application for a renewal license has been filed with the commissioner on or before the date the license expires, the license sought to be renewed shall continue in full force and effect until the issuance by the commissioner of the renewal license applied for or until the commissioner has notified the licensee in writing of the commissioner's refusal to issue such renewal license together with the grounds upon which such refusal is based. The commissioner may refuse to issue a renewal license on any ground on which the commissioner might refuse to issue an [original] initial license.

(b) If the commissioner determines that a check filed with the commissioner to pay an investigation or license fee has been dishonored or if made by ACH, has been returned, the commissioner shall automatically suspend a renewal license that has been issued but is not yet effective. The commissioner shall give the licensee notice of the automatic suspension pending proceedings for refusal to renew such license and an opportunity for a hearing on such actions in accordance with section 36a-51.

Sec. 8. Section 36a-602 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

(a) As a condition for the issuance and retention of the license, applicants for a license and licensees shall file with the commissioner a surety bond, the form of which shall be approved by the Attorney General, issued by a bonding company or insurance company authorized to do business in this state. The bond shall be conditioned upon the licensee and the licensee's authorized delegates faithfully

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performing all obligations with respect to the licensee's money transmission business in this state and conducting such business in this state consistent with the provisions of sections 36a-595 to 36a-610, inclusive, as amended by this act, and sections 18 and 19 of this act.

The bond shall be in favor of the commissioner, [cover claims that arise during the period the license remains in full force and effect and the succeeding two years after such license has been surrendered, revoked or suspended or has expired, in accordance with the provisions of sections 36a-595 to 36a-610, inclusive, and be in the principal sum of (1) three hundred thousand dollars for any applicant and any licensee that engages in the business of issuing Connecticut payment instruments with an average daily balance of outstanding Connecticut payment instruments during the two previous reporting quarters of three hundred thousand dollars or less or any licensee that engages in the business of money transmission with an average weekly amount of money or monetary value received or transmitted, whichever amount is greater, during the two previous reporting quarters of one hundred fifty thousand dollars or less; (2) five hundred thousand dollars for any licensee that engages in the business of issuing Connecticut payment instruments with an average daily balance of outstanding Connecticut payment instruments during the two previous reporting quarters of greater than three hundred thousand dollars but less than five hundred thousand dollars or any licensee that engages in the business of money transmission with an average weekly amount of money or monetary value received or transmitted, whichever amount is greater, during the two previous reporting quarters of greater than one hundred fifty thousand dollars but less than two hundred fifty thousand dollars; and (3) one million dollars for any licensee that engages in the business of issuing Connecticut payment instruments with an average daily balance of outstanding Connecticut payment instruments during the two previous reporting quarters equal to or greater than five hundred thousand dollars or any licensee that engages in the business of money transmission with an average weekly

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amount of money or monetary value received or transmitted, whichever amount is greater, during the two previous reporting quarters of two hundred fifty thousand dollars or greater.] run concurrently with the period of the license and be in the principal sum of not less than: (1) Three hundred thousand dollars for any applicant and any licensee with an average weekly amount of money transmissions in this state of less than three hundred thousand dollars for the most recent twelve-month period ending June thirtieth, (2) five hundred thousand dollars for any licensee with an average weekly amount of money transmissions in this state equal to or greater than three hundred thousand dollars but less than or equal to five hundred thousand dollars for the most recent twelve-month period ending June thirtieth, or (3) one million dollars for any licensee with an average weekly amount of money transmissions in this state exceeding five hundred thousand dollars for the most recent twelve-month period ending June thirtieth. For purposes of this section, "money transmissions" includes (A) money or monetary value received or transmitted in this state, and (B) stored value and payment instruments issued or sold in this state.

(b) The proceeds of the bond, even if commingled with other assets of the licensee, shall be deemed by operation of law to be held in trust for the benefit of any claimants against the licensee to serve the faithful performance of the obligations of the licensee and the licensee's authorized delegates with respect to the [receipt, handling, transmission or payment of money or monetary value in connection with the sale and issuance of Connecticut payment instruments or transmission of money or monetary value] licensee's money transmission business in this state in the event of the bankruptcy of the licensee, and shall be immune from attachment by creditors or judgment creditors. Any person who may be damaged as a result of the failure by the licensee or the licensee's authorized delegates to perform obligations with respect to the licensee's money transmission

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business in this state may proceed against the licensee's bond to recover damages. The commissioner may proceed on such bond against the principal or surety thereon, or both, to collect any civil penalty imposed upon the licensee pursuant to subsection (a) of section 36a-50, [In the event a license has been surrendered, revoked or suspended or has expired, in accordance with the provisions of sections 36a-595 to 36a-610, inclusive, the commissioner, in the commissioner's discretion, may lower the required principal sum of the bond based on the licensee's level of business and outstanding Connecticut payment instruments.] any restitution imposed pursuant to subsection (c) of section 36a-50, and any unpaid costs of examination of the licensee as determined pursuant to subdivision (6) of subsection (c) of section 36a-65. The bond shall cover claims for damages arising from the licensee's money transmission business in this state made not later than two years from the date of the act, error or omission that allegedly caused or resulted in such damages. When an action is commenced on a licensee's bond, the commissioner may require the filing of a new bond and, immediately upon recovery on any action on the bond, the licensee shall file a new bond. If the commissioner finds that the financial condition of a licensee so requires, as evidenced by the reduction of tangible net worth, financial losses or potential losses as a result of a violation of sections 36a-595 to 36a-610, inclusive, as amended by this act, or section 18 or 19 of this act, the commissioner may require one or more additional bonds meeting the standards set forth in this section. The licensee shall file any such additional bonds not later than ten days after receipt of the commissioner's written notice of such requirement.

[(b)] (c) The surety company may cancel the bond at any time by a written notice to the licensee, stating the date cancellation shall take effect. Such notice shall be sent by certified mail to the licensee at least thirty days prior to the date of cancellation. A surety bond shall not be cancelled unless the surety company notifies the commissioner in

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writing not less than thirty days prior to the effective date of cancellation. After receipt of such notification from the surety company, the commissioner shall give written notice to the licensee of the date such bond cancellation shall take effect. The commissioner shall automatically suspend the license on such date, unless the licensee, prior to such date, submits (1) a letter of reinstatement of the bond from the surety company, (2) a new bond, (3) evidence that all of the principal sum of such surety bond has been invested as provided in subsection [(c)] (d) of this section, (4) a new bond that replaces the surety bond in part and evidence that the remaining part of the principal sum of such surety bond has been invested as provided in subsection [(c)] (d) of this section, or (5) evidence that the licensee has ceased business and has surrendered the license. After a license has been automatically suspended, the commissioner shall give the licensee notice of the automatic suspension pending proceedings for revocation or refusal to renew such license and an opportunity for a hearing on such actions in accordance with section 36a-51 and require the licensee to take or refrain from taking such action as in the opinion of the commissioner will effectuate the purposes of this section.

[(c)] (d) In lieu of all or part of the principal sum of such surety bonds, applicants for a license and licensees may invest such sum as provided in this subsection. The book or market value, whichever is lower, of such investments shall be equal to the amount of the bond required by subsection (a) of this section less the amount of the bond filed with the commissioner by the applicant or licensee. Such applicants and licensees shall keep such investments with such banks, Connecticut credit unions or federal credit unions as such applicants or licensees may designate and the commissioner may approve, and subject to such conditions as the commissioner deems necessary for the protection of consumers and in the public interest. As used in this subsection, "investments" means: (1) Dollar deposits; and (2) interest-bearing bills, notes, bonds, debentures or other obligations issued or

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guaranteed by (A) the United States or any of its agencies or instrumentalities, or (B) any state, or any agency, instrumentality, political subdivision, school district or legally constituted authority of any state if such investment is of prime quality. The investments shall secure the same obligation as would a surety bond filed under this section. The investments shall be held at such banks or credit unions to cover claims during the period the license remains in full force and effect and the succeeding two years after such license has been surrendered, revoked or suspended or has expired in accordance with the provisions of sections 36a-595 to 36a-610, inclusive, as amended by this act, and sections 18 and 19 of this act. The licensee shall be permitted to collect interest on such investments and at any time to exchange, examine and compare such investments. The investments made pursuant to this section, even if commingled with other assets of the licensee, shall be deemed by operation of law to be held in trust for the benefit of any claimants against the licensee to serve the faithful performance of the obligations of the licensee and the licensee's authorized delegates with respect to the [receipt, handling, transmission or payment of money or monetary value in connection with the sale and issuance of Connecticut payment instruments or transmission of money or monetary value] licensee's money transmission business in this state in the event of the bankruptcy of the licensee, and shall be immune from attachment by creditors or judgment creditors.

Sec. 9. Section 36a-603 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

(a) Each licensee shall at all times maintain permissible investments having a value, computed in accordance with generally accepted accounting principles, at least equal to the aggregate amount of its outstanding [Connecticut payment instruments and stored value] money transmissions in this state, provided the value of receivables

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due from authorized delegates consisting of the proceeds of the sale of payment instruments that are not past due or doubtful of collection shall not exceed thirty per cent of the permissible investments held by the licensee and receivables due from any one person shall not exceed ten per cent of the value of permissible investments held by the licensee.

(b) As used in subsection (a) of this section, "value" means the lower of book or market value, except that with regard to debt obligations which the licensee as a matter of policy retains until maturity, "value" means the greater of book or market value unless the commissioner orders that for some or all investments of a particular licensee, "value" means the lower of book or market value.

(c) Permissible investments, even if commingled with other assets of the licensee, shall be deemed by operation of law to be held in trust for the benefit of any claimants against the licensee to serve the faithful performance of the obligations of the licensee and the licensee's authorized delegates with respect to the [receipt, handling, transmission or payment of money or monetary value in connection with the sale and issuance of Connecticut payment instruments or transmission of money or monetary value] licensee's money transmission business in this state in the event of the bankruptcy of the licensee, and shall be immune from attachment by creditors or judgment creditors.

Sec. 10. Section 36a-604 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

(a) Each licensee which issues [Connecticut] or sells payment instruments in this state which are checks, drafts or money orders shall at all times have a tangible net worth of at least one hundred thousand dollars.

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(b) Each licensee which issues [Connecticut] or sells payment instruments in this state which are travelers checks or electronic payment instruments shall at all times have a tangible net worth of at least one million dollars.

(c) Each licensee that engages in the business of money transmission in this state, except by issuing or selling stored value or payment instruments, shall at all times have a tangible net worth of at least five hundred thousand dollars. Each licensee that [engages in the business of money transmission by issuing] issues or sells stored value in this state shall at all times have a tangible net worth of at least [five hundred thousand] one million dollars or a higher amount as determined by the commissioner, in accordance with generally accepted accounting principles.

Sec. 11. Section 36a-605 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

In connection with the examination of a licensee under section 36a-17, the commissioner may also examine the [agents] authorized delegates of such licensee. The commissioner, in lieu of conducting an examination, may accept the report of examination of any other state or federal supervisory agency or any organization affiliated with or representing such supervisory agency with respect to the examination or other supervision of any person subject to the provisions of sections 36a-595 to 36a-610, inclusive, as amended by this act, and sections 18 and 19 of this act or a report prepared by an independent accounting firm, and reports so accepted are considered for purposes of sections 36a-595 to 36a-610, inclusive, as amended by this act, and sections 18 and 19 of this act as an official examination report of the commissioner.

Sec. 12. Section 36a-606 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

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(a) On or before the thirtieth day of April each year, each licensee shall file with the commissioner:

(1) [Its most recently audited unconsolidated financial statement, including its balance sheet and receipts and disbursements for the preceding year, prepared by an independent certified public accountant acceptable to the commissioner] (A) A copy of audited financial statements for the most recent fiscal year, (B) if a wholly-owned subsidiary of another corporation, (i) the most recent audited consolidated annual financial statements of the parent corporation or the licensee's most recent audited consolidated annual financial statement, and (ii) the most recent audited unconsolidated financial statement of the licensee, including its balance sheet and receipts and disbursements for the preceding year, (C) if publicly traded, a copy of the most recent 10-K report that was filed with the Securities and Exchange Commission or, if the licensee is a wholly-owned subsidiary of a publicly-traded company, a copy of the parent company's most recent 10-K report that was filed with said commission, and (D) if a licensee or parent company of a wholly-owned subsidiary licensee is publicly traded on a foreign exchange, a copy of documentation similar to the report filed pursuant to subparagraph (C) of this subdivision that was filed with the applicable securities regulator;

(2) A list of permissible investments, the book and market value of such investments, and the dollar amount of the licensee's aggregate outstanding [payment instruments] money transmissions; and

(3) A list of investments maintained in accordance with subsection [(c)] (d) of section 36a-602, as amended by this act, if applicable, the book and market values of such investments and the dollar amount of the licensee's aggregate outstanding [Connecticut payment instruments and stored value] money transmissions in this state.

(b) The lists and other information filed as provided in subdivisions

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(2) and (3) of subsection (a) of this section shall be as of the same date as the financial statement filed in accordance with subdivision (1) of subsection (a) of this section.

(c) The commissioner may require of any licensee such additional reports, under oath, certified, or otherwise, concerning such licensee's business in this state as the commissioner may consider necessary for the enforcement of sections 36a-595 to 36a-610, inclusive, as amended by this act, and sections 18 and 19 of this act.

Sec. 13. Section 36a-606a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

Each licensee shall comply with the applicable provisions of the Currency and Foreign Transactions Reporting Act, 31 USC Section 5311 et seq., as from time to time amended, and any regulations adopted under such provisions, as from time to time amended and, upon request, shall provide proof of such compliance to the commissioner. In addition to any other remedies provided by law, a violation of such federal law or regulation shall be deemed a violation of this section and a basis upon which the commissioner may take enforcement action pursuant to section 36a-608, as amended by this act.

Sec. 14. Section 36a-607 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

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

(1) The business may be conducted by the licensee or through or by means of such [agents] authorized delegates as the licensee may periodically designate or appoint. The licensee shall notify the commissioner of all authorized delegates that act on its behalf. An [agent] authorized delegate may not engage in the business of [issuing

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Connecticut payment instruments or the business of] money transmission in this state on behalf of a licensee through or by means of [a subagent] any person who is not an authorized delegate of the licensee.

(2) No license under sections 36a-595 to 36a-610, inclusive, as amended by this act, and sections 18 and 19 of this act shall be required of any [agent of a licensee] authorized delegate.

(3) Each [agent of a licensee] authorized delegate shall, from the moment of receipt, hold the proceeds of a sale or delivery of a licensee's [Connecticut payment instruments] money transmissions in this state in trust for the benefit of such licensee.

(4) A licensee shall be liable for the loss caused to any purchaser or holder of the licensee's [Connecticut] payment instruments or stored value sold in this state by the failure of an [agent of the licensee] authorized delegate to forward to the licensee the amount due from the proceeds of a sale or delivery of the licensee's [Connecticut] payment instruments or stored value, or money or monetary value received for transmission.

(5) The licensee shall enter into a contract with each of its [agents] authorized delegates that requires the [agent] authorized delegate to operate in full compliance with sections 36a-595 to 36a-610, inclusive, as amended by this act, and sections 18 and 19 of this act, and provides that appointment of the [agent] authorized delegate is not effective during any period when the license of the licensee has been suspended. The licensee shall provide each [such agent] authorized delegate with policies and procedures sufficient to ensure compliance with sections 36a-595 to 36a-610, inclusive, as amended by this act, and sections 18 and 19 of this act.

(6) An [agent of a licensee] authorized delegate shall remit all

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money owing to the licensee in accordance with the terms of the contract between the licensee and the [agent] authorized delegate.

(7) An [agent of a licensee] authorized delegate shall not provide money transmission services in this state outside the scope of activity permissible under the contract between the [agent] authorized delegate and the licensee.

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

Sec. 15. Section 36a-608 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

(a) The commissioner shall make such investigations [and conduct such hearings] as the commissioner considers necessary to determine whether any licensee or any other person has violated, is violating or is about to violate any of the provisions of sections 36a-595 to 36a-610, inclusive, as amended by this act, or sections 18 and 19 of this act, or whether any licensee has acted in such manner as otherwise would justify the suspension or revocation of the license. The provisions of section 36a-17 shall apply to such investigation. For purposes of this section, "unsafe or unsound practice" means a practice or conduct by a licensee or an authorized delegate that is likely to result in a material loss, insolvency or dissipation of the licensee's assets or otherwise materially prejudice the interests of purchasers.

(b) The commissioner may suspend or revoke a license or take any other action, in accordance with section 36a-51, on any ground on which the commissioner might refuse to issue an [original] initial license, for any violation of sections 36a-595 to 36a-610, inclusive, as amended by this act, or section 18 or 19 of this act, or of any regulation

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adopted under said sections, for noncompliance with an order that the commissioner may issue under said sections to a licensee, for failure of the licensee to pay a judgment ordered by any court within or outside this state within thirty days after the judgment becomes final or within thirty days after expiration or termination of a stay of execution of the judgment, for engaging in fraud, intentional misrepresentation or gross negligence, or for engaging in an unsafe [and] or unsound practice.

(c) Whenever it appears to the commissioner that any person has violated, is violating or is about to violate any provision of sections 36a-595 to 36a-610, inclusive, as amended by this act, or section 18 or 19 of this act, or any regulation adopted under said sections, or any licensee has failed to pay a judgment ordered by any court within or outside of this state thirty days after the date on which the judgment becomes final or thirty days after the date of the expiration or termination of a stay of execution of the judgment, or engaged in fraud, intentional misrepresentation or gross negligence, or engaged in an unsafe [and] or unsound practice, the commissioner may take action against such person in accordance with sections 36a-50 and 36a-52.

(d) The commissioner may order a licensee to terminate its [agency] relationship with any [agent] authorized delegate if the commissioner finds that: (1) The [agent] authorized delegate violated any provision of sections 36a-595 to 36a-610, inclusive, as amended by this act, or section 18 or 19 of this act, or any regulation adopted under said sections or any other law or regulation applicable to the conduct of its business; (2) the [agent refused to allow an examination of its books and records regarding the business of such licensee as provided in section 36a-605] authorized delegate failed to cooperate with an examination or investigation by the commissioner; (3) the [agent] authorized delegate engaged in fraud, intentional misrepresentation,

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or gross negligence or misappropriated funds; (4) the [agent] authorized delegate has been convicted of a violation of a state or federal anti-money laundering statute; (5) the competence, experience, character or general fitness of the [agent] authorized delegate or a manager, partner, director, trustee, principal officer, member or shareholder owning ten per cent or more of each class of the [agent's] authorized delegate's securities demonstrates that it would not be in the public interest to permit such [agent] authorized delegate to engage in the business of [issuing Connecticut payment instruments or the business of] money transmission in this state on behalf of a licensee; [or] (6) the [agent] authorized delegate is engaging in an unsafe or unsound practice; or (7) the authorized delegate is convicted of any act involving fraud or dishonesty.

Sec. 16. Section 36a-609 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

The provisions of sections 36a-597 to [36a-606a] 36a-607, inclusive, as amended by this act, and sections 18 and 19 of this act shall not apply to:

(1) Any federally insured federal bank, out-of-state bank, Connecticut bank, Connecticut credit union, federal credit union or out-of-state credit union, provided such institution does not [issue or sell Connecticut payment instruments or transmit money or monetary value] engage in the business of money transmission in this state through [an agent which] any person who is not (A) a federally insured federal bank, out-of-state bank, Connecticut bank, Connecticut credit union, federal credit union or out-of-state credit union, (B) a person licensed pursuant to sections 36a-595 to 36a-610, inclusive, as amended by this act, and sections 18 and 19 of this act, or an authorized delegate acting on behalf of such licensed person, or (C) a person exempt pursuant to subdivision (2) or (3) of this section;

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[(2) Any Connecticut bank or Connecticut credit union;]

[(3)] (2) The United States Postal Service and any contractor that engages in the business of money transmission in this state on behalf of the United States Postal Service; and

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

Sec. 17. Section 36a-610 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

The commissioner may adopt regulations, in accordance with chapter 54, which are necessary or appropriate for the administration of sections 36a-595 to 36a-609, inclusive, as amended by this act, and sections 18 and 19 of this act.

Sec. 18. (NEW) (*Effective October 1, 2013*) (a) Each licensee, as defined in section 36a-596 of the general statutes, as amended by this act, shall maintain and prepare such records as will enable the Banking Commissioner to determine whether the licensee and any of its authorized delegates are complying with the provisions of sections 36a-595 to 36a-609, inclusive, of the general statutes as amended by this act, this section, and section 19 of this act at the office named in the license, or, if requested by the commissioner, shall make such records available at such office or send such records to the commissioner by registered or certified mail, return receipt requested, or by any express delivery carrier that provides a dated delivery receipt, not later than five business days after such request by the commissioner. Upon request, the commissioner may grant a licensee additional time to make such records available or send such records to the commissioner.

(b) Each licensee shall maintain the following records for at least

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five years:

- (1) A record of each payment instrument or stored-value obligation sold within this state;
- (2) A general ledger posted at least monthly containing all asset, liability, capital, income and expense accounts;
- (3) Bank statements and bank reconciliation records;
- (4) Records of outstanding money transmissions in this state;
- (5) Records of each payment instrument and stored value obligation paid during the previous five years;
- (6) A list of the last known names and addresses of all of the licensee's authorized delegates; and
- (7) Any other records the commissioner may require.

Sec. 19. (NEW) (*Effective October 1, 2013*) A licensee, as defined in section 36a-596 of the general statutes, as amended by this act, shall notify the Banking Commissioner in writing not later than fifteen days after any change in the list of the licensee's authorized delegates or locations where the licensee or the licensee's authorized delegates engage in the business of money transmission in this state. Such notice shall state the name and address of each location and authorized delegate removed or added to the licensee's list.

Sec. 20. Section 36a-1 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

This title shall be known as the "Banking Law of Connecticut" and shall be applicable to all Connecticut banks, Connecticut credit unions, mortgage lenders, mortgage correspondent lenders, mortgage brokers, mortgage loan originators, loan processors or underwriters, [money

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order and travelers check licensees, check cashing service licensees] money transmitters, check cashers, trustees under mortgages or deeds of trust of real property securing certain investments, corporations exercising fiduciary powers, small loan [licensees] lenders, sales finance companies, mortgage servicing companies, debt adjusters, [persons offering or engaging in debt negotiation] debt negotiators, consumer collection agencies and to such other persons as subject themselves to the provisions of this title or who, by violating any of its provisions, become subject to the penalties provided in this title.

Sec. 21. Section 36a-3 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

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

"Account". Sections 36a-155 and 36a-365.

"Additional proceeds". Section 36a-746e.

"Administrative expense". Section 36a-237.

"Advance fee". Sections 36a-485 and 36a-615.

"Advertise", "advertisement" or "advertising". Section 36a-485.

"Agency bank". Section 36a-285.

"Agent". Section 36a-494.

"Alternative mortgage loan". Section 36a-265.

"Amount financed". Section 36a-690.

"Annual percentage rate". Section 36a-690.

"Annual percentage yield". Section 36a-316.

"Annuities". Section 36a-455a.

"Applicant". Section 36a-736.

"APR". Section 36a-746a.

"Assessment area". Section 36a-37.

"Assets". Section 36a-70.

"Associate". Section 36a-184.

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- "Associated member". Section 36a-458a.
- "Authorized delegate". Section 36a-596, as amended by this act.
- "Bank". Section 36a-30.
- "Bankers' bank". Section 36a-70.
- "Banking business". Section 36a-425.
- "Basic services". Section 36a-437a.
- "Billing cycle". Section 36a-565.
- "Bona fide nonprofit organization". Sections 36a-487 and 36a-655.
- "Branch". Sections 36a-145, 36a-410 and 36a-435b.
- "Branch office". Section 36a-485.
- "Branch or agency net payment entitlement". Section 36a-428n.
- "Branch or agency net payment obligation". Section 36a-428n.
- "Broker". Section 36a-746a.
- "Business and industrial development corporation". Section 36a-626.
- "Business and property in this state". Section 36a-428n.
- "Capital". Section 36a-435b.
- "Cash advance". Section 36a-564.
- "Cash price". Section 36a-770.
- "Certificate of incorporation". Section 36a-435b.
- "CHFA loan". Section 36a-760.
- "Clerical or support duties". Section 36a-485.
- "Closely related activities". Sections 36a-250 and 36a-455a.
- "Collective managing agency account". Section 36a-365.
- "Commercial vehicle". Section 36a-770.
- "Community bank". Section 36a-70.
- "Community credit union". Section 36a-37.
- "Community development bank". Section 36a-70.
- "Community reinvestment performance". Section 36a-37.
- "Connecticut holding company". Sections 36a-53 and 36a-410.
- "Consolidate". Section 36a-145.
- "Construction loan". Section 36a-458a.
- "Consumer". Sections 36a-155, 36a-676 and 36a-695.

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- "Consumer Credit Protection Act". Section 36a-676.
- "Consumer debtor" and "debtor". Sections 36a-645 and 36a-800, as amended by this act.
- "Consumer collection agency". Section 36a-800, as amended by this act.
- "Consummation". Section 36a-746a.
- "Control person". Section 36a-485.
- "Controlling interest". Section 36a-276.
- "Conventional mortgage rate". Section 36a-760.
- "Corporate". Section 36a-435b.
- "Credit". Sections 36a-645 and 36a-676.
- "Credit manager". Section 36a-435b.
- "Creditor". Sections 36a-676, 36a-695 and 36a-800, as amended by this act.
- "Credit card", "cardholder" and "card issuer". Section 36a-676.
- "Credit clinic". Section 36a-700.
- "Credit rating agency". Section 36a-695.
- "Credit report". Section 36a-695.
- "Credit sale". Section 36a-676.
- "Credit union service organization". Section 36a-435b.
- "Credit union service organization services". Section 36a-435b.
- "De novo branch". Section 36a-410.
- "Debt". Section 36a-645.
- "Debt adjustment". Section 36a-655.
- "Debt mutual fund". Sections 36a-275 and 36a-459a.
- "Debt securities". Sections 36a-275 and 36a-459a.
- "Debtor". Section 36a-655.
- "Deliver". Section 36a-316.
- "Deposit". Section 36a-316.
- "Deposit account". Section 36a-316.
- "Deposit account charge". Section 36a-316.
- "Deposit account disclosures". Section 36a-316.
- "Deposit contract". Section 36a-316.

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- "Deposit services". Section 36a-425.
- "Depositor". Section 36a-316.
- "Depository institution". Section 36a-485.
- "Derivative transaction". Section 36a-262.
- "Director". Section 36a-435b.
- "Dwelling". Section 36a-485.
- "Earning period". Section 36a-316.
- "Electronic payment instrument". Section 36a-596, as amended by this act.
- "Eligible collateral". Section 36a-330.
- "Eligible entity". Section 36a-34.
- "Employee". Section 36a-485.
- "Entity". Section 36a-380.
- "Equity mutual fund". Sections 36a-276 and 36a-459a.
- "Equity security". Sections 36a-276 and 36a-459a.
- "Executive officer". Sections 36a-263 and 36a-469c.
- "Expedited Connecticut bank". Section 36a-70.
- "Experience in the mortgage business". Section 36a-488.
- "Federal banking agency". Section 36a-485.
- "Federal Credit Union Act". Section 36a-435b.
- "Federal Home Mortgage Disclosure Act". Section 36a-736.
- "FHA loan". Section 36a-760.
- "Fiduciary". Section 36a-365.
- "Filing fee". Section 36a-770.
- "Finance charge". Sections 36a-690 and 36a-770.
- "Financial institution". Sections 36a-41, 36a-44a, 36a-155, 36a-316, 36a-330, 36a-435b, 36a-736 and 36a-755.
- "Financial records". Section 36a-41.
- "First mortgage loan". Sections 36a-485, 36a-705 [, 36a-715] and 36a-725.
- "Foreign banking corporation". Section 36a-425.
- "Fully indexed rate". Section 36a-760b.
- "General facility". Section 36a-580.

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- "Global net payment entitlement". Section 36a-428n.
- "Global net payment obligation". Section 36a-428n.
- "Goods". Sections 36a-535 and 36a-770.
- "Graduated payment mortgage loan". Section 36a-265.
- "Guardian". Section 36a-365.
- "High cost home loan". Section 36a-746a.
- "Holder". Section 36a-596, as amended by this act.
- "Home banking services". Section 36a-170.
- "Home banking terminal". Section 36a-170.
- "Home improvement loan". Section 36a-736.
- "Home purchase loan". Section 36a-736.
- "Home state". Section 36a-410.
- "Housing finance agency". Section 36a-487.
- "Immediate family member". Sections 36a-435b and 36a-485.
- "Independent contractor". Section 36a-485.
- "Individual". Section 36a-485.
- "Insider". Section 36a-454b.
- "Installment loan contract". Sections 36a-535 and 36a-770.
- "Insurance". Section 36a-455a.
- "Insurance bank". Section 36a-285.
- "Insurance department". Section 36a-285.
- "Interest". Section 36a-316.
- "Interest rate". Section 36a-316.
- "Interim interest". Section 36a-746a.
- "Investments". Section 36a-602, as amended by this act.
- "Lender". Sections 36a-746a, 36a-760 and 36a-770.
- "Lessor". Section 36a-676.
- "License". Section 36a-626.
- "Licensee". Sections 36a-596, as amended by this act, 36a-607,
as amended by this act, and 36a-626.
- "Limited branch". Section 36a-145.
- "Limited facility". Section 36a-580.

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- "Loan broker". Section 36a-615.
- "Loan processor or underwriter". Section 36a-485.
- "Loss". Section 36a-330.
- "Made in this state". Section 36a-770.
- "Main office". Section 36a-485.
- "Managing agent". Section 36a-365.
- "Manufactured home". Section 36a-457b.
- "Material litigation". Section [36a-596] 36a-598, as amended by this act.
- "Member". Section 36a-435b.
- "Member business loan". Section 36a-458a.
- "Member in good standing". Section 36a-435b.
- "Membership share". Section 36a-435b.
- "Mobile branch". Sections 36a-145 and 36a-435b.
- "Monetary value". Section 36a-596, as amended by this act.
- ["Money order". Section 36a-596.]
- "Money transmission". Section [36a-365] 36a-596, as amended by this act.
- "Mortgage". Section 36a-760g.
- "Mortgage broker". Sections 36a-485, 36a-705 and 36a-760.
- "Mortgage correspondent lender". Section 36a-485.
- "Mortgage insurance". Section 36a-725.
- "Mortgage lender". Sections 36a-485, 36a-705 and 36a-725.
- "Mortgage loan". Sections 36a-261, 36a-265, 36a-457b and 36a-736.
- "Mortgage loan originator". Section 36a-485.
- "Mortgage rate lock-in". Section 36a-705.
- "Mortgage servicing company". Section 36a-715.
- "Mortgage servicer". Section 36a-715.
- "Mortgagee". Section 36a-715.
- "Mortgagor". Section 36a-715.
- "Motor vehicle". Section 36a-770.
- "Multiple common bond membership". Section 36a-435b.
- "Municipality". Section 36a-800, as amended by this act.

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"Net outstanding member business loan balance". Section 36a-458a.
"Net worth". Sections 36a-441a [,] and 36a-458a. [and 36a-596.]
"Network". Section 36a-155.
"Nonprime home loan". Section 36a-760.
"Nonrefundable". Section 36a-498.
"Nontraditional mortgage product". Section 36a-489a.
"Note account". Sections 36a-301 and 36a-456b.
"Office". Sections 36a-23, 36a-316 and 36a-485.
"Officer". Section 36a-435b.
"Open-end credit plan". Section 36a-676.
"Open-end line of credit". Section 36a-760.
"Open-end loan". Section 36a-565.
"Organization". Section 36a-800, as amended by this act.
"Out-of-state holding company". Section 36a-410.
"Outstanding". Section 36a-596, as amended by this act.
"Passbook savings account". Section 36a-316.
"Payment instrument". Section 36a-596, as amended by this act.
"Periodic statement". Section 36a-316.
"Permissible investment". Section 36a-596, as amended by this act.
"Person". Sections 36a-184 and 36a-485.
"Post". Section 36a-316.
"Prepaid finance charge". Section 36a-746a.
"Prime quality". Section 36a-596, as amended by this act.
"Principal amount of the loan". Section 36a-485.
"Processor". Section 36a-155.
"Public deposit". Section 36a-330.
"Purchaser". Section 36a-596, as amended by this act.
"Qualified financial contract". Section 36a-428n.
"Qualified public depository" and "depository". Section 36a-330.
"Real estate". Section 36a-457b.
"Real estate brokerage activity". Section 36a-485.
"Records". Section 36a-17.

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- "Registered mortgage loan originator". Section 36a-485.
- "Related person". Section 36a-53.
- "Relocate". Sections 36a-145 and 36a-462a.
- "Residential mortgage loan". [Section] Sections 36a-485 and 36a-715.
- "Residential real estate". Section 36a-485.
- "Resulting entity". Section 36a-34.
- "Retail buyer". Sections 36a-535 and 36a-770.
- "Retail credit transaction". Section 42-100b.
- "Retail installment contract". Sections 36a-535 and 36a-770.
- "Retail installment sale". Sections 36a-535 and 36a-770.
- "Retail seller". Sections 36a-535 and 36a-770.
- "Reverse annuity mortgage loan". Section 36a-265.
- "Sales finance company". Sections 36a-535 and 36a-770.
- "Savings department". Section 36a-285.
- "Savings deposit". Section 36a-316.
- "Secondary mortgage loan". Section 36a-485.
- "Security convertible into a voting security". Section 36a-184.
- "Senior management". Section 36a-435b.
- "Settlement agent". Section 36a-494.
- "Share". Section 36a-435b.
- "Simulated check". Section 36a-485.
- "Single common bond membership". Section 36a-435b.
- "Special mortgage". Section 36a-760c.
- "Social purpose investment". Section 36a-277.
- "Sponsored". Section 36a-485.
- "Standard mortgage loan". Section 36a-265.
- "Stored value". Section 36a-596, as amended by this act.
- "System". Section 36a-485.
- "Table funding agreement". Section 36a-485.
- "Tax and loan account". Sections 36a-301 and 36a-456b.
- "The Savings Bank Life Insurance Company". Section 36a-285.
- "Time account". Section 36a-316.

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"Travelers check". Section 36a-596, as amended by this act.

"Troubled Connecticut credit union". Section 36a-448a.

"Unique identifier". Section 36a-485.

"Unsecured loan". Section 36a-615.

"Value". Section 36a-603, as amended by this act.

"Warehouse agreement". Section 36a-485.

Sec. 22. Section 36a-800 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

As used in sections 36a-800 to 36a-810, inclusive, as amended by this act, unless the context otherwise requires:

(1) "Branch office" means a location other than the main office at which a licensee or any person on behalf of a licensee acts as a consumer collection agency;

[(1)] (2) "Consumer collection agency" means any person (A) engaged as a third party in the business of collecting or receiving for payment for others of any account, bill or other indebtedness from a consumer debtor, [or] (B) engaged directly or indirectly in the business of collecting any account, bill or other indebtedness from a consumer debtor for such person's own account if the indebtedness was acquired from another person and if the indebtedness was either delinquent or in default at the time it was acquired, or (C) engaged in the business of collecting or receiving for payment property tax from a property tax debtor on behalf of a municipality, including any person who, by any device, subterfuge or pretense, makes a pretended purchase or takes a pretended assignment of accounts from any other person or municipality of such indebtedness for the purpose of evading the provisions of sections 36a-800 to 36a-810, inclusive, as amended by this act. It includes persons who furnish collection systems carrying a name which simulates the name of a consumer collection agency and who supply forms or form letters to be used by the creditor, even though

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such forms direct the consumer debtor or property tax debtor to make payments directly to the creditor rather than to such fictitious agency. "Consumer collection agency" further includes any person who, in attempting to collect or in collecting such person's own accounts or claims from a consumer debtor, uses a fictitious name or any name other than such person's own name which would indicate to the consumer debtor that a third person is collecting or attempting to collect such account or claim. "Consumer collection agency" does not include [(A)] (i) an individual employed on the staff of a licensed consumer collection agency, or by a creditor who is exempt from licensing, when attempting to collect on behalf of such consumer collection agency, [(B)] (ii) persons not primarily engaged in the collection of debts from consumer debtors who receive funds in escrow for subsequent distribution to others, including, but not limited to, real estate brokers and lenders holding funds of borrowers for payment of taxes or insurance, [(C)] (iii) any public officer or a person acting under the order of any court, [(D)] (iv) any member of the bar of this state, [and (E)] (v) a person who services loans or accounts for the owners thereof when the arrangement includes, in addition to requesting payment from delinquent consumer debtors, the providing of other services such as receipt of payment, accounting, record-keeping, data processing services and remitting, for loans or accounts which are current as well as those which are delinquent, (vi) a bank or out-of-state bank, as defined in section 36a-2, and (vii) a subsidiary or affiliate of a bank or out-of-state bank, to the extent such affiliate or subsidiary is not primarily engaged in the business of purchasing and collecting upon delinquent debts. For purposes of this subparagraph, "account, bill or other indebtedness" shall not include debt secured by real property. Any person not included in the definition contained in this subdivision is, for purposes of sections 36a-645 to 36a-647, inclusive, a "creditor", as defined in section 36a-645;

[(2)] (3) "Consumer debtor" means any natural person, not an

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organization, who has incurred indebtedness or owes a debt for personal, family or household purposes, including current or past due child support, or who has incurred indebtedness or owes a debt to a municipality due to a levy by such municipality of a personal property tax;

[(3)] (4) "Creditor" means a person, including a municipality, that retains, hires, or engages the services of a consumer collection agency;

(5) "Main office" means the main address designated on the application;

[(4)] (6) "Municipality" means any town, city or borough, consolidated town and city, consolidated town and borough, district as defined in section 7-324 or municipal special services district established under chapter 105a;

[(5)] (7) "Organization" means a corporation, partnership, association, trust or any other legal entity or an individual operating under a trade name or a name having appended to it a commercial, occupational or professional designation;

[(6)] (8) "Property tax" has the meaning given to the term in section 7-560;

[(7)] (9) "Property tax debtor" means any natural person or organization who has incurred indebtedness or owes a debt to a municipality due to a levy by such municipality of a property tax.

Sec. 23. Section 36a-801 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

(a) No person shall act within this state as a consumer collection agency [without a consumer collection agency license] unless such person has first obtained a consumer collection agency license for such

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person's main office and each branch office where such person's business is conducted. A consumer collection agency is acting within this state if it (1) has its place of business located within this state; (2) has its place of business located outside this state and (A) collects from consumer debtors or property tax debtors who reside within this state for creditors who are located within this state, or (B) collects from consumer debtors or property tax debtors who reside within this state for such consumer collection agency's own account; (3) has its place of business located outside this state and regularly collects from consumer debtors or property tax debtors who reside within this state for creditors who are located outside this state; or (4) has its place of business located outside this state and is engaged in the business of collecting child support for creditors located within this state from consumer debtors who are located outside this state.

(b) [(1)] Any person desiring to act within this state as a consumer collection agency shall make a written application to the commissioner for such license in such form as the commissioner prescribes. Such application shall be accompanied by [(A)] (1) a financial statement prepared by a certified public accountant or a public accountant, the accuracy of which is sworn to under oath before a notary public by the proprietor, a general partner or a corporate officer or a member duly authorized to execute such documents, [(B) (i)] (2) (A) the history of criminal convictions of the [(I)] (i) applicant; [(II)] (ii) partners, if the applicant is a partnership; [(III)] (iii) members, if the applicant is a limited liability company or association; or [(IV)] (iv) officers, directors and principal employees, if the applicant is a corporation, and [(ii)] (B) sufficient information pertaining to the history of criminal convictions of such applicant, partners, members, officers, directors and principal employees [in a form acceptable to the commissioner, (C)] as the commissioner deems necessary to make the findings under subsection (c) of this section, (3) a license fee of eight hundred dollars, or in the case of an initial application that is filed not earlier than one year

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before the date such license will expire, a license fee of four hundred dollars, and [(D)] (4) an investigation fee of one hundred dollars. The commissioner shall cause to be made such inquiry and examination as to the qualifications of each such applicant or any partner, member, officer, director or principal employee of the applicant as the commissioner deems necessary. The commissioner, in accordance with section 29-17a, may conduct a state and national criminal history records check of the applicant and of each partner, member, officer, director and principal employee of such applicant. Each applicant shall furnish satisfactory evidence to the commissioner that the applicant is a person of good moral character and is financially responsible. [If the commissioner is satisfied that such applicant is in all respects properly qualified and trustworthy and that the granting of such license is not against the public interest, the commissioner may issue to such applicant a license, in such form as the commissioner may adopt, to act within this state as a consumer collection agency.]

(c) If the commissioner finds, upon the filing of an application for a consumer collection agency, that (1) the financial responsibility, character, reputation, integrity and general fitness of the applicant and the partners of such applicant if the applicant is a partnership, of the members if the applicant is a limited liability company or association, and of the officers, directors and principal employees if the applicant is a corporation, are such to warrant belief that the business will be operated soundly and efficiently, in the public interest and consistent with the purposes of sections 36a-800 to 36a-810, inclusive, as amended by this act, and (2) the applicant is solvent and no proceeding in bankruptcy, receivership or assignment for the benefit of creditors has been commenced against the applicant, the commissioner may, upon such finding, issue the applicant a consumer collection agency license. If the commissioner fails to make such findings, the commissioner shall not issue a license and shall notify the applicant of the reasons for such denial. The commissioner may deny an application if the

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commissioner finds that the applicant or any partner, member, officer, director or principal employee of such applicant has been convicted of any misdemeanor involving any aspect of the consumer collection agency business, or any felony. Any denial of an application by the commissioner shall, when applicable, be subject to the provisions of section 46a-80. Any such license issued by the commissioner shall expire at the close of business on September thirtieth of the odd-numbered year following its issuance, unless such license is renewed. The commissioner may renew such application, in the commissioner's discretion, upon filing of a proper renewal application accompanied by a license fee of eight hundred dollars, and satisfactory proof that such applicant at that time possesses the required qualifications for the license. The commissioner may deny a renewal application if the commissioner finds that the applicant has been convicted of any misdemeanor involving any aspect of the consumer collection agency business, or any felony. Any denial of an application by the commissioner shall, when applicable, be subject to the provisions of section 46a-80. Such renewal application shall be filed with the commissioner on or before September first of the year in which the license expires. Any renewal application filed with the commissioner after September first shall be accompanied by a one-hundred-dollar late fee and any such filing shall be deemed to be timely and sufficient for purposes of subsection (b) of section 4-182. Whenever an application for a license, other than a renewal application, is filed under sections 36a-800 to 36a-810, inclusive, as amended by this act, by any person who was a licensee under said sections 36a-800 to 36a-810, inclusive, as amended by this act, and whose license expired less than sixty days prior to the date such application was filed, such application shall be accompanied by a one-hundred-dollar processing fee in addition to the application fee.

(d) To further the enforcement of this section and to determine the eligibility of any person holding a license, the commissioner may, as

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often as the commissioner deems necessary, examine the licensee's books and records, and may, at any time, require the licensee to submit such a financial statement for the examination of the commissioner, so that the commissioner may determine whether the licensee is financially responsible to carry on a consumer collection agency business within the intents and purposes of sections 36a-800 to 36a-810, inclusive, as amended by this act. Any financial statement submitted by a licensee shall be confidential and shall not be a public record unless introduced in evidence at a hearing conducted by the commissioner.

(e) The applicant or licensee shall notify the commissioner, in writing, of any change in the information provided in its initial application for a license or most recent renewal application for such license, as applicable, not later than ten business days after the occurrence of the event that results in such information becoming inaccurate.

(f) The commissioner may deem an application for a license to act as a consumer collection agency abandoned if the applicant fails to respond to any request for information required under sections 36a-801 to 36a-810, inclusive, as amended by this act, or any regulations adopted pursuant to said sections 36a-801 to 36a-810, inclusive, as amended by this act. The commissioner shall notify the applicant, in writing, that if the applicant fails to submit such information not later than sixty days after the date on which such request for information was made, the application shall be deemed abandoned. An application filing fee paid prior to the date an application is deemed abandoned pursuant to this subsection shall not be refunded. Abandonment of an application pursuant to this subsection shall not preclude the applicant from submitting a new application for a license under sections 36a-801 to 36a-810, inclusive, as amended by this act.

[(2)] (g) If the commissioner determines that a check filed with the

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commissioner to pay a fee under subdivision (1) of this subsection has been dishonored, the commissioner shall automatically suspend the license or a renewal license that has been issued but is not yet effective. The commissioner shall give the licensee notice of the automatic suspension pending proceedings for revocation or refusal to renew and an opportunity for a hearing on such actions in accordance with section 36a-51.

[(3)] (h) No abatement of the license fee shall be made if the license is surrendered, revoked or suspended prior to the expiration of the period for which it was issued. All fees required by this section shall be nonrefundable.

[(c)] (i) No person licensed to act within this state as a consumer collection agency shall do so under any other name or at any other place of business than that named in the license. Any change of location of a place of business of a licensee shall require prior written notice to the commissioner. Not more than one place of business shall be maintained under the same license but the commissioner may issue more than one license to the same licensee upon compliance with the provisions of sections 36a-800 to 36a-810, inclusive, as amended by this act, as to each new licensee. A license shall not be transferable or assignable. Any licensee holding, applying for, or seeking renewal of more than one license may, at its option, file the bond required under section 36a-802, as amended by this act, separately for each place of business licensed, or to be licensed, or a single bond, naming each place of business, in an amount equal to twenty-five thousand dollars for each place of business.

Sec. 24. (NEW) (*Effective October 1, 2013*) (a) Each consumer collection agency shall maintain its consumer debtor and creditor records so as to clearly identify the amounts and dates of all payments collected or received from consumer debtors and all remittances made to creditors. Consumer debtor and creditor records shall be kept so as

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to be readily available to the Banking Commissioner and retained for a period of not less than two years after the date of final entry thereon. All accounting records shall be maintained in accordance with generally accepted accounting practices. Each consumer collection agency engaged in the business of collecting child support shall maintain originals or copies of the written agreements entered into with the creditors to whom the child support is owed for a period of not less than two years after the date of the last payment made by the consumer debtor to the consumer collection agency.

(b) Each third party consumer collection agency shall deposit funds collected or received from consumer debtors for payment for others on an account, bill or other indebtedness in one or more trust accounts maintained at a bank, Connecticut credit union, federal credit union or an out-of-state bank that maintains in this state a branch as defined in section 36a-410 of the general statutes, which accounts shall be reconciled monthly. Such funds shall not be commingled with funds of the consumer collection agency or used in the conduct of the consumer collection agency's business. Such account shall not be used for any purpose other than (1) the deposit of funds received from consumer debtors, (2) the payment of such funds to creditors, (3) the refund of any overpayments to be made to consumer debtors, and (4) the payment of earned fees to the consumer collection agency, which shall be withdrawn on a monthly basis. Except for payments authorized by subdivisions (2) to (4), inclusive, of this subsection, any withdrawal from such account, including, but not limited to, any service charge or other fee imposed against such account by a depository institution, shall be reimbursed by the consumer collection agency to such account not more than thirty days after the withdrawal. Funds received from consumer debtors shall be posted to their respective accounts in accordance with generally accepted accounting practices.

Sec. 25. (NEW) (*Effective October 1, 2013*) Each consumer collection

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agency shall comply with the applicable provisions of the Fair Debt Collection Practices Act, 15 USC Section 1692 et seq., as from time to time amended, and any regulations adopted under said act. In addition to any other remedies provided by law, a violation of such federal law or regulation shall be deemed to be a violation of this section and a basis upon which the Banking Commissioner may take enforcement action pursuant to section 36a-804 of the general statutes.

Sec. 26. Section 36a-805 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

(a) No consumer collection agency shall: (1) Furnish legal advice or perform legal services or represent that it is competent to do so, or institute judicial proceedings on behalf of others; (2) communicate with consumer debtors or property tax debtors in the name of an attorney or upon the stationery of an attorney, or prepare any forms or instruments which only attorneys are authorized to prepare; (3) [purchase or] receive assignments as a third party of claims for the purpose of collection or institute suit thereon in any court; (4) assume authority on behalf of a creditor to employ or terminate the services of an attorney unless such creditor has authorized such agency in writing to act as such creditor's agent in the selection of an attorney to collect the creditor's accounts; (5) demand or obtain in any manner a share of the proper compensation for services performed by an attorney in collecting a claim, whether or not such agency has previously attempted collection thereof; (6) solicit claims for collection under an ambiguous or deceptive contract; (7) refuse to return any claim or claims upon written request of the creditor, claimant or forwarder, which claims are not in the process of collection after the tender of such amounts, if any, as may be due and owing to the agency; (8) advertise or threaten to advertise for sale any claim as a means of forcing payment thereof, unless such agency is acting as the assignee for the benefit of creditors; (9) refuse or fail to account for and remit to

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its clients all money collected which is not in dispute within sixty days from the last day of the month in which said money is collected; (10) refuse or intentionally fail to return to the creditor all valuable papers deposited with a claim when such claim is returned; (11) refuse or fail to furnish at intervals of not less than ninety days, upon the written request of the creditor, claimant or forwarder, a written report upon claims received from such creditor, claimant or forwarder; (12) [commingle money collected for a creditor, claimant or forwarder with its own funds or use any part of a creditor's, claimant's or forwarder's money in the conduct of its business; (13)] add any post charge-off charge or fee for cost of collection, unless such cost is a court cost, to the amount of any claim which it receives for collection or knowingly accept for collection any claim to which any such charge or fee has already been added to the amount of the claim unless (A) the consumer debtor is legally liable [therefor, in which case, the collection charge or fee may not be in excess of] for such charge or fee as determined by the contract or other evidence of an agreement between the consumer debtor and creditor, a copy of which shall be obtained by or available to the consumer collection agency from the creditor and maintained as part of the records of the consumer collection agency or the creditor, or both, and (B) the total charge or fee for cost of collection does not exceed fifteen per cent of the total amount actually collected [on] and accepted as payment in full satisfaction of the debt; [(14)] (13) use or attempt to use or make reference to the term "bonded by the state of Connecticut", "bonded" or "bonded collection agency" or any combination of such terms or words, except that the word "bonded" may be used on the stationery of any such agency in type not larger than twelve-point; (14) when the debt is beyond the statute of limitations, fail to provide the following disclosure in type not less than ten-point informing the consumer debtor in its initial communication with such consumer debtor that (A) when collecting on debt that is not past the date for obsolescence provided for in Section 605(a) of the Fair Credit Reporting Act, 15 USC 1681c: "The law

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limits how long you can be sued on a debt. Because of the age of your debt, (INSERT OWNER NAME) will not sue you for it. If you do not pay the debt, (INSERT OWNER NAME) may report or continue to report it to the credit reporting agencies as unpaid"; and (B) when collecting on debt that is past the date for obsolescence provided for in Section 605(a) of the Fair Credit Reporting Act, 15 USC 1681c: "The law limits how long you can be sued on a debt. Because of the age of your debt, (INSERT OWNER NAME) will not sue you for it and (INSERT OWNER NAME) will not report it to any credit reporting agencies."; or (15) engage in any activities prohibited by sections 36a-800 to 36a-810, inclusive, as amended by this act.

(b) No consumer collection agency shall impose a charge or fee for any child support payments collected through the efforts of a governmental agency. If the imposition of a charge or fee is permitted under section 36a-801b, no consumer collection agency shall impose a charge or fee for the collection of any child support overdue at the time of the contract in excess of twenty-five per cent of overdue support actually collected.

(c) (1) No consumer collection agency shall receive any property tax on behalf of a creditor that is a municipality, unless the consumer collection agency has procured from an insurer authorized to transact business in this state an insurance policy providing coverage against loss of money, securities or other property, including loss arising from any fraudulent or dishonest act of any employee, officer or director of the consumer collection agency, with limits of at least two million dollars. It shall be the obligation of the municipality to ensure compliance with the requirements of this subdivision.

(2) A municipality that enters into an agreement with a consumer collection agency to collect and receive for payment property tax on behalf of the municipality may also require such consumer collection agency to file a bond with the municipality in an amount not

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exceeding the total amount of the property tax to be collected on behalf of the municipality. Such bond, the form of which shall be approved by the municipality, shall be written by a surety authorized to write bonds in this state and shall contain a provision requiring the surety to provide the municipality with written notice of cancellation of such bond. Such notice shall be sent by certified mail to the municipality at least thirty days prior to the date of cancellation. The bond shall be conditioned that such consumer collection agency shall well, truly and faithfully account for all funds collected and received by the consumer collection agency for the municipality pursuant to such agreement. If the municipality is damaged by the wrongful conversion of any property tax debtor funds received by the consumer collection agency, the municipality may proceed on such bond against the principal or surety on the bond, or both, to recover damages. The proceeds of the bond, even if commingled with the other assets of the consumer collection agency, shall be deemed by operation of law to be held in trust for the benefit of the municipality in the event of bankruptcy of the consumer collection agency and shall be immune from attachment by creditors and judgment creditors.

Sec. 27. Section 36a-808 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

Whenever the commissioner has reason to believe that any consumer collection agency is engaging in this state in any act or practice in the conduct of such business which is not defined in section 36a-805, as amended by this act, and that such act or practice is unfair or deceptive, the commissioner may take action against such consumer collection agency in accordance with [section] sections 36a-50 and 36a-52.

Sec. 28. Section 8 of public act 13-135 is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

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An exchange facilitator at all times shall: (1) Maintain an errors and omissions policy of insurance in an amount not less than two hundred fifty thousand dollars executed by an insurer authorized to do business in this state; or (2) deposit an amount of cash or securities [;] or [(3)] provide irrevocable letters of credit in an amount not less than two hundred fifty thousand dollars.

Sec. 29. Subsection (a) of section 36a-802 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

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

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sum of the bond.

Approved July 11, 2013