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HOUSE BILL NO. 343
Offered January 10, 2024
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A *BILL to amend and reenact §§ 6.2-1900 through 6.2-1904, 6.2-1905 through 6.2-1914, 6.2-1916, 6.2-1917, 6.2-1918, 6.2-1920, and 6.2-1921 of the Code of Virginia and to amend the Code of Virginia by adding in Chapter 19 of Title 6.2 an article numbered 2, consisting of sections numbered 6.2-1922 through 6.2-1956, relating to financial institutions; regulation of money transmitters; penalty.*

Patron—Cole

Referred to Committee on Labor and Commerce

Be it enacted by the General Assembly of Virginia:

1. That §§ 6.2-1900 through 6.2-1904, 6.2-1905 through 6.2-1914, 6.2-1916, 6.2-1917, 6.2-1918, 6.2-1920, and 6.2-1921 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Chapter 19 of Title 6.2 an article numbered 2, consisting of sections numbered 6.2-1922 through 6.2-1956, as follows:

Article 1.
Money Sellers.

§ 6.2-1900. Definitions.

As used in this ~~chapter~~ *article*, unless the context requires a different meaning:

"Authorized delegate" means a person designated or appointed by a licensee to sell money orders ~~or provide money transmission services~~ on behalf of the licensee.

"Licensee" means a person licensed under this ~~chapter~~ *article* to engage in the business of selling money orders ~~or the business of money transmission, or both.~~

"Member" means a person who owns or controls a 10 percent or greater interest in a limited liability company.

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

"Money order" means a check, traveler's check, draft, or other instrument for the transmission or payment of money or monetary value whether or not negotiable.

"Money order seller" means a person engaged in the business of selling money orders.

~~"Money transmission" means receiving money or monetary value for transmission by wire, facsimile, electronic means or other means or selling or issuing stored value.~~

~~"Money transmitter" means a person engaged in the business of money transmission.~~

"Nationwide Multistate Licensing System and Registry" or "Registry" means the licensing and registration system operated by the State Regulatory Registry LLC.

"Outstanding" means:

1. ~~With respect to a money order,~~ a money order that has been issued and sold directly by a licensee, or sold by an authorized delegate of the licensee and reported to the licensee, that has not yet been paid by or on behalf of the licensee; ~~or~~

2. ~~With respect to a money transmission transaction, a money transmission transaction for which the licensee, directly or through an authorized delegate of the licensee, has received money or monetary value from a customer for transmission, but has not yet (i) completed the money transmission transaction by delivering the money or monetary value to the person designated by the customer, or (ii) refunded the money or monetary value to the customer.~~

"Principal" means any person who, directly or indirectly, owns or controls a 10 percent or greater interest in any form of entity.

"Stored value" means monetary value that is evidenced by an electronic record.

§ 6.2-1901. License required; exception.

A. No person shall engage in the business of selling money orders ~~or engage in the business of money transmission~~, whether or not the person has a location in the Commonwealth, unless the person obtains from the Commission a license issued pursuant to this ~~chapter~~ *article*.

B. No license under this ~~chapter~~ *article* shall be required of any authorized delegate of a licensee.

C. Every person required to be licensed under this ~~chapter~~ *article* shall register with the Registry and be subject to such registration and renewal requirements as may be established by the Registry, in addition to any requirements of this ~~chapter~~ *article*. In adopting regulations pursuant to § 6.2-1913, the Commission shall include any terms, conditions, or requirements applicable to such registration and renewal. Any fees required by the Registry shall be separate and apart from any fees imposed by this ~~chapter~~ *article*. The Commission, at its discretion, may collect any registration and renewal fees on behalf of the Registry and remit such fees to

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59 the Registry or permit the Registry to collect any fees imposed by this ~~chapter~~ *article* and remit such fees to
60 the Commission.

61 D. In connection with its implementation and administration of this ~~chapter~~ *article*, the Commission may
62 establish agreements or contracts with the Registry or other entities designated by the Registry to collect,
63 distribute, and maintain information and records and process fees related to persons required to be licensed
64 under this ~~chapter~~ *article*. In establishing such agreements or contracts, the Commission shall not be subject
65 to the Virginia Public Procurement Act (§ 2.2-4300 et seq.).

66 **§ 6.2-1902. Scope and construction of article.**

67 A. The provisions of this ~~chapter~~ *article* shall not apply to:

68 1. The United States, or any department, instrumentality or agency thereof;

69 2. Any state, or any department, instrumentality, agency, locality, municipality, or political subdivision
70 thereof;

71 3. Any bank, trust company, savings institution, or credit union operating under the laws of the United
72 States or any state or territory thereof; ~~or other person to the extent the person provides money transmission~~
73 ~~services as an agent of one or more banks, trust companies, savings institutions, or credit unions operating~~
74 ~~under the laws of the United States or any state or territory thereof;~~

75 4. Any private security services business, licensed under § 9.1-139, that transports or offers to transport
76 money; or

77 5. Any entity that has been explicitly designated in a written agreement as an agent of any governmental
78 authority or unit identified in subdivision 1 or 2, provided that any funds collected by the agent shall be
79 deemed for all purposes to be received by the governmental authority or unit. This subdivision shall not be
80 construed to prohibit the governmental authority or unit from seeking indemnification from its agent for any
81 direct losses incurred due to the agent's failure to remit funds in accordance with its agreement.

82 B. This ~~chapter~~ *article* shall be construed by the Commission for the purpose of protecting, against
83 financial loss, residents of the Commonwealth who ~~(i) purchase money orders or (ii) give money or control of~~
84 ~~their funds or credit into the custody of another person for transmission~~, regardless of whether the money
85 order seller ~~or money transmitter~~ has any office, facility, authorized delegate, or other physical presence in
86 the Commonwealth.

87 **§ 6.2-1903. Application for license; financial statements; application fee.**

88 A. Applications for a license shall be made on forms furnished by the Commissioner and shall set forth
89 the name and address of the applicant, which shall be an entity, a description of the manner in which and the
90 locations at which it proposes to do business, and such additional relevant information as the Commissioner
91 requires. If any material information provided by the applicant changes during the investigation period, the
92 applicant shall immediately notify the Commissioner.

93 B. The application shall be accompanied by such audited financial statements as the Commissioner may
94 require and an application fee of \$1,000. If an application for a license under this ~~chapter~~ *article* is denied, the
95 application fee shall not be refunded. The fee shall not be abated by the expiration, surrender, or revocation of
96 the license.

97 **§ 6.2-1904. Bond required.**

98 A. The application for a license shall be accompanied by a surety bond satisfactory to the Commissioner
99 in the principal amount as determined by the Commissioner. The amount of the bond shall be not less than
100 \$25,000 nor more than \$1 million. The bond shall be conditioned upon the licensee (i) performing its
101 obligations to purchasers, payees, and holders of money orders ~~and money transmission services~~ sold by the
102 licensee and its authorized delegates and (ii) conducting the licensed business in conformity with this ~~chapter~~
103 *article*.

104 B. As an alternative security device and in lieu of the surety bond required by subsection A, a license
105 applicant may deposit with a financial institution designated by such applicant and approved by the
106 Commissioner for that purpose, cash, stocks and bonds, notes, debentures or other obligations of the United
107 States or any agency or instrumentality thereof, or guaranteed by the United States, or of the Commonwealth,
108 or of a locality or other political subdivision of the Commonwealth, in an aggregate amount, based upon the
109 principal amount or market value, whichever is lower, of not less than the amounts required by the
110 Commissioner pursuant to subsection A. Such cash or securities shall be deposited and held to secure
111 obligations established in subsection A, but the licensee shall be entitled to (i) receive all interest and
112 dividends thereon and (ii) substitute, with the Commissioner's prior approval, other securities for those
113 deposited. The Commissioner may also direct the licensee, for good cause shown, to substitute other
114 securities for those deposited.

115 C. The security device required by this section shall remain in place for five years after a licensee ceases
116 money order sales ~~or money transmission activities~~. The Commissioner may permit the security device to be
117 reduced or eliminated prior to that time to the extent the amount of such licensee's outstanding money orders
118 ~~and money transmission transactions~~ are reduced. The Commissioner may also permit any licensee to
119 substitute a letter of credit, or such other form of security device as may be acceptable to the Commissioner,

120 for the security device in place at the time the licensee ceases money order sales ~~or money transmission~~
121 ~~activities.~~

122 **§ 6.2-1905. Annual fees; expenses; annual reports; renewal.**

123 A. Each licensee shall pay to the Commission annually on or before December 31 a license renewal fee of
124 \$750. All fees paid pursuant to this ~~chapter~~ *article* shall be paid into the state treasury and credited to the
125 "Financial Institutions Special Fund — State Corporation Commission."

126 B. In order to defray the costs of their examination and supervision, every licensee under this ~~chapter~~
127 *article* shall pay an annual assessment calculated in accordance with a schedule set by the Commission. The
128 schedule shall bear a reasonable relationship to the dollar volume of money orders sold ~~and Virginia money~~
129 ~~transmission business~~ conducted by licensees, either directly or through their authorized delegates, the costs
130 of their examinations, and to other factors relating to their supervision and regulation. All such fees shall be
131 assessed on or before August 1 for every calendar year. All such fees shall be paid by licensees to the State
132 Treasurer on or before September 1 following each assessment.

133 C. In addition to the annual assessment prescribed in subsection B, when it becomes necessary to examine
134 or investigate the affairs, business, premises, books, or records of a licensee or any of its authorized delegates
135 at a location outside the Commonwealth, the licensee shall be liable for and shall pay to the Commission
136 within 30 days of the presentation of an itemized statement, the actual travel and reasonable living expenses
137 incurred on account of its examination or investigation, or shall pay a reasonable per diem rate approved by
138 the Commission.

139 D. Each licensee under this ~~chapter~~ *article* shall file periodic written reports with the Commissioner or the
140 Registry containing such information as the Commissioner may require concerning the licensee's business
141 and operations, including audited financial statements. Reports shall be in the form and be submitted with
142 such frequency and by such dates as may be prescribed by the Commissioner. If a licensee is unable to
143 furnish copies of its audited financial statements by the dates prescribed by the Commissioner, the licensee
144 may request an extension, which may be granted by the Commissioner for good cause shown.

145 E. If a license has expired or has been surrendered or revoked, the former licensee shall immediately (i)
146 cease selling money orders ~~and engaging in the money transmission business~~, and (ii) instruct its authorized
147 delegates to cease selling money orders ~~and accepting funds for transmission on behalf of the licensee~~. The
148 Commission may grant relief from this subsection for good cause shown.

149 F. A license issued under this ~~chapter~~ *article* shall expire on December 31 of each year unless it is
150 renewed by a licensee prior to the expiration date. A licensee may renew its license by (i) requesting renewal
151 through the Registry; (ii) complying with any requirements associated with such renewal request that are
152 imposed by the Registry; (iii) paying the license renewal fee prescribed in subsection A; (iv) paying the
153 annual assessment prescribed in subsection B; (v) filing the periodic written reports and audited financial
154 statements prescribed in subsection D; and (vi) maintaining the minimum net worth specified in subsection B
155 of § 6.2-1906, as evidenced by its audited financial statements. If the Commissioner finds that the licensee
156 has satisfied these requirements, the Commissioner shall renew such person's license. If a license has expired,
157 the former licensee may seek reinstatement on or before the last day of February of the following calendar
158 year. Upon finding that the former licensee has complied with the renewal requirements set forth in this
159 subsection and remitted payment of a reinstatement fee of \$1,000, the Commissioner shall reinstate such
160 person's license.

161 **§ 6.2-1906. Conditions prerequisite to issuance of license; net worth requirement.**

162 A. The Commission shall not issue a license to an applicant unless it determines that:

163 1. The applicant will be able to and will perform its obligations to ~~purchasers of money transmission~~
164 ~~services and purchasers, payees, and holders of money orders sold by it and its authorized delegates; and~~

165 2. The financial responsibility, character, reputation, experience, and general fitness of the applicant and
166 its members, senior officers, directors, and principals are such as to warrant belief that the business will be
167 operated efficiently and fairly, in the public interest, and in accordance with applicable law and regulations.

168 B. Each licensee shall at all times have a net worth of not less than \$200,000, or a higher amount not to
169 exceed \$1 million as determined by the Commission, calculated in accordance with generally accepted
170 accounting principles.

171 **§ 6.2-1906.1. Licenses; places of business; changes.**

172 A. Each license shall state the address at which the principal place of business is to be conducted and shall
173 state fully the legal name of the licensee as well as any fictitious names by which the licensee is conducting
174 business under this ~~chapter~~ *article*. Licenses shall not be transferable or assignable, by operation of law or
175 otherwise. No licensee shall use any names other than the legal name or fictitious names set forth on the
176 license issued by the Commission.

177 B. Every licensee shall notify the Commissioner, in writing, at least 30 days prior to relocating its
178 principal place of business and confirm the change in writing within five days after such relocation.

179 C. Every licensee shall within 10 days notify the Commissioner, in writing, of (i) any change to its legal
180 name, (ii) any change to or additional fictitious name by which the licensee is conducting business under this

181 ~~chapter~~ *article*, and (iii) the name, address, and position of each new member, senior officer, director, or
 182 principal. At the direction of the Commissioner, any such individual shall be treated as a member, senior
 183 officer, director, or principal of an applicant for the purpose of being investigated pursuant to subsection B of
 184 § 6.2-1904.1. The licensee shall provide such other information with respect to the changes and persons
 185 identified in this subsection as the Commissioner may reasonably require.

186 D. Every license shall remain in force until it expires or has been surrendered or revoked. The expiration,
 187 surrender, or revocation of a license shall not affect any preexisting legal right or obligation of the licensee.

188 **§ 6.2-1907. License revocation.**

189 A. The Commission may revoke a license issued under this ~~chapter~~ *article*:

190 1. If it reasonably determines that (i) a licensee is engaging in one or more unsafe or unsound practices,
 191 (ii) a licensee may be unable to perform its obligations, or (iii) a licensee has willfully failed without
 192 reasonable cause to pay or provide for the payment of any of its obligations; or

193 2. Upon any of the following grounds:

194 a. Any ground for denial of a license under this ~~chapter~~ *article*;

195 b. Any violation of the provisions of this ~~chapter~~ *article* or regulations adopted by the Commission
 196 pursuant thereto, or a violation of any other law or regulation applicable to the conduct of the licensee's
 197 business;

198 c. Conviction of a felony or misdemeanor involving fraud, misrepresentation, or deceit;

199 d. Entry of a judgment against such licensee involving fraud, misrepresentation, or deceit;

200 e. Entry of a federal or state administrative order against such licensee for violation of any law or any
 201 regulation applicable to the conduct of his business;

202 f. Refusal to permit an investigation or examination by the Commission;

203 g. Failure to pay any fee or assessment imposed by this ~~chapter~~ *article*; or

204 h. Failure to comply with any order of the Commission.

205 B. For the purposes of this section, acts of any officer, director, member, partner, or principal shall be
 206 deemed acts of the licensee.

207 **§ 6.2-1908. Notice of proposed revocation.**

208 The Commission may not revoke a license issued under this ~~chapter~~ *article* upon any of the grounds set
 209 forth in § 6.2-1907 until it has given the licensee 21 days' notice in writing of the reasons for the proposed
 210 revocation and has given the licensee an opportunity to introduce evidence and be heard. The notice shall be
 211 sent by certified mail to the principal place of business of such licensee and shall state with particularity the
 212 grounds for the contemplated action. Within 14 days of mailing the notice, the person or persons named
 213 therein may file with the clerk of the Commission a written request for a hearing. If a hearing is requested,
 214 the Commission shall not revoke the license except based upon findings made at such hearing.

215 **§ 6.2-1909. Cease and desist orders.**

216 A. If the Commission determines that (i) any person has violated any provision of this ~~chapter~~ *article* or
 217 any regulation adopted hereunder or (ii) a licensee is engaging in one or more unsafe or unsound practices,
 218 the Commission may, upon 21 days' notice in writing, order such person to cease and desist from such
 219 practices and to comply with the provisions of this ~~chapter~~ *article*. The notice shall be sent by certified mail
 220 to the principal place of business of such person or other address authorized under § 12.1-19.1 and shall state
 221 the grounds for the contemplated action. Within 14 days of mailing the notice, the person or persons named
 222 therein may file with the clerk of the Commission a written request for a hearing. The Commission may
 223 enforce compliance with any such order issued under this section by imposition and collection of such fines
 224 and penalties as may be prescribed by law.

225 B. When, in the opinion of the Commission, immediate action is required to protect the public interest, a
 226 cease and desist order may be issued immediately without prior hearing. In such cases, the Commission shall
 227 make a hearing available to the person on an expedited basis.

228 C. If required to conserve the assets of a licensee or protect the public interest, the Commission may order
 229 a licensee and its authorized delegates to cease and desist from selling additional money orders ~~or receiving~~
 230 ~~additional funds for transmission~~.

231 D. The Commission shall have jurisdiction to enter and enforce a cease and desist order against any
 232 person, regardless of whether such person is present in the Commonwealth, who directly or indirectly ~~(i)~~ sells
 233 money orders to citizens of the Commonwealth ~~or (ii) obtains money or control over such citizens' funds for~~
 234 ~~transmission~~.

235 **§ 6.2-1910. Investigations; examinations; reporting violations.**

236 A. The Commission shall have authority to investigate and examine the affairs, business, premises, books,
 237 and records of all money order sellers ~~and money transmitters~~ and their authorized delegates. Except as
 238 provided herein, the Commission shall make an examination of each licensee at least once in every three-year
 239 period and shall adjust the surety bond or alternative security device as it may deem necessary in accordance
 240 with § 6.2-1904. The Commission may also examine any authorized delegate of a licensee as often as it is
 241 deemed to be in the public interest. Examinations under this section may be conducted in conjunction with

242 examinations to be performed by representatives of agencies of the federal government or another state. The
243 Commission, in lieu of an examination, may accept the examination report of the federal government or
244 another state.

245 B. Any person designated by the Commission to make investigations or examinations pursuant to this
246 section shall have authority to (i) administer oaths; (ii) examine under oath in the course of such
247 investigations or examinations, the principals, members, owners, officers, directors, partners, and employees
248 of any person required to be licensed by this ~~chapter~~ *article* or such person's authorized delegates; and (iii)
249 compel the production of documents. The principals, members, owners, officers, directors, partners, and
250 employees of any person being investigated or examined shall, upon demand of the person making such
251 investigation or examination, afford full access to all premises, books, records, and information that the
252 person making such investigation or examination deems necessary.

253 C. The Commission shall report violations of the licensing requirements of § 6.2-1901 to the attorney for
254 the Commonwealth of the city or county in which such violation occurs.

255 **§ 6.2-1911. Conduct of business through authorized delegates of licensee.**

256 A. A licensee may conduct its business through or by means of such authorized delegates as the licensee
257 may designate or appoint under a written agreement with such authorized delegates. The agreement between
258 a licensee and an authorized delegate shall (i) require the authorized delegate to comply with the provisions
259 of this ~~chapter~~ *article* and all other applicable state and federal laws and regulations; (ii) require the
260 authorized delegate to remit all sums owing to the licensee in accordance with the terms of the written
261 agreement; (iii) require the authorized delegate to permit the Commission to investigate or examine its
262 business pursuant to § 6.2-1910; and (iv) prohibit the authorized delegate from using a subdelegate, or from
263 otherwise designating or appointing another person to sell money orders ~~or engage in money transmission~~
264 ~~business~~ on behalf of the licensee.

265 B. A licensee shall conduct a due diligence review of all new authorized delegates. A licensee shall be
266 responsible for implementing and maintaining a reasonable risk-based supervision program to monitor its
267 authorized delegates.

268 **§ 6.2-1912. Liability of licensee for payment of money order; money order to bear name of licensee.**

269 A. A licensee shall be liable for the payment of ~~all funds collected for transmission by the licensee or its~~
270 ~~authorized delegates~~ and all money orders which it sells, in whatever form and whether directly or through an
271 authorized delegate, as the maker or drawer thereof according to the negotiable instrument laws of the
272 Commonwealth. A licensee who sells a money order, whether directly or through an authorized delegate,
273 upon which he is not designated as maker or drawer shall nevertheless have the same liabilities with respect
274 thereto as if he had signed the money order as the maker or drawer thereof.

275 B. Every money order sold by a licensee, whether directly or through an authorized delegate, shall bear
276 the name of the licensee clearly imprinted thereon as it appears on its license.

277 **§ 6.2-1913. Regulations.**

278 The Commission may adopt such regulations as it deems appropriate to effect the purposes of this ~~chapter~~
279 *article*. Before adopting any such regulation, the Commission shall give reasonable notice of its content and
280 shall afford interested parties an opportunity to be heard, in accordance with the Commission's Rules.

281 **§ 6.2-1914. Acquisition of control; application.**

282 A. Except as provided in this section, no person shall acquire directly or indirectly 25 percent or more of
283 the voting shares of a corporation or 25 percent or more of the ownership of any other entity licensed to
284 conduct business under this ~~chapter~~ *article* unless such person first:

- 285 1. Files an application with the Commission in such form as the Commission may prescribe from time to
- 286 time;
- 287 2. Delivers such information as the Commission may require concerning the financial responsibility,
- 288 background, experience, and activities of the applicant, its directors, senior officers, principals, and members,
- 289 and of any proposed new directors, senior officers, principals, or members of the licensee;
- 290 3. Furnishes to the Commissioner information concerning the identity of the directors, senior officers,
- 291 principals, and members of the applicant, and of any proposed new directors, senior officers, principals, or
- 292 members of the licensee. For the purpose of investigating these directors, senior officers, principals, and
- 293 members, such individuals shall comply with one or both of the following, as applicable:

294 a. In the case of directors, senior officers, principals, and members who have resided in the United States
295 at any time within the previous 10 years, such individuals shall consent to a national and state criminal
296 history records check and submit to fingerprinting. Each director, senior officer, principal, and member shall
297 pay for the cost of such fingerprinting and criminal records check. Such individuals shall cause their
298 fingerprints, personal descriptive information, and records check fees to be submitted to either of the
299 following, as prescribed by the Commissioner:

- 300 (1) The Bureau, which shall forward these items to the Central Criminal Records Exchange. The Central
- 301 Criminal Records Exchange shall (i) conduct a search of its own criminal history records and forward such
- 302 individuals' fingerprints and personal descriptive information to the Federal Bureau of Investigation for the

303 purpose of obtaining national criminal history record information regarding such individuals, and (ii) forward
 304 the results of the state and national records search to the Commissioner or his designee, who shall be an
 305 employee of the Commission; or

306 (2) The Registry, provided that it is capable of processing such criminal history records check.

307 b. In the case of directors, senior officers, principals, and members who have resided outside of the United
 308 States at any time within the previous 10 years, such individuals shall cause an investigative background
 309 report to be submitted to the Commissioner. The report shall be prepared by an independent search firm that
 310 is acceptable to the Commissioner and be in the English language. Each director, senior officer, principal, and
 311 member shall pay for the cost of such report, and the report shall be sent directly by the search firm to the
 312 Commissioner or his designee, who shall be an employee of the Commission; and

313 4. Pays such application fee as the Commission may prescribe.

314 B. If any material information provided by the applicant changes during the investigation period, the
 315 applicant shall immediately notify the Commissioner.

316 C. Upon the filing and investigation of an application, the Commission shall permit the applicant to
 317 acquire the interest in the licensee if it finds that the applicant, its members if applicable, its directors, senior
 318 officers, and principals, and any proposed new directors, members, senior officers, and principals have the
 319 financial responsibility, character, reputation, experience, and general fitness to warrant belief that the
 320 business will be operated efficiently and fairly, in the public interest, and in accordance with the applicable
 321 laws and regulations. The Commission shall grant or deny the application within 90 days from the date a
 322 completed application, accompanied by the required fee, is filed unless the period is extended by the
 323 Commission. If the application is denied, the Commission shall notify the applicant of the denial and the
 324 reasons for the denial.

325 D. The provisions of this section shall not apply to the acquisition of an interest in a licensee directly or
 326 indirectly by merger, consolidation, or otherwise, (i) by or with a person licensed under this ~~chapter~~ *article*,
 327 (ii) by or with a person affiliated through common ownership with the licensee, or (iii) by bequest, descent,
 328 survivorship, or by operation of law. The person acquiring an interest in a licensee in a transaction which is
 329 exempt from filing an application by this subsection shall send written notice to the Commission of such
 330 acquisition within 30 days after its closing.

331 E. If any person acquires an ownership interest in a licensee without obtaining prior approval from the
 332 Commission as required by this section, the Commission may for good cause shown order such person to
 333 divest himself or itself of such ownership interest.

334 F. The Commission may not enter an order requiring divestiture pursuant to subsection E until it has given
 335 the person 21 days' notice in writing of the reasons for the proposed divestiture and has given the person an
 336 opportunity to introduce evidence and be heard. The notice shall be sent by certified mail to such person and
 337 shall state with particularity the grounds for the contemplated action. Within 14 days of mailing the notice,
 338 the person named therein may file with the clerk of the Commission a written request for a hearing. If a
 339 hearing is requested, the Commission shall not require divestiture except based upon findings made at such
 340 hearing.

341 § 6.2-1916. Retention of books, accounts, and records.

342 A. Every licensee shall maintain in its principal place of business such books, accounts, and records as the
 343 Commission may reasonably require in order to determine whether such licensee is complying with the
 344 provisions of this ~~chapter~~ *article* and other laws applicable to the conduct of its licensed business. Such
 345 books, accounts, and records shall be maintained apart and separate from any other business in which the
 346 licensee is involved.

347 B. Each licensee shall retain the following records for at least three years:

348 1. A record of each ~~money transmission transaction~~ and money order sold;

349 2. A general ledger posted at least monthly containing all asset, liability, capital, income, and expense
 350 accounts;

351 3. Bank statements and bank reconciliation records;

352 4. Records of outstanding money orders ~~and money transmission transactions~~;

353 5. Records of each money order ~~and money transmission transaction~~ paid or completed within the three-
 354 year period; and

355 6. A list of the names, addresses, and telephone numbers of all of the licensee's authorized delegates.

356 C. Each licensee shall maintain policies and procedures sufficient for it to comply with this ~~chapter~~ *article*
 357 and all other laws and regulations applicable to the conduct of its licensed business. A licensee shall furnish
 358 copies of its policies and procedures, as amended, to all of its authorized delegates.

359 § 6.2-1917. Other reporting requirements.

360 A. A licensee or other person shall file a report with the Commissioner within 15 days after the licensee or
 361 other person becomes aware of any material changes in information previously provided in an application
 362 filed under § 6.2-1903 or 6.2-1914. This requirement shall be applicable only to material changes that occur
 363 within one year after the date the licensee begins business or the acquisition is consummated.

364 B. A licensee shall file with the Commissioner no later than 45 days after the end of each fiscal quarter its

365 quarterly financial statements along with a current list of all authorized delegates and locations where the
366 licensee or an authorized delegate of the licensee sells money orders ~~or receives money for transmission~~. The
367 licensee shall state the name, street address, and telephone number of each location and authorized delegate.

368 C. A licensee shall file a report with the Commissioner within one business day after the licensee becomes
369 aware of the occurrence of any of the following events:

- 370 1. The filing of a petition by or against the licensee for bankruptcy or reorganization;
- 371 2. The filing of a petition by or against the licensee for receivership, the commencement of any other
372 judicial or administrative proceeding for its dissolution or reorganization, or the making of a general
373 assignment for the benefit of its creditors;
- 374 3. The commencement of administrative or regulatory proceedings against the licensee by any
375 governmental authority;
- 376 4. The cancellation or other impairment of the licensee's bond or other security;
- 377 5. Any felony indictment of the licensee or any of its members, partners, directors, officers, principals, or
378 authorized delegates;
- 379 6. Any felony conviction of the licensee or any of its members, partners, directors, officers, principals, or
380 authorized delegates; or
- 381 7. Such other events as the Commission may prescribe by regulation.

382 D. Any reports or filings required by this section may be submitted to the Commissioner through the
383 Registry, provided that the Registry is capable of receiving such reports or filings.

384 **§ 6.2-1918. Maintenance of permissible investments.**

385 A. A licensee shall maintain at all times permissible investments that have a market value computed in
386 accordance with generally accepted accounting principles of not less than the aggregate dollar amount of all
387 of its (i) outstanding money orders from all states and (ii) ~~outstanding money transmission transactions from~~
388 ~~all states~~. For purposes of this subsection, a licensee may calculate the aggregate dollar amount of its
389 outstanding stored value products in accordance with generally accepted accounting principles.

390 B. The Commission, with respect to any licensees, may limit the extent to which a type of investment
391 within a class of permissible investments may be considered a permissible investment, except for money and
392 certificates of deposit issued by a bank. The Commission may prescribe by regulation other types of
393 investments that the Commission determines to have a safety substantially equivalent to other permissible
394 investments.

395 C. Permissible investments shall be deemed to be held in trust for the benefit of the purchasers and
396 holders of the licensee's outstanding money orders and ~~money transmission services~~ in the event of
397 bankruptcy or receivership of the licensee.

398 **§ 6.2-1920. Civil penalties.**

399 In addition to the authority conferred under §§ 6.2-1907 and 6.2-1909, the Commission may impose a
400 civil penalty not exceeding \$2,500 upon any person licensed or required to be licensed under this ~~chapter~~
401 ~~article~~ who the Commission determines has violated any of the provisions of this ~~chapter~~ ~~article~~ or any other
402 law or regulation applicable to the conduct of the person's business. For the purposes of this section, each
403 separate violation shall be subject to the civil penalty herein prescribed. In the case of a violation of § 6.2-
404 1901, each money order sale ~~or money transmission transaction~~ shall constitute a separate violation.

405 **§ 6.2-1921. Criminal penalty.**

406 Any person required by this ~~chapter~~ ~~article~~ to have a license who sells money orders ~~or engages in the~~
407 ~~business of money transmission~~ without first being licensed as required by § 6.2-1901 is guilty of a Class 1
408 misdemeanor.

409 *Article 2.*
410 *Money Transmitters.*

411 **§ 6.2-1922. Definitions.**

412 *As used in this article:*

413 *"Acting in concert" means persons knowingly acting together with a common goal of jointly acquiring*
414 *control of a licensee whether or not pursuant to an express agreement.*

415 *"Authorized delegate" means a person a licensee designates to engage in money transmission on behalf of*
416 *the licensee.*

417 *"Average daily money transmission liability" means the amount of the licensee's outstanding money*
418 *transmission obligations in the Commonwealth at the end of each day in a given period of time, added*
419 *together, and divided by the total number of days in the given period of time. For purposes of calculating*
420 *average daily money transmission liability under this article for any licensee required to do so, the given*
421 *period of time shall be the quarters ending March 31, June 30, September 30, and December 31.*

422 *"Bank Secrecy Act" means the federal Bank Secrecy Act (31 U.S.C. § 5311, et seq.) and its implementing*
423 *regulations.*

424 *"Closed loop stored value" means stored value that is redeemable by the issuer only for goods or services*
425 *provided by the issuer or its affiliate or franchisees of the issuer or its affiliate, except to the extent required*

426 *by applicable law to be redeemable in cash for its cash value;*

427 *"Control" means the power to (i) vote, directly or indirectly, at least 25 percent of the outstanding voting*
428 *shares or voting interests of a licensee or person in control of a licensee; (ii) elect or appoint a majority of*
429 *key individuals or executive officers, managers, directors, trustees, or other persons exercising managerial*
430 *authority of a person in control of a licensee; or (iii) exercise, directly or indirectly, a controlling influence*
431 *over the management or policies of a licensee or person in control of a licensee. A person shall be presumed*
432 *to exercise a controlling influence when the person holds the power to vote, directly or indirectly, at least 10*
433 *percent of the outstanding voting shares or voting interests of a licensee or person in control of a licensee.*
434 *Such presumption is rebuttable if the person is a passive investor. For purposes of determining the*
435 *percentage of a person controlled by any other person, the person's interest shall be aggregated with the*
436 *interest of any other immediate family member, including the person's spouse, parents, children, siblings,*
437 *mothers-in-law and fathers-in-law, sons-in-law and daughters-in-law, brothers-in-law and sisters-in-law, and*
438 *any other person who shares such person's home.*

439 *"Eligible rating" means a credit rating of any of the three highest rating categories provided by an*
440 *eligible rating service, whereby each category may include rating category modifiers such as "plus" or*
441 *"minus" for S&P, or the equivalent for any other eligible rating service. Long-term credit ratings shall be*
442 *deemed eligible if the rating is equal to A- or higher by S&P, or the equivalent from any other eligible rating*
443 *service. Short-term credit ratings shall be deemed eligible if the rating is equal to or higher than A-2 or SP-2*
444 *by S&P, or the equivalent from any other eligible rating service. In the event that ratings differ among*
445 *eligible rating services, the highest rating shall apply when determining whether a security bears an eligible*
446 *rating.*

447 *"Eligible rating service" means any Nationally Recognized Statistical Rating Organization (NRSRO) as*
448 *defined by the U.S. Securities and Exchange Commission, and any other organization designated by the*
449 *Commission by rule or order.*

450 *"Federally insured depository financial institution" means a bank, credit union, savings and loan*
451 *association, trust company, savings association, savings bank, industrial bank, or industrial loan company*
452 *organized under the laws of the United States or any state of the United States, when such bank, credit union,*
453 *savings and loan association, trust company, savings association, savings bank, industrial bank, or industrial*
454 *loan company has federally insured deposits.*

455 *"In the Commonwealth" means at a physical location within the Commonwealth for a transaction*
456 *requested in person. For a transaction requested electronically or by phone, the provider of money*
457 *transmission may determine if the person requesting the transaction is in the Commonwealth by relying on*
458 *other information provided by the person regarding the location of the individual's residential address or a*
459 *business entity's principal place of business or other physical address location, and any records associated*
460 *with the person that the provider of money transmission may have that indicate such location, including an*
461 *address associated with an account.*

462 *"Individual" means a natural person.*

463 *"Key individual" means any individual ultimately responsible for establishing or directing policies and*
464 *procedures of the licensee, such as an executive officer, manager, director, or trustee.*

465 *"Licensee" means a person licensed under this article.*

466 *"Material litigation" means litigation that, according to generally accepted accounting principles, is*
467 *significant to a person's financial health and would be required to be disclosed in the person's annual audited*
468 *financial statements, report to shareholders, or similar records.*

469 *"Money" means a medium of exchange that is authorized or adopted by the United States or a foreign*
470 *government. The term includes a monetary unit of account established by an intergovernmental organization*
471 *or by agreement between two or more governments.*

472 *"Monetary value" means a medium of exchange, whether or not redeemable in money.*

473 *"Money transmission" means (i) selling or issuing payment instruments to a person located in the*
474 *Commonwealth, (ii) selling or issuing stored value to a person located in the Commonwealth, or (iii)*
475 *receiving money for transmission from a person located in the Commonwealth. "Money transmission"*
476 *includes payroll processing services and does not include the provision solely of online or*
477 *telecommunications services or network access.*

478 *"MSB-accredited state" means a state agency that is accredited by the Conference of State Bank*
479 *Supervisors and Money Transmitter Regulators Association for money transmission licensing and*
480 *supervision.*

481 *"Multistate licensing process" means any agreement entered into by and among state regulators relating*
482 *to coordinated processing of applications for money transmission licenses, applications for the acquisition of*
483 *control of a licensee, control determinations, or notice and information requirements for a change of key*
484 *individuals.*

485 *"Nationwide Multistate Licensing System and Registry" or "NMLS" means the licensing and registration*
486 *system operated by the State Regulatory Registry LLC.*

487 *"Outstanding money transmission obligations" means (i) any payment instrument or stored value issued*

488 or sold by the licensee to a person located in the United States or reported as sold by an authorized delegate
 489 of the licensee to a person that is located in the United States that has not yet been paid or refunded by or for
 490 the licensee, or escheated in accordance with applicable abandoned property laws or (ii) any money received
 491 for transmission by the licensee or an authorized delegate in the United States from a person located in any
 492 state that has not been received by the payee or refunded to the sender, or escheated in accordance with
 493 applicable abandoned property laws.

494 "Passive investor" means a person that (i) does not have the power to elect a majority of key individuals
 495 or executive officers, managers, directors, trustees, or other persons exercising managerial authority of a
 496 person in control of a licensee; (ii) is not employed by and does not have any managerial duties of the
 497 licensee or person in control of a licensee; (iii) does not have the power to exercise, directly or indirectly, a
 498 controlling influence over the management or policies of a licensee or person in control of a licensee; and
 499 (iv) attests to clauses (i), (ii), and (iii) in a form and in a medium prescribed by the Commission or commits
 500 to the passivity characteristics of (i), (ii), and (iii) in a written document.

501 "Payment instrument" means a written or electronic check, draft, money order, traveler's check, or other
 502 written or electronic instrument for the transmission or payment of money or monetary value, whether or not
 503 negotiable. "Payment instrument" does not include stored value or any instrument that (i) is redeemable by
 504 the issuer only for goods or services provided by the issuer or its affiliate or franchisees of the issuer or its
 505 affiliate, except to the extent required by applicable law to be redeemable in cash for its cash value or (ii) is
 506 not sold to the public but issued and distributed as part of a loyalty, rewards, or promotional program.

507 "Person" means any individual, general partnership, limited partnership, limited liability company,
 508 corporation, trust, association, joint stock corporation, or other corporate entity identified by the
 509 Commission.

510 "Receiving money for transmission" or "money received for transmission" means receiving money or
 511 monetary value in the United States for transmission within or outside the United States by electronic or
 512 other means.

513 "Stored value" means monetary value representing a claim against the issuer evidenced by an electronic
 514 or digital record, and that is intended and accepted for use as a means of redemption for money or monetary
 515 value, or payment for goods or services. "Stored value" includes prepaid access, as that term is defined by 31
 516 C.F.R. § 1010.100. Notwithstanding the foregoing, the term "stored value" does not include a payment
 517 instrument or closed loop stored value, or stored value not sold to the public but issued and distributed as
 518 part of a loyalty, rewards, or promotional program.

519 "Tangible net worth" means the aggregate assets of a licensee excluding all intangible assets, less
 520 liabilities, as determined in accordance with generally accepted accounting principles.

521 **§ 6.2-1923. Exemptions.**

522 A. The provisions of this article shall not apply to:

523 1. An operator of a payment system to the extent that it provides processing, clearing, or settlement
 524 services between or among persons exempted by this section or licensees, in connection with wire transfers,
 525 credit card transactions, debit card transactions, stored-value transactions, automated clearing house
 526 transfers, or similar funds transfers.

527 2. A person appointed as an agent of a payee to collect and process a payment from a payor to the payee
 528 for goods or services, other than money transmission itself, provided to the payor by the payee, provided that
 529 (i) there exists a written agreement between the payee and the agent directing the agent to collect and
 530 process payments from payors on the payee's behalf; (ii) the payee holds the agent out to the public as
 531 accepting payments for goods or services on the payee's behalf; and (iii) payment for the goods and services
 532 is treated as received by the payee upon receipt by the agent so that the payor's obligation is extinguished
 533 and there is no risk of loss to the payor if the agent fails to remit the funds to the payee.

534 3. A person that acts as an intermediary by processing payments between an entity that has directly
 535 incurred an outstanding money transmission obligation to a sender, and the sender's designated recipient,
 536 provided that the entity (i) is properly licensed or exempt from licensing requirements under this article; (ii)
 537 provides a receipt, electronic record, or other written confirmation to the sender identifying the entity as the
 538 provider of money transmission in the transaction; and (iii) bears sole responsibility to satisfy the
 539 outstanding money transmission obligation to the sender, including the obligation to make the sender whole
 540 in connection with any failure to transmit the funds to the sender's designated recipient.

541 4. The United States or any department, agency, or instrumentality thereof, or its agent.

542 5. Money transmission by the United States Postal Service or by an agent of the United States Postal
 543 Service.

544 6. A state, county, city, or any other governmental agency or governmental subdivision or instrumentality
 545 of a state, or its agent.

546 7. A federally insured depository financial institution, bank holding company, office of an international
 547 banking corporation, foreign bank that establishes a federal branch pursuant to the federal International
 548 Bank Act (12 U.S.C. § 3102 et seq.), corporation organized pursuant to the federal Bank Service Corporation

549 Act (12 U.S.C. § 1861 et seq.), or corporation organized under the federal Edge Act (12 U.S.C. § 611 et seq.),
 550 under the laws of a state or the United States.

551 8. An electronic funds transfer of governmental benefits for a federal, state, county, or governmental
 552 agency by a contractor on behalf of the United States or a department, agency, or instrumentality thereof, or
 553 on behalf of a state or governmental subdivision, agency, or instrumentality thereof.

554 9. A board of trade designated as a contract market under the federal Commodity Exchange Act (7 U.S.C.
 555 § 1 et seq.) or a person that, in the ordinary course of business, provides clearance and settlement services
 556 for a board of trade to the extent of its operation as or for such a board.

557 10. A registered futures commission merchant under the federal commodities laws to the extent of its
 558 operation as such a merchant.

559 11. A person registered as a securities broker-dealer under federal or state securities laws to the extent of
 560 its operation as such a broker-dealer.

561 12. An individual employed by a licensee, authorized delegate, or any person exempted from the licensing
 562 requirements of this article when acting within the scope of employment and under the supervision of the
 563 licensee, authorized delegate, or exempted person as an employee and not as an independent contractor.

564 13. A person expressly appointed as a third-party service provider to or agent of an entity exempt under
 565 subdivision 7 solely to the extent that (i) such service provider or agent is engaging in money transmission on
 566 behalf of and pursuant to a written agreement with the exempt entity that sets forth the specific functions that
 567 the service provider or agent is to perform and (ii) the exempt entity assumes all risk of loss and all legal
 568 responsibility for satisfying the outstanding money transmission obligations owed to purchasers and holders
 569 of the outstanding money transmission obligations upon receipt of the purchaser's or holder's money or
 570 monetary value by the service provider or agent.

571 14. A person exempt by regulation or order if the Commission finds such exemption to be in the public
 572 interest and that the regulation of such person is not necessary for the purposes of this article.

573 B. The Commission may require that any person claiming to be exempt from licensing pursuant to
 574 subsection A provide information and documentation demonstrating that it qualifies for any claimed
 575 exemption.

576 **§ 6.2-1924. Implementation.**

577 A. In order to carry out the purposes of this article, the Commission may:

578 1. Enter into agreements or relationships with other government officials or federal and state regulatory
 579 agencies and regulatory associations in order to improve efficiencies and reduce regulatory burden by
 580 standardizing methods or procedures, and sharing resources, records, or related information obtained under
 581 this article;

582 2. Use, hire, contract, or employ analytical systems, methods, or software to examine or investigate any
 583 person subject to this article;

584 3. Accept, from other state or federal government agencies or officials, licensing, examination, or
 585 investigation reports made by such other state or federal government agencies or officials; and

586 4. Accept audit reports made by an independent certified public accountant or other qualified third-party
 587 auditor for an applicant or licensee and incorporate the audit report in any report of examination or
 588 investigation.

589 B. The Commission shall have the broad administrative authority to administer, interpret, and enforce
 590 this article and promulgate rules or regulations implementing this article and to recover the cost of
 591 administering and enforcing this article by imposing and collecting proportionate and equitable fees and
 592 costs associated with applications, examinations, investigations, and other actions required to achieve the
 593 purpose of this article.

594 **§ 6.2-1925. Confidentiality.**

595 A. Except as otherwise provided in subsection B, all information or reports obtained by the Commission
 596 from an applicant, licensee, or authorized delegate, and all information contained in or related to an
 597 examination, investigation, operating report, or condition report prepared by, on behalf of, or for the use of
 598 the Commission, or financial statements, balance sheets, or authorized delegate information, are
 599 confidential.

600 B. The Commission may disclose information to representatives of state or federal agencies who promise
 601 in a record that they will maintain the confidentiality of the information or where the Commission finds that
 602 the release is reasonably necessary for the protection and interest of the public.

603 C. This section shall not prohibit the Commission from disclosing to the public a list of all licensees or the
 604 aggregated financial or transactional data concerning those licensees.

605 D. Information contained in the records of Commission that is not confidential and may be made
 606 available to the public either on the Commission's website, upon receipt by the Commission of a written
 607 request, or in NMLS shall include:

608 1. The name, business address, telephone number, and unique identifier of a licensee;

609 2. The business address of a licensee's registered agent for service;

610 3. The name, business address, and telephone number of all authorized delegates;

611 4. The terms of or a copy of any bond filed by a licensee, provided that confidential information, including
 612 prices and fees for such bond, is redacted; and

613 5. Copies of any nonconfidential final orders of the Commission relating to any violation of this article or
 614 regulations implementing this article.

615 **§ 6.2-1926. Supervision.**

616 A. The Commission may conduct an examination or investigation of a licensee or authorized delegate or
 617 otherwise take independent action authorized by this article or by a rule adopted or order issued under this
 618 article as reasonably necessary or appropriate to administer and enforce this article, regulations
 619 implementing this article, and other applicable law, including the Bank Secrecy Act and the U.S.A. Patriot
 620 Act of 2001 (49 U.S.C. § 5103a et seq.). The Commission may:

621 1. Conduct an examination either on site or off site as the Commission may reasonably require;

622 2. Conduct an examination in conjunction with an examination conducted by representatives of other
 623 state agencies or agencies of another state or of the federal government;

624 3. Accept the examination report of another state agency or an agency of another state or of the federal
 625 government, or a report prepared by an independent accounting firm, which on being accepted is considered
 626 for all purposes as an official report of the Commission; and

627 4. Summon and examine under oath a key individual or employee of a licensee or authorized delegate and
 628 require the person to produce records regarding any matter related to the condition and business of the
 629 licensee or authorized delegate.

630 B. A licensee or authorized delegate shall provide, and the Commission shall have full and complete
 631 access to, all records the Commission may reasonably require to conduct a complete examination. The
 632 records shall be provided at the location and in the format specified by the Commission, provided that the
 633 Commission may utilize multistate record production standards and examination procedures when such
 634 standards will reasonably achieve the requirements of this section.

635 C. Unless otherwise directed by the Commission, a licensee shall pay all costs reasonably incurred in
 636 connection with an examination of the licensee or the licensee's authorized delegates.

637 **§ 6.2-1927. Networked supervision.**

638 A. To efficiently and effectively administer and enforce this article and to minimize regulatory burden, the
 639 Commission is authorized and encouraged to participate in multistate supervisory processes established
 640 between states and coordinated through the Conference of State Bank Supervisors, Money Transmitter
 641 Regulators Association, and affiliates and successors thereof for all licensees that hold licenses in the
 642 Commonwealth and other states. As a participant in multistate supervision, the Commission shall:

643 1. Cooperate, coordinate, and share information with other state and federal regulators in accordance
 644 with § 6.2-1925;

645 2. Enter into written cooperation, coordination, or information-sharing contracts or agreements with
 646 organizations whose membership is made up of state or federal governmental agencies; and

647 3. Cooperate, coordinate, and share information with organizations whose membership is made up of
 648 state or federal governmental agencies, provided that the organizations agree in writing to maintain the
 649 confidentiality and security of the shared information in accordance with § 6.2-1925.

650 B. The Commission shall not waive, and nothing in this section shall constitute a waiver of, the
 651 Commission's authority to conduct an examination or investigation or otherwise take independent action
 652 authorized by this article or a rule adopted or order issued under this article to enforce compliance with
 653 applicable state or federal law.

654 C. A joint examination or investigation, or acceptance of an examination or investigation report, shall not
 655 waive an examination assessment provided for in this article.

656 **§ 6.2-1928. Relationship to federal law.**

657 A. In the event state money transmission jurisdiction is conditioned on a federal law, any inconsistencies
 658 between a provision of this article and the federal law governing money transmission shall be governed by
 659 the applicable federal law to the extent of the inconsistency.

660 B. In the event of any inconsistencies between this article and a federal law that governs pursuant to
 661 subsection A, the Commission may provide interpretive guidance that identifies the inconsistency and
 662 identifies the appropriate means of compliance with federal law.

663 **§ 6.2-1929. License required.**

664 A. No person shall engage in the business of money transmission or advertise, solicit, or hold itself out as
 665 providing money transmission unless the person is licensed under this article.

666 B. No person that is an authorized delegate of a person licensed under this article acting within the scope
 667 of authority conferred by a written contract with the licensee shall be required to be licensed under this
 668 article.

669 C. A license issued under § 6.2-1933 is not transferable or assignable.

670 **§ 6.2-1930. Consistent state licensing.**

671 A. In order to establish consistent licensing between the Commonwealth and other states, the Commission

672 may (i) implement all licensing provisions of this article in a manner that is consistent with other states that
673 have adopted similar provisions or multistate licensing processes and (ii) participate in nationwide protocols
674 for licensing cooperation and coordination among state regulators provided that such protocols are
675 consistent with this article.

676 B. In order to fulfill the purposes of this article, the Commission may establish relationships or contracts
677 with NMLS or other entities designated by NMLS to enable the Commission to (i) collect and maintain
678 records, (ii) coordinate multistate licensing processes and supervision processes, (iii) process fees, and (iv)
679 facilitate communication between the Commonwealth and licensees or other persons subject to this article.

680 C. The Commission may utilize NMLS for all aspects of licensing in accordance with this article,
681 including license applications, applications for acquisitions of control, surety bonds, reporting, criminal
682 history background checks, credit checks, fee processing, and examinations.

683 D. The Commission may utilize NMLS forms, processes, and functionalities in accordance with this
684 article. In the event NMLS does not provide functionality, forms, or processes for a provision of this article,
685 the Commission may strive to implement the requirements in a manner that facilitates uniformity with respect
686 to licensing, supervision, reporting, and regulation of licensees that are licensed in multiple jurisdictions.

687 E. The Commission may establish and adopt, by rule or regulation, requirements for participation by
688 applicants and licensees in NMLS upon the Commission's determination that each requirement is consistent
689 with law, public interest, and the purposes of this article.

690 **§ 6.2-1931. Application for license.**

691 A. Applicants for a license shall apply in a form and in a medium as prescribed by the Commission. Each
692 such form shall contain content as set forth by rule, regulation, instruction, or procedure of the Commission
693 and may be changed or updated by the Commission in accordance with applicable law in order to carry out
694 the purposes of this article and maintain consistency with NMLS licensing standards and practices. The
695 application shall include, as applicable:

696 1. The legal name and residential and business addresses of the applicant and any fictitious or trade name
697 used by the applicant in conducting its business;

698 2. A list of any criminal convictions of the applicant and any material litigation in which the applicant has
699 been involved in the 10-year period next preceding the submission of the application;

700 3. A description of any money transmission previously provided by the applicant and the money
701 transmission that the applicant seeks to provide in the Commonwealth;

702 4. A list of the applicant's proposed authorized delegates and the locations in the Commonwealth where
703 the applicant and its authorized delegates propose to engage in money transmission;

704 5. A list of other states in which the applicant is licensed to engage in money transmission and any license
705 revocations, suspensions, or other disciplinary action taken against the applicant in another state;

706 6. Information concerning any bankruptcy or receivership proceedings affecting the licensee or a person
707 in control of a licensee;

708 7. A sample form of contract for authorized delegates, if applicable;

709 8. A sample form of payment instrument or stored value, as applicable;

710 9. The name and address of any federally insured depository financial institution through which the
711 applicant plans to conduct money transmission; and

712 10. Any other information the Commission or NMLS reasonably requires with respect to the applicant.

713 B. If an applicant is a corporation, limited liability company, partnership, or other legal entity, the
714 applicant shall also provide:

715 1. The date of the applicant's incorporation or formation and jurisdiction of incorporation or formation;

716 2. If applicable, a certificate of good standing from the jurisdiction in which the applicant is incorporated
717 or formed;

718 3. A brief description of the structure or organization of the applicant, including any parents or
719 subsidiaries of the applicant, and whether any parents or subsidiaries are publicly traded;

720 4. The legal name, any fictitious or trade name, all business and residential addresses, and the
721 employment, as applicable, in the 10-year period next preceding the submission of the application of each
722 key individual and person in control of the applicant;

723 5. A list of any criminal convictions and material litigation in which a person in control of the applicant
724 that is not an individual has been involved in the 10-year period preceding the submission of the application;

725 6. A copy of audited financial statements of the applicant for the most recent fiscal year and for the two-
726 year period next preceding the submission of the application or, if determined to be acceptable to the
727 Commission, certified unaudited financial statements for the most recent fiscal year or other period
728 acceptable to the Commission;

729 7. A certified copy of unaudited financial statements of the applicant for the most recent fiscal quarter;

730 8. If the applicant is a publicly traded corporation, a copy of the most recent report filed with the United
731 States Securities and Exchange Commission under § 13 of the federal Securities Exchange Act of 1934;

732 9. If the applicant is a wholly owned subsidiary of (i) a corporation publicly traded in the United States, a

733 copy of audited financial statements for the parent corporation for the most recent fiscal year or a copy of the
 734 parent corporation's most recent report filed under § 13 of the U.S. Securities Exchange Act of 1934 or (ii) a
 735 corporation publicly traded outside the United States, a copy of similar documentation filed with the
 736 regulator of the parent corporation's domicile outside the United States;

737 10. The name and address of the applicant's registered agent in the Commonwealth; and

738 11. Any other information the Commission reasonably requires with respect to the applicant.

739 C. A nonrefundable application fee of \$1,000 shall accompany an application for a license under this
 740 section.

741 D. The Commission may waive one or more requirements of subsections A and B or permit an applicant
 742 to submit other information in lieu of the required information.

743 **§ 6.2-1932. Information required for certain individuals.**

744 A. Any individual in control of a licensee or applicant, any individual that seeks to acquire control of a
 745 licensee, and each key individual shall furnish to the Commission through NMLS the following items:

746 1. The individual's fingerprints for submission to the Federal Bureau of Investigation and the Commission
 747 for purposes of a national criminal history background check unless the person currently resides outside of
 748 the United States and has resided outside of the United States for the last 10 years.

749 2. Personal history and experience in a form and in a medium prescribed by the Commission, to obtain (i)
 750 an independent credit report from a consumer reporting agency unless the individual does not have a social
 751 security number, in which case this requirement shall be waived; (ii) information related to any criminal
 752 convictions or pending charges; and (iii) information related to any regulatory or administrative action and
 753 any civil litigation involving claims of fraud, misrepresentation, conversion, mismanagement of funds, breach
 754 of fiduciary duty, or breach of contract.

755 B. If the individual has resided outside of the United States at any time in the last 10 years, the individual
 756 shall also provide an investigative background report prepared by an independent search firm. At a
 757 minimum, the search firm shall (i) demonstrate that it has sufficient knowledge, resources, and employs
 758 accepted and reasonable methodologies to conduct the research of the background report and (ii) not be
 759 affiliated with or have an interest with the individual it is researching. At a minimum, the investigative
 760 background report shall be written in the English language and shall contain the following: (a) if available in
 761 the individual's current jurisdiction of residency, a comprehensive credit report, or any equivalent
 762 information obtained or generated by the independent search firm to accomplish such report, including a
 763 search of the court data in the countries, provinces, states, cities, towns, and contiguous areas where the
 764 individual resided and worked; (b) criminal records information for the past 10 years, including felonies,
 765 misdemeanors, or similar convictions for violations of law in the countries, provinces, states, cities, towns,
 766 and contiguous areas where the individual resided and worked; (c) employment history; (d) media history,
 767 including an electronic search of national and local publications, wire services, and business applications;
 768 and (e) financial services-related regulatory history, including money transmission, securities, banking,
 769 insurance, and mortgage-related industries.

770 **§ 6.2-1933. Issuance of license.**

771 A. When the Commission determines that an application is complete, the Commission shall promptly
 772 notify the applicant in a record of the date on which the application is determined to be complete, and shall
 773 approve or deny the application within 120 days after the completion date. If the application is not approved
 774 or denied within 120 days after the completion date, the application shall be deemed approved and the
 775 license shall take effect as of the first business day after expiration of the 120-day period. The Commission
 776 may for good cause extend the application period.

777 B. A determination by the Commission that an application is complete and is accepted for processing
 778 means only that the application, on its face, appears to include all of the items, including the criminal
 779 background check response from the FBI, and address all of the matters that are required, and is not an
 780 assessment of the substance of the application or of the sufficiency of the information provided.

781 C. When an application is filed and considered complete under this section, the Commission shall
 782 investigate the applicant's financial condition and responsibility, financial and business experience,
 783 character, and general fitness. The Commission may conduct an on-site investigation of the applicant, the
 784 reasonable cost of which the applicant shall pay. The Commission shall issue a license to an applicant if the
 785 Commission finds that (i) the applicant has complied with §§ 6.2-1931 and 6.2-1932 and (ii) the financial
 786 condition and responsibility, financial and business experience, competence, character, and general fitness of
 787 the applicant and the competence, experience, character, and general fitness of the key individuals and
 788 persons in control of the applicant indicate that it is in the interest of the public to permit the applicant to
 789 engage in money transmission.

790 D. If an applicant avails itself or is otherwise subject to a multistate licensing process, (i) the Commission
 791 may accept the investigation results of a lead investigative state for the purpose of subsection C if the lead
 792 investigative state has sufficient staffing, expertise, and minimum standards or (ii) if the Commonwealth is a
 793 lead investigative state, the Commission may investigate the applicant pursuant to subsection C and the

794 timeframes established by agreement through the multistate licensing process, provided, however, that in no
795 case shall such timeframe be noncompliant with the application period established in subsection A.

796 E. The Commission shall issue a formal written notice of the denial of a license application within 30 days
797 of the decision to deny the application. The Commission shall set forth in the notice of denial the specific
798 reasons for the denial of the application. An applicant whose application is denied by the Commission under
799 this subsection may appeal within 30 days after receipt of the written notice of the denial.

800 F. The initial license term shall begin on the day the application is approved. The license shall expire on
801 December 31 of the year in which the license term began, unless the initial license date is between November
802 1 and December 31, in which instance the initial license term shall run through December 31 of the following
803 year.

804 **§ 6.2-1934. License renewal.**

805 A. A license issued under this article shall be renewed annually. An annual renewal fee of \$750 shall be
806 paid no more than 60 days before the license expiration. The renewal term shall be for a period of one year
807 and shall begin on January 1 of each year after the initial license term and shall expire on December 31 of
808 the year the renewal term begins.

809 B. A licensee shall submit a renewal report with the renewal fee, in a form and in a medium prescribed by
810 the Commission. The renewal report shall state or contain a description of each material change in
811 information submitted by the licensee in its original license application that has not been reported to the
812 Commission.

813 C. The Commission for good cause may grant an extension of the renewal date.

814 D. The Commission may utilize NMLS to process license renewals provided that such functionality is
815 consistent with this section.

816 **§ 6.2-1935. Maintenance of license.**

817 A. If a licensee does not continue to meet the qualifications or satisfy the requirements that apply to an
818 applicant for a new money transmission license, the Commission may suspend or revoke the licensee's license
819 in accordance with the procedures established by this article or other applicable state law for such
820 suspension or revocation.

821 B. An applicant for a money transmission license shall demonstrate that it meets or will meet, and a
822 money transmission licensee shall at all times meet, the requirements in §§ 6.2-1950, 6.2-1951, and 6.2-1952.

823 **§ 6.2-1936. Acquisition of control.**

824 A. Any person, or group of persons acting in concert, seeking to acquire control of a licensee shall obtain
825 the written approval of the Commission prior to acquiring control. An individual shall not be deemed to
826 acquire control of a licensee and shall not be subject to provisions of this section if that individual becomes a
827 key individual in the ordinary course of business.

828 B. A person, or group of persons acting in concert, seeking to acquire control of a licensee shall, in
829 cooperation with the licensee submit (i) an application in a form and in a medium prescribed by the
830 Commission and (ii) a nonrefundable fee of \$1,000 with the request for approval.

831 C. Upon request, the Commission may permit a licensee or the person, or group of persons acting in
832 concert, to submit some or all information required by the Commission without using NMLS.

833 D. The application required shall include information required by § 6.2-1932 for any new key individuals
834 that have not previously completed the requirements of § 6.2-1932 for a licensee.

835 E. When the Commission determines that an application is complete, the Commission shall promptly
836 notify the applicant in a record of the date on which the application was determined to be complete and shall
837 approve or deny the application within 60 days after the completion date. If the application is not approved
838 or denied within 60 days after the completion date, the application shall be deemed approved and the person,
839 or group of persons acting in concert, may acquire control. The Commission may for good cause extend the
840 application period.

841 F. A determination by the Commission that an application is complete and is accepted for processing
842 means only that the application, on its face, appears to include all of the items and address all of the matters
843 that are required, and is not an assessment of the substance of the application or of the sufficiency of the
844 information provided.

845 G. When an application is filed and considered complete under subsection E, the Commission shall
846 investigate the financial condition and responsibility, financial and business experience, character, and
847 general fitness of the person, or group of persons acting in concert, seeking to acquire control. The
848 Commission shall approve an acquisition of control if the Commission finds that:

849 1. The requirements of subsections B and D have been met, as applicable; and

850 2. The financial condition and responsibility, financial and business experience, competence, character,
851 and general fitness of the person, or group of persons acting in concert, seeking to acquire control, and the
852 competence, experience, character, and general fitness of the key individuals and persons that would be in
853 control of the licensee after the acquisition of control indicate that it is in the public interest to permit the
854 person, or group of persons acting in concert, to control the licensee.

855 H. If an applicant avails itself or is otherwise subject to a multistate licensing process, (i) the Commission

856 may accept the investigation results of a lead investigative state for the purpose of subsection G, if the lead
 857 investigative state has sufficient staffing, expertise, and minimum standards or (ii) if the Commonwealth is a
 858 lead investigative state, the Commission may investigate the applicant pursuant to subsection G and the
 859 timeframes established by agreement through the multistate licensing process.

860 I. The Commission shall issue a formal written notice of the denial of an application to acquire control
 861 within 30 days of the decision to deny the application. The Commission shall set forth in the notice of denial
 862 the specific reasons for the denial of the application. An applicant whose application is denied by the
 863 Commission may appeal within 30 days after receipt of the written notice of the denial.

864 J. The requirements of subsections A and B do not apply to any of the following:

865 1. A person that acts as a proxy for the sole purpose of voting at a designated meeting of the shareholders
 866 or holders of voting shares or voting interests of a licensee or a person in control of a licensee;

867 2. A person that acquires control of a licensee by devise or descent;

868 3. A person that acquires control of a licensee as a personal representative, custodian, guardian,
 869 conservator, or trustee, or as an officer appointed by a court of competent jurisdiction or by operation of
 870 law;

871 4. A person that the Commission determines is not subject to subsection A based on the public interest;

872 5. A public offering of securities of a licensee or a person in control of a licensee; or

873 6. An internal reorganization of a person in control of the licensee where the ultimate person in control of
 874 the licensee remains the same.

875 K. Persons described in subdivisions J 2, 3, 5, and 6 shall notify the Commission within 15 days after the
 876 acquisition of control.

877 L. The requirements of subsections A and B do not apply to a person that has complied with and received
 878 approval to engage in money transmission under this article or was identified as a person in control in a
 879 prior application filed with and approved by the Commission or by an MSB-accredited state pursuant to a
 880 multistate licensing process, provided that:

881 1. The person has not had a license revoked or suspended or controlled a licensee that has had a license
 882 revoked or suspended while the person was in control of the licensee in the previous five years;

883 2. If the person is a licensee, the person is well-managed and has received at least a satisfactory rating
 884 for compliance at its most recent examination by an MSB-accredited state if such rating was given;

885 3. The licensee to be acquired is projected to meet the requirements of §§ 6.2-1950, 6.2-1951, and 6.2-
 886 1952 after the acquisition of control is completed, and if the person acquiring control is a licensee, that
 887 licensee is also projected to meet the requirements of §§ 6.2-1950, 6.2-1951, and 6.2-1952 after the
 888 acquisition of control is completed;

889 4. The licensee to be acquired will not implement any material changes to its business plan as a result of
 890 the acquisition of control, and if the person acquiring control is a licensee, that licensee also will not
 891 implement any material changes to its business plan as a result of the acquisition of control; and

892 5. The person provides notice of the acquisition in cooperation with the licensee and attests to
 893 subdivisions 1 through 4 in a form and in a medium prescribed by the Commission.

894 If such notice is not disapproved within 30 days after the date on which the notice was determined to be
 895 complete, the notice shall be deemed approved.

896 M. Before filing an application for approval to acquire control of a licensee, a person may request in
 897 writing a determination from the Commission as to whether the person would be considered a person in
 898 control of a licensee upon consummation of a proposed transaction. If the Commission determines that the
 899 person would not be a person in control of a licensee, the proposed person and transaction is not subject to
 900 the requirements of subsections A and B.

901 N. If a multistate licensing process includes a determination pursuant to subsection M and an applicant
 902 avails itself or is otherwise subject to the multistate licensing process, (i) the Commission may accept the
 903 control determination of a lead investigative state with sufficient staffing, expertise, and minimum standards
 904 or (ii) if the Commonwealth is a lead investigative state, the Commission may investigate the applicant using
 905 the timeframes established by agreement through the multistate licensing process.

906 **§ 6.2-1937. Change of key individual; notice and required information.**

907 A. A licensee adding or replacing any key individual shall provide (i) notice in a manner prescribed by
 908 the Commission within 15 days after the effective date of the key individual's appointment and (ii)
 909 information as required by § 6.2-1932 within 45 days after the effective date.

910 B. Within 90 days after the date on which the notice provided pursuant to subsection A was determined to
 911 be complete, the Commission may issue a notice of disapproval of a key individual if the competence,
 912 experience, character, or integrity of the individual is not in the best interests of the public or the customers
 913 of the licensee to permit the individual to be a key individual of such licensee.

914 C. A notice of disapproval shall contain a statement of the basis for disapproval and shall be sent to the
 915 licensee and the disapproved individual. A licensee may appeal a notice of disapproval within 30 days after
 916 receipt of such notice of disapproval.

917 D. If the notice provided pursuant to subsection A is not disapproved within 90 days after the date on

918 *which the notice was determined to be complete, the key individual shall be deemed approved.*

919 *E. If a multistate licensing process includes a key individual notice review and disapproval process and*
 920 *the licensee avails itself of or is otherwise subject to the multistate licensing process, (i) the Commission may*
 921 *accept the determination of another state if the investigating state has sufficient staffing, expertise, and*
 922 *minimum standards or (ii) if the Commonwealth is a lead investigative state, the Commission may investigate*
 923 *the applicant using the timeframes established by agreement through the multistate licensing process.*

924 **§ 6.2-1938. Report of condition.**

925 *A. Each licensee shall submit a report of condition within 45 days of the end of the calendar quarter, or*
 926 *within any extended time as the Commission may prescribe.*

927 *B. The report of condition shall include:*

928 *1. Financial information at the licensee level;*

929 *2. Nationwide and state-specific money transmission transaction information in every jurisdiction in the*
 930 *United States where the licensee is licensed to engage in money transmission;*

931 *3. A permissible investments report;*

932 *4. Transaction destination country reporting for money received for transmission, if applicable; and*

933 *5. Any other information the Commission reasonably requires with respect to the licensee. The*
 934 *Commission is authorized and encouraged to utilize NMLS for the submission of the report required by this*
 935 *section and is authorized to update as necessary the requirements of this section to carry out the purposes of*
 936 *this article and maintain consistency with NMLS reporting.*

937 *C. The information required by subdivision B 4 shall only be included in a report of condition submitted*
 938 *within 45 days of the end of the fourth calendar quarter.*

939 **§ 6.2-1939. Audited financials.**

940 *A. Each licensee shall, within 90 days after the end of each fiscal year, or within any extended time as the*
 941 *Commission may prescribe, file with the Commission:*

942 *1. An audited financial statement of the licensee for the fiscal year prepared in accordance with generally*
 943 *accepted accounting principles; and*

944 *2. Any other information as the Commission may reasonably require.*

945 *B. The audited financial statements shall be prepared by an independent certified public accountant or*
 946 *independent public accountant who is satisfactory to the Commission.*

947 *C. The audited financial statements shall include or be accompanied by a certificate of opinion of the*
 948 *independent certified public accountant or independent public accountant that is satisfactory in form and*
 949 *content to the Commission. If the certificate or opinion is qualified, the Commission may order the licensee to*
 950 *take any action as the Commission may find necessary to enable the independent or certified public*
 951 *accountant or independent public accountant to remove the qualification.*

952 **§ 6.2-1940. Authorized Delegate Reporting.**

953 *A. Each licensee shall submit a report of its authorized delegates within 45 days of the end of the calendar*
 954 *quarter. The Commission is authorized and encouraged to utilize NMLS for the submission of such report*
 955 *provided that such functionality is consistent with the requirements of this section.*

956 *B. The authorized delegate report shall include each authorized delegate's:*

957 *1. Company legal name;*

958 *2. Taxpayer employer identification number;*

959 *3. Principal provider identifier;*

960 *4. Physical address;*

961 *5. Mailing address;*

962 *6. Business conducted in other states, if any;*

963 *7. Fictitious or trade name, if any;*

964 *8. Contact person name, phone number, and email;*

965 *9. Start date as the licensee's authorized delegate;*

966 *10. End date acting as the licensee's authorized delegate, if applicable; and*

967 *11. Other information, if any, that the Commission reasonably requires with respect to the authorized*
 968 *delegate.*

969 **§ 6.2-1941. Reports of certain events.**

970 *A. A licensee shall file a report with the Commission within one business day after the licensee has reason*
 971 *to know of the occurrence of any of the following events:*

972 *1. The filing of a petition by or against the licensee under the United States Bankruptcy Code (11 U.S.C. §*
 973 *101 et seq.) for bankruptcy or reorganization;*

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

977 *3. The commencement of a proceeding to revoke or suspend its license in a jurisdiction in which the*
 978 *licensee engages in business or is licensed.*

979 *B. A licensee shall file a report with the Commission within three business day after the licensee has*

980 reason to know of the occurrence of any of the following events:

- 981 1. A conviction of the licensee or of a key individual or person in control of the licensee for a felony; or
 982 2. A conviction of an authorized delegate for a felony.

983 **§ 6.2-1942. Reports required by federal law.**

984 A licensee and an authorized delegate shall file all reports required by federal currency reporting, record
 985 keeping, and suspicious activity reporting requirements as set forth in the Bank Secrecy Act and other federal
 986 and state laws pertaining to money laundering. The timely filing of a complete and accurate report required
 987 by this section with the appropriate federal agency is deemed compliant with the requirements of this section.

988 **§ 6.2-1943. Records.**

989 A. Licensee shall maintain the following records for determining its compliance with this article for at
 990 least three years:

- 991 1. A record of each outstanding money transmission obligation sold;
 992 2. A general ledger posted at least monthly containing all asset, liability, capital, income, and expense
 993 accounts;
 994 3. Bank statements and bank reconciliation records;
 995 4. Records of outstanding money transmission obligations;
 996 5. Records of each outstanding money transmission obligation paid within the three-year period;
 997 6. A list of the last known names and addresses of all of the licensee's authorized delegates; and
 998 7. Any other records the Commission reasonably requires by rule.

999 B. The items specified in subsection A may be maintained in any form of record.

1000 C. Records specified in subsection A may be maintained outside the Commonwealth if they are made
 1001 accessible to the Commission on seven business days' notice that is sent in a record.

1002 D. All records maintained by the licensee as required in this section are open to inspection by the
 1003 Commission pursuant to subsection A of § 6.2-1926.

1004 **§ 6.2-1944. Relationship between licensee and authorized delegate; prohibited activities.**

1005 A. As used in this section, "remit" means to make direct payments of money to a licensee or its
 1006 representative authorized to receive money or to deposit money in a bank in an account specified by the
 1007 licensee.

1008 B. Before a licensee is authorized to conduct business through an authorized delegate or allows a person
 1009 to act as the licensee's authorized delegate, the licensee shall:

- 1010 1. Adopt, and update as necessary, written policies and procedures reasonably designed to ensure that the
 1011 licensee's authorized delegates comply with applicable state and federal law;
 1012 2. Enter into a written contract that complies with subsection D; and
 1013 3. Conduct a reasonable risk-based background investigation sufficient for the licensee to determine
 1014 whether the authorized delegate has complied and will likely comply with applicable state and federal law.

1015 C. An authorized delegate shall operate in full compliance with this article.

1016 D. The written contract required by subsection B shall be signed by the licensee and the authorized
 1017 delegate and, at a minimum, shall:

- 1018 1. Appoint the person signing the contract as the licensee's authorized delegate with the authority to
 1019 conduct money transmission on behalf of the licensee;
 1020 2. Set forth the nature and scope of the relationship between the licensee and the authorized delegate and
 1021 the respective rights and responsibilities of the parties;
 1022 3. Require the authorized delegate to agree to fully comply with all applicable state and federal laws,
 1023 rules, and regulations pertaining to money transmission, including this article and regulations implementing
 1024 the relevant provisions of the Bank Secrecy Act and the U.S.A. Patriot Act of 2001 (49 U.S.C. § 5103a et
 1025 seq.);
 1026 4. Require the authorized delegate to remit and handle money and monetary value in accordance with the
 1027 terms of the contract between the licensee and the authorized delegate;
 1028 5. Impose a trust on money and monetary value net of fees received for money transmission for the benefit
 1029 of the licensee;
 1030 6. Require the authorized delegate to prepare and maintain records as required by this article or
 1031 regulations implementing this article, or as reasonably requested by the Commission;
 1032 7. Acknowledge that the authorized delegate consents to examination or investigation by the Commission;
 1033 8. State that the licensee is subject to regulation by the Commission and that, as part of that regulation,
 1034 the Commission may suspend or revoke an authorized delegate designation or require the licensee to
 1035 terminate an authorized delegate designation; and
 1036 9. Acknowledge receipt of the written policies and procedures required under subdivision B 1.

1037 E. If the licensee's license is suspended, revoked, surrendered, or expired, the licensee shall, within five
 1038 business days, provide documentation to the Commission that the licensee has notified all applicable
 1039 authorized delegates of the licensee whose names are in a record filed with the Commission of the
 1040 suspension, revocation, surrender, or expiration of a license. Upon suspension, revocation, surrender, or

1041 *expiration of a license, applicable authorized delegates shall immediately cease to provide money*
1042 *transmission as an authorized delegate of the licensee.*

1043 *F. An authorized delegate of a licensee shall hold in trust for the benefit of the licensee all money net of*
1044 *fees received from money transmission. If any authorized delegate commingles any funds received from*
1045 *money transmission with any other funds or property owned or controlled by the authorized delegate, all*
1046 *commingled funds and other property shall be considered held in trust in favor of the licensee in an amount*
1047 *equal to the amount of money net of fees received from money transmission.*

1048 *G. An authorized delegate shall not use a subdelegate to conduct money transmission on behalf of a*
1049 *licensee.*

1050 *H. No person shall engage in the business of money transmission on behalf of a person not licensed under*
1051 *this article or not exempt pursuant to § 6.2-1923. A person that engages in such activity provides money*
1052 *transmission to the same extent as if the person were a licensee, and shall be jointly and severally liable with*
1053 *the unlicensed or nonexempt person.*

1054 **§ 6.2-1945. Timely transmission.**

1055 *A. Every licensee shall forward all money received for transmission in accordance with the terms of the*
1056 *agreement between the licensee and the sender unless the licensee has a reasonable belief or a reasonable*
1057 *basis to believe that the sender may be a victim of fraud or that a crime or violation of law, rule, or*
1058 *regulation has occurred, is occurring, or may occur.*

1059 *B. If a licensee fails to forward money received for transmission in accordance with this section, the*
1060 *licensee shall respond to inquiries by the sender with the reason for the failure unless providing a response*
1061 *would violate a state or federal law, rule, or regulation.*

1062 **§ 6.2-1946. Refunds.**

1063 *A. Every licensee shall refund to the sender within 10 days of receipt of the sender's written request for a*
1064 *refund of any and all money received for transmission unless any of the following occurs:*

1065 *1. The money has been forwarded within 10 days of the date on which the money was received for*
1066 *transmission;*

1067 *2. Instructions have been given committing an equivalent amount of money to the person designated by*
1068 *the sender within 10 days of the date on which the money was received for transmission;*

1069 *3. The agreement between the licensee and the sender instructs the licensee to forward the money at a*
1070 *time that is beyond 10 days of the date on which the money was received for transmission. If funds have not*
1071 *yet been forwarded in accordance with the terms of the agreement between the licensee and the sender, the*
1072 *licensee shall issue a refund in accordance with the other provisions of this section;*

1073 *4. The refund is requested for a transaction that the licensee has not completed based on a reasonable*
1074 *belief or a reasonable basis to believe that a crime or violation of law, rule, or regulation has occurred, is*
1075 *occurring, or may occur; or*

1076 *5. The refund request does not enable the licensee to identify (i) the sender's name and address or*
1077 *telephone number or (ii) the particular transaction to be refunded in the event the sender has multiple*
1078 *transactions outstanding.*

1079 *B. The provisions of subsection A shall not apply to (i) money received for transmission subject to the*
1080 *federal Remittance Rule (12 C.F.R. Part 1005, Subpart B) or (ii) money received for transmission pursuant to*
1081 *a written agreement between the licensee and payee to process payments for goods or services provided by*
1082 *the payee.*

1083 **§ 6.2-1947. Receipts.**

1084 *A. As used in this section, "receipt" means a paper receipt, electronic record, or other written*
1085 *confirmation. For a transaction conducted in person, the receipt may be provided electronically if the sender*
1086 *requests or agrees to receive an electronic receipt. For a transaction conducted electronically or by phone, a*
1087 *receipt may be provided electronically. All electronic receipts shall be provided in a retainable form.*

1088 *B. Every licensee or its authorized delegate shall provide the sender a receipt for money received for*
1089 *transmission. The receipt shall contain, as applicable:*

1090 *1. The name of the sender;*

1091 *2. The name of the designated recipient;*

1092 *3. The date of the transaction;*

1093 *4. The unique transaction or identification number;*

1094 *5. The name of the licensee, NMLS Unique ID, the licensee's business address, and the licensee's*
1095 *customer service telephone number;*

1096 *6. The amount of the transaction in United States dollars;*

1097 *7. Any fee charged by the licensee to the sender for the transaction; and*

1098 *8. Any taxes collected by the licensee from the sender for the transaction.*

1099 *C. The receipt required by this section shall be in English and in the language principally used by the*
1100 *licensee or authorized delegate to advertise, solicit, or negotiate, either orally or in writing, for a transaction*
1101 *conducted in person, electronically, or by phone, if other than English.*

1102 *D. The provisions of this section shall not apply to (i) money received for transmission subject to the*

1103 *federal Remittance Rule (12 C.F.R. Part 1005, Subpart B); (ii) money received for transmission that is not*
 1104 *primarily for personal, family, or household purposes; (iii) money received for transmission pursuant to a*
 1105 *written agreement between the licensee and payee to process payments for goods or services provided by the*
 1106 *payee; or (iv) payroll processing services.*

1107 **§ 6.2-1948. Notice.**

1108 *Every licensee or authorized delegate shall include on a receipt or disclose on the licensee's website or*
 1109 *mobile application the phone number and website of the Commission and a statement that the licensee's*
 1110 *customers can contact the Commission with questions or complaints about the licensee's money transmission*
 1111 *services.*

1112 **§ 6.2-1949. Disclosures for payroll processing services.**

1113 *A. A licensee that provides payroll processing services shall:*

1114 *1. Issue reports to clients detailing client payroll obligations in advance of the payroll funds being*
 1115 *deducted from an account; and*

1116 *2. Make available worker paystubs or equivalent statements to workers.*

1117 *B. The provisions of subsection A shall not apply to a licensee providing payroll processing services*
 1118 *where the licensee's client designates the intended recipients to the licensee and is responsible for providing*
 1119 *the disclosures required by subdivision A 2.*

1120 **§ 6.2-1950. Net worth.**

1121 *A. A licensee shall maintain at all times a tangible net worth of the greater of \$100,000 or three percent of*
 1122 *total assets for the first \$100 million, two percent of additional assets for \$100 million to \$1 billion, and 0.5*
 1123 *percent of additional assets for over \$1 billion.*

1124 *B. Tangible net worth shall be demonstrated at initial application by the applicant's most recent audited*
 1125 *or unaudited financial statements pursuant to § 6.2-1931.*

1126 *C. The Commission shall have the authority, for good cause shown, to exempt any applicant or licensee,*
 1127 *in part or in whole, from the requirements of this section.*

1128 **§ 6.2-1951. Surety bond.**

1129 *A. An applicant for a money transmission license shall provide, and a licensee at all times shall maintain,*
 1130 *security consisting of a surety bond, in a form satisfactory to the Commission, or, with the Commission's*
 1131 *approval, a deposit instead of a bond in accordance with this section.*

1132 *B. The amount of the required security shall be:*

1133 *1. The greater of \$100,000 or an amount equal to 100 percent of the licensee's average daily money*
 1134 *transmission liability in the Commonwealth calculated for the most recently completed three-month period,*
 1135 *up to a maximum of \$1 million; or*

1136 *2. In the event that the licensee's tangible net worth exceeds 10 percent of total assets, the licensee shall*
 1137 *maintain a surety bond of \$100,000.*

1138 *C. A licensee that maintains a bond in the maximum applicable amount provided for in subsection B shall*
 1139 *not be required to calculate its average daily money transmission liability in the Commonwealth for purposes*
 1140 *of this section.*

1141 *D. A licensee may exceed the maximum required bond amount pursuant to subdivision A 5 of § 6.2-1953.*

1142 **§ 6.2-1952. Maintenance of permissible investments.**

1143 *A. A licensee shall maintain at all times permissible investments that have a market value computed in*
 1144 *accordance with generally accepted accounting principles of not less than the aggregate amount of all of its*
 1145 *outstanding money transmission obligations.*

1146 *B. Except for permissible investments enumerated in subsection A of § 6.2-1953, the Commission, with*
 1147 *respect to any licensee, may by rule or order limit the extent to which a specific investment maintained by a*
 1148 *licensee within a class of permissible investments may be considered a permissible investment, if the specific*
 1149 *investment represents undue risk to customers, not reflected in the market value of investments.*

1150 *C. Permissible investments, even if commingled with other assets of the licensee, shall be held in trust for*
 1151 *the benefit of the purchasers and holders of the licensee's outstanding money transmission obligations in the*
 1152 *event of insolvency, the filing of a petition by or against the licensee under the United States Bankruptcy*
 1153 *Code (11 U.S.C. § 101 et seq.) for bankruptcy or reorganization, the filing of a petition by or against the*
 1154 *licensee for receivership, the commencement of any other judicial or administrative proceeding for its*
 1155 *dissolution or reorganization, or an action by a creditor against the licensee who is not a beneficiary of this*
 1156 *statutory trust. No permissible investments impressed with a trust pursuant to this subsection shall be subject*
 1157 *to attachment, levy of execution, or sequestration by order of any court, except for a beneficiary of this*
 1158 *statutory trust.*

1159 *D. Upon the establishment of a statutory trust in accordance with subsection C or when any funds are*
 1160 *drawn on a letter of credit pursuant to subdivision A 4 of § 6.2-1953, the Commission shall notify the*
 1161 *applicable regulator of each state in which the licensee is licensed to engage in money transmission, if any,*
 1162 *of the establishment of the trust or the funds drawn on the letter of credit, as applicable. Notice shall be*
 1163 *deemed satisfied if performed pursuant to a multistate agreement or through NMLS. Funds drawn on a letter*

1164 of credit, and any other permissible investments held in trust for the benefit of the purchasers and holders of
 1165 the licensee's outstanding money transmission obligations, shall be deemed held in trust for the benefit of
 1166 such purchasers and holders on a pro rata and equitable basis in accordance with statutes pursuant to which
 1167 permissible investments are required to be held in the Commonwealth and other states, as applicable. Any
 1168 statutory trust established hereunder shall be terminated upon extinguishment of all of the licensee's
 1169 outstanding money transmission obligations.

1170 E. The Commission by rule or by order may allow other types of investments that the Commission
 1171 determines are of sufficient liquidity and quality to be a permissible investment. The Commission is
 1172 authorized to participate in efforts with other state regulators to determine that other types of investments are
 1173 of sufficient liquidity and quality to be a permissible investment.

1174 **§ 6.2-1953. Permissible investments.**

1175 A. The following investments are permissible under § 6.2-1952:

1176 1. Cash, including demand deposits, savings deposits, and funds in such accounts held for the benefit of
 1177 the licensee's customers in a federally insured depository financial institution, and cash equivalents including
 1178 ACH items in transit to the licensee and ACH items or international wires in transit to a payee, cash in
 1179 transit via armored car, cash in smart safes, cash in licensee-owned locations, debit card or credit card-
 1180 funded transmission receivables owed by any bank, or money market mutual funds rated "AAA" by S&P, or
 1181 the equivalent from any eligible rating service.

1182 2. Certificates of deposit or senior debt obligations of an insured depository institution, as defined in the
 1183 Federal Deposit Insurance Act (12 U.S.C. § 1811 et seq.) or as defined under the federal Credit Union Act
 1184 (12 U.S.C. § 1781 et seq.).

1185 3. An obligation of the United States or a commission, agency, or instrumentality thereof; an obligation
 1186 that is guaranteed fully as to principal and interest by the United States; or an obligation of a state or a
 1187 governmental subdivision, agency, or instrumentality thereof.

1188 4. The full drawable amount of an irrevocable standby letter of credit for which the stated beneficiary is
 1189 the Commission that stipulates that the beneficiary need only draw a sight draft under the letter of credit and
 1190 present it to obtain funds up to the letter of credit amount within seven days of presentation of the items
 1191 required by subdivision c.

1192 a. Such letter of credit shall:

1193 (1) Be issued by a federally insured depository financial institution, a foreign bank that is authorized
 1194 under federal law to maintain a federal agency or federal branch office in a state or states, or a foreign bank
 1195 that is authorized under state law to maintain a branch in a state that (i) bears an eligible rating or whose
 1196 parent company bears an eligible rating and (ii) is regulated, supervised, and examined by United States
 1197 federal or state authorities having regulatory authority over banks, credit unions, and trust companies;

1198 (2) Be irrevocable, unconditional, and indicate that it is not subject to any condition or qualifications
 1199 outside of the letter of credit;

1200 (3) Not contain reference to any other agreements, documents, or entities, or otherwise provide for any
 1201 security interest in the licensee; and

1202 (4) Contain an issue date and expiration date, and expressly provide for automatic extension, without a
 1203 written amendment, for an additional period of one year from the present or each future expiration date,
 1204 unless the issuer of the letter of credit notifies the Commission in writing by certified or registered mail or
 1205 courier mail or other receipted means at least 60 days prior to any expiration date that the irrevocable letter
 1206 of credit will not be extended.

1207 b. In the event of any notice of expiration or nonextension of a letter of credit issued under subdivision a
 1208 (4), the licensee shall be required to demonstrate to the satisfaction of the Commission, 15 days prior to
 1209 expiration, that the licensee maintains and will maintain permissible investments in accordance with
 1210 subsection A of § 6.2-1952 upon the expiration of the letter of credit. If the licensee is not able to do so, the
 1211 Commission may draw on the letter of credit in an amount up to the amount necessary to meet the licensee's
 1212 requirements to maintain permissible investments in accordance with subsection A of § 6.2-1952. Any such
 1213 draw shall be offset against the licensee's outstanding money transmission obligations. The drawn funds shall
 1214 be held in trust by the Commission or the Commission's designated agent, to the extent authorized by law, as
 1215 agent for the benefit of the purchasers and holders of the licensee's outstanding money transmission
 1216 obligations.

1217 c. The letter of credit shall provide that the issuer of the letter of credit will honor, at sight, a presentation
 1218 made by the beneficiary to the issuer of the following documents on or prior to the expiration date of the
 1219 letter of credit:

1220 (1) The original letter of credit including any amendments; and

1221 (2) A written statement from the beneficiary stating that any of the following events have occurred:

1222 (a) The filing of a petition by or against the licensee under the United States Bankruptcy Code (11 U.S.C.
 1223 § 101 et seq.) for bankruptcy or reorganization;

1224 (b) The filing of a petition by or against the licensee for receivership, or the commencement of any other

- 1225 *judicial or administrative proceeding for its dissolution or reorganization;*
 1226 (c) *The seizure of assets of a licensee by the Commission pursuant to an emergency order issued in*
 1227 *accordance with applicable law, on the basis of an action, violation, or condition that has caused or is likely*
 1228 *to cause the insolvency of the licensee; or*
 1229 (d) *The beneficiary has received notice of expiration or nonextension of a letter of credit and the licensee*
 1230 *failed to demonstrate to the satisfaction of the beneficiary that the licensee will maintain permissible*
 1231 *investments in accordance with subsection A of § 6.2-1952 upon the expiration or nonextension of the letter*
 1232 *of credit.*
 1233 d. *The Commission may designate an agent to serve on the Commission's behalf as beneficiary to a letter*
 1234 *of credit so long as the agent and letter of credit meet requirements established by the Commission. The*
 1235 *Commission's agent may serve as agent for multiple licensing authorities for a single irrevocable letter of*
 1236 *credit if the proceeds of the drawable amount for the purposes of this subdivision A 4 are assigned to the*
 1237 *Commission.*
 1238 e. *The Commission may participate in multistate processes designed to facilitate the issuance and*
 1239 *administration of letters of credit, including services provided by the NMLS and State Regulatory Registry*
 1240 *LLC.*
 1241 5. *One hundred percent of the surety bond provided for under § 6.2-1951 that exceeds the average daily*
 1242 *money transmission liability in the Commonwealth.*
 1243 B. *Unless permitted by the Commission by rule or by order to exceed the limit as set forth herein, the*
 1244 *following investments are permissible under § 6.2-1952 to the extent specified:*
 1245 1. *Receivables that are payable to a licensee from its authorized delegates in the ordinary course of*
 1246 *business that are less than seven days old, up to 50 percent of the aggregate value of the licensee's total*
 1247 *permissible investments.*
 1248 2. *Of the receivables permissible under subdivision 1, receivables that are payable to a licensee from a*
 1249 *single authorized delegate in the ordinary course of business shall not exceed 10 percent of the aggregate*
 1250 *value of the licensee's total permissible investments.*
 1251 3. *The following investments are permissible up to 20 percent per category and combined up to 50 percent*
 1252 *of the aggregate value of the licensee's total permissible investments:*
 1253 a. *A short-term, up to six months, investment bearing an eligible rating;*
 1254 b. *Commercial paper bearing an eligible rating;*
 1255 c. *A bill, note, bond, or debenture bearing an eligible rating;*
 1256 d. *United States tri-party repurchase agreements collateralized at 100 percent or more with United States*
 1257 *government or agency securities, municipal bonds, or other securities bearing an eligible rating;*
 1258 e. *Money market mutual funds rated less than "AAA" and equal to or higher than "A-" by S&P, or the*
 1259 *equivalent from any other eligible rating service; and*
 1260 f. *A mutual fund or other investment fund composed solely and exclusively of one or more permissible*
 1261 *investments listed in subdivisions A 1 through A 3.*
 1262 4. *Cash, including demand deposits, savings deposits, and funds in such accounts held for the benefit of*
 1263 *the licensee's customers, at foreign depository institutions are permissible up to 10 percent of the aggregate*
 1264 *value of the licensee's total permissible investments if the licensee has received a satisfactory rating in its*
 1265 *most recent examination and the foreign depository institution:*
 1266 a. *Has an eligible rating;*
 1267 b. *Is registered under the Foreign Account Tax Compliance Act;*
 1268 c. *Is not located in any country subject to sanctions from the Office of Foreign Asset Control; and*
 1269 d. *Is not located in a high-risk or noncooperative jurisdiction as designated by the Financial Action Task*
 1270 *Force.*
 1271 **§ 6.2-1954. Suspension or revocation of license.**
 1272 A. *The Commission may suspend or revoke a license or order a licensee to revoke the designation of an*
 1273 *authorized delegate if:*
 1274 1. *The licensee violates the provisions of this article or a rule adopted or an order issued under this*
 1275 *article;*
 1276 2. *The licensee does not cooperate with an examination or investigation by the Commission;*
 1277 3. *The licensee engages in fraud, intentional misrepresentation, or gross negligence;*
 1278 4. *An authorized delegate is convicted of a violation of a state or federal anti-money laundering statute or*
 1279 *violates a rule adopted or an order issued under this article as a result of the licensee's willful misconduct or*
 1280 *willful blindness;*
 1281 5. *The competence, experience, character, or general fitness of the licensee, authorized delegate, person*
 1282 *in control of a licensee, key individual, or responsible person of the authorized delegate indicates that it is*
 1283 *not in the public interest to permit the person to provide money transmission;*
 1284 6. *The licensee engages in an unsafe or unsound practice;*
 1285 7. *The licensee is insolvent, suspends payment of its obligations, or makes a general assignment for the*

1286 *benefit of its creditors; or*

1287 8. *The licensee does not remove an authorized delegate after the Commission issues and serves upon the*
1288 *licensee a final order including a finding that the authorized delegate has violated this article.*

1289 B. *The Commission may issue an order suspending or revoking the designation of an authorized delegate*
1290 *if the Commission finds that:*

1291 1. *The authorized delegate violated this article or a rule adopted or an order issued under this article;*

1292 2. *The authorized delegate did not cooperate with an examination or investigation by the Commission;*

1293 3. *The authorized delegate engaged in fraud, intentional misrepresentation, or gross negligence;*

1294 4. *The authorized delegate has been convicted of a violation of a state or federal anti-money laundering*
1295 *statute;*

1296 5. *The competence, experience, character, or general fitness of the authorized delegate or a person in*
1297 *control of the authorized delegate indicates that it is not in the public interest to permit the authorized*
1298 *delegate to provide money transmission; or*

1299 6. *The authorized delegate is engaging in an unsafe or unsound practice.*

1300 C. *In determining whether a licensee or authorized delegate is engaging in an unsafe or unsound practice,*
1301 *the Commission may consider the size and condition of the licensee's money transmission, the magnitude of*
1302 *the loss, the gravity of the violation of this article, and the previous conduct of the person involved.*

1303 **§ 6.2-1955. Civil penalties.**

1304 *The Commission may impose a civil penalty not exceeding \$2,500 upon any person licensed or required*
1305 *to be licensed under this article who the Commission determines has violated any of the provisions of this*
1306 *article or any other law or regulation applicable to the conduct of the person's business. For the purposes of*
1307 *this section, each separate violation shall be subject to the civil penalty herein prescribed. In the case of a*
1308 *violation of § 6.2-1929, each money transmission transaction shall constitute a separate violation.*

1309 **§ 6.2-1956. Criminal penalty.**

1310 *Any person required by this article to have a license who sells money orders or engages in the business of*
1311 *money transmission without first being licensed as required by § 6.2-1929 is guilty of a Class 1 misdemeanor.*