

## Appendix B:

### Current State Regulation of Nondepository Providers of Financial Services (“NDPs”)

#### Overview of NDP Regulation

Regulation of NDPs at the state level has grown in recent years. There are a few states that currently have no regulations, but the majority of states regulate some aspect of the NDP industry. For the purposes of this summary, the main activities of NDPs are divided into four areas: check selling, check cashing, currency exchange, and wire transfer. NDPs are also referred to as money transmitters and money service businesses. Current state regulations are directed mainly at consumer protection. A few states, such as Ohio, require NDPs to abide by all federal and state money laundering laws. Many of the states have similar groupings of their regulation. Check selling and wire transfer are frequently regulated under the same law. A few states group all four areas of the industry together under one comprehensive law. For example, Florida has a comprehensive law that regulates the various types of NDP activities.

Table 1  
Regulation of NDPs

State	Check Seller	Check Cashier	Currency Exchange	Wire Transfer
Alabama	✓			
Alaska				
Arizona	✓	✓	✓	✓
Arkansas	✓			
California	✓	✓		✓
Colorado	✓			✓
Connecticut	✓	✓		✓
Delaware	✓	✓		✓
Florida	✓	✓	✓	✓
Georgia	✓	✓		
Hawaii				
Idaho	✓			✓
Illinois	✓	✓	✓	✓
Indiana	✓	✓		✓
Iowa	✓			
Kansas	✓			✓
Kentucky	✓	✓		
Louisiana	✓			✓
Maine (Jan. 1, 1998)	✓	✓	✓	✓
Maryland	✓			✓
Massachusetts	✓	✓		✓
Michigan	✓			✓
Minnesota		✓		
Mississippi	✓			

Missouri	✓			
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State	Check Seller	Check Casher	Currency Exchanger	Wire Transfer
Montana				
Nebraska	✓			
Nevada	✓			✓
New Hampshire				
New Jersey	✓	✓		✓
New Mexico	✓			
New York	✓	✓		✓
North Carolina	✓	✓		✓
North Dakota	✓			
Ohio	✓	✓		✓
Oklahoma	✓			
Oregon	✓			
Pennsylvania	✓			✓
Rhode Island	✓	✓	✓	✓
South Carolina				
South Dakota	✓			
Tennessee	✓			✓
Texas	✓		✓	✓
Utah	✓			✓
Vermont				
Virgin Islands				
Virginia	✓	✓		✓
Washington	✓	✓		
West Virginia	✓			✓
Wisconsin	✓	✓		✓
Wyoming				

### Check Selling

The sale of checks is regulated by 42 states. Check selling is by far the most regulated aspect of the money transmitter industry as shown in Table 1. Most states regulate check sales through licensing requirements, with West Virginia and Massachusetts being notable exceptions. All states require a minimum net worth or surety bond deposit and payment of certain fees including application, investigation, and licensing fees. These fees and requirements are generally larger for check sales than for check cashing. This is most likely a function of the higher risk involved for the consumer in check sales.

The provisions of check selling laws are generally very similar. Banking institutions, governmental institutions, and incorporated telegraph companies are generally exempted from these regulations. Agents are often authorized to sell checks without a license. Periodic investigations of licensees' records by the supervising entity are allowed and sometimes required by the statute. Penalties for violation of the applicable laws range from suspension/revocation of a check seller's license to fines and/or imprisonment. Most laws include reporting requirements. Licensed check

sellers must provide a state regulatory agency with periodic reports of their financial condition, changes in control, and any indictments or felony convictions of principals or employees of the company. Table 2 illustrates the general regulatory requirements for check sellers.

Table 2  
Regulation of Check Sellers

State	Application Fee	Licensing Fee	Minimum Net Worth Requirement	Bonding Requirement
Alabama	250	250 - 500	5,000 - 50,000	10,000 - 50,000
Arizona	1500 - 4500	500- 2,500		25,000 - 500,000
Arkansas	1500	750	500,000	250,000
California	200; 2000 for travelers checks	Prorated share of Commissioner's expenses with a minimum of \$150	500,000 ≥ value of outstanding travelers checks	500,000
Colorado			≥ value of outstanding checks	250,000 - 1 million
Connecticut		1,000	100,000 (Money Orders) 1 million (Travelers Checks)	300,000 - 1 million
Delaware	172.50 + 4.60 per location	230 + 4.60 per location	100,000	25,000 - 250,000
Florida			100,000 - 500,000	Up to 250,000
Georgia	Determined by Department			100,000 - 250,000
Idaho	100		50,000 - 500,000	10,000 - 500,000
Illinois	100	100 + 10 per location	35,000 - 500,000	100,000 - 1 million
Indiana			100,000 - 500,000	100,000 - 200,000
Iowa		150 + 5 per location	25,000	50,000 - 200,000
Kansas			100,000	50,000 - 200,000
Kentucky	250	250	100,000	50,000 - 150,000
Louisiana	300 - 3,000	300 - 3,000	100,000	25,000
Maine	500 - 2,500	250 + 50 per delegate	100,000 - 500,000	100,000
Maryland	500	400	≥ value of outstanding checks	100,000 - 350,000
Massachusetts				100,000
Michigan	200 - 600	300 - 800	100,000	100,000 - 250,000
Mississippi	50	200 - 500	25,000 - 250,000	25,000 - 250,000
Missouri	100	100	Cash-in-hand ≥ value of outstanding checks	25,000
Nebraska	100	100	50,000	50,000 - 150,000
Nevada	250	100 - 200	100,000	10,000 - 250,000

<b>New Jersey</b>	200	$\leq 1200$		100,000
<b>New Mexico</b>	150 + 25 per agent	150 + 25 per agent	100,000	10,000 - 200,000
<b>New York</b>	1,000	500		500,000 (additional \$750,000 to sell travelers checks)

State	Application Fee	Licensing Fee	Minimum Net Worth Requirement	Bonding Requirement
North Carolina	500	1,000	100,000	150,000 - 250,000
North Dakota	300	200	50,000	25,000 - 250,000
Ohio	up to 2,500	up to 1,000	100,000 for checks 1 million for travelers checks	
Oklahoma		200 - 2,000	250,000 - 2.5 million	100,000 - 1.5 million
Oregon	250	150	100,000	25,000 - 150,000
Pennsylvania	1,000	300	500,000	1 million
Rhode Island		300	50,000	50,000 - 150,000
South Dakota		250		100,000 - 250,000
Tennessee	250 - 500		100,000 - 500,000	50,000 - 800,000
Texas		500	500,000	100,000 - 400,000
Utah				
Virginia	500	250		25,000
Washington	90per hour of investigation	/ 10,000 + 1,000 per loc.	3 X amount of required bond	Highest monthly liability - 75,000
West Virginia			50,000 & liquid assets ≥ 100,000	100,000 (in place of net worth requirement)
Wisconsin	300	500 - 1,500		10,000 - 300,000

### Check Cashing

Twenty states regulate check cashers. Regulations range from registration requirements to licensing requirement. Because the risk to the consumer from check cashers is lower than from check sellers, the requirements for net worth or bonding are generally lower. Some states limit the fees that the licensee may charge, often depending on the type of check or value of the check that is being cashed. There are generally exemptions for banking institutions, and some states exempt businesses who cash checks incidental to retail sales or when fees are below a set amount. Table 3 illustrates the various requirements on check cashers in the states:

Table 3  
Regulation of Check Cashers

State	Application / License Fee	Net Worth/Bonding Requirement	Special Exemptions	Fee Restrictions (may not exceed)	Deferred Deposit
Alaska					
Arizona	1500 - 2500	None/25,000 - 500,000			

<b>California</b>	Processing Costs		Retail Sales with fee $\leq$ \$2	(whichever is greater)  3% (with ID) ; 3.5% (w/o ID) OR \$3 for Payroll or Government checks  12% (immediate deposit); 15% (deferred deposit) for Personal checks	$\leq$ 30 days & $\leq$ \$300
<b>Connecticut</b>	1000 / 100 per location	Liquid Assets: \$10,000 (general facility) \$5,000 (limited facility)	Limited License Available	1% for public assistance checks with ID  Cannot cash checks $\geq$ \$2,500 (some exceptions)	
<b>Delaware</b>	200 - 250	5000 / 5000	Fees $\leq$ \$0.10 Limited license available	2% or \$4 (whichever is greater)	
<b>Florida</b>			Retail Sales with total fees $\leq$ 5% of annual gross sales	(whichever is greater)  3% (w/ID) or 4% (w/o ID) or \$5 for public assistance checks  5% (w/ID) or 6% (w/o ID) or \$5 for other checks  10% or \$5 for personal checks (whichever is greater)	
<b>Georgia</b>	Determined by the Department	50,000 / None	Retail sales when fee 5% of face value or \$5 or less		

State	Application / License Fee	Net Worth / Bonding Requirements	Special Exemptions	Fee Restrictions (may not exceed)	Deferred Deposit
<b>Illinois</b>	500 / 200  500 / 25 (mobile)	5,000 liquid assets / 10,000 - 25,000  5,000 liquid assets / 100,000 - 250,000 (mobile)	Merchant's with a fee less than \$0.50 or 1%		
<b>Indiana</b>			Retail sales with fee less than 1% or \$1	10% or \$5 (whichever is greater)	
<b>Kentucky</b>	500	100,000 / None			
<b>Maine</b>	250 + 100 per location	10,000 / None		(whichever is greater)  3% (with ID) or 4% (w/o ID) or \$5 for benefit check  5% (w/ ID) or 6% (w/o ID) or \$5 for other checks  10% or \$5 for personal checks	
<b>Massachusetts</b>		25,000 / Adequate	Consideration less than \$1 per item		
<b>Minnesota</b>	250 / 50	None / 10,000	Retail sales when consideration is less than 1% or \$1		
<b>New Jersey</b>	2,000 / 2,000	50,000 + 50,000 liquid assets per location		(whichever is greater)  2% or 90 cents for depository institution checks  1% or 90 cents for AFDC checks  1.5 % or 90 cents for social security checks	
<b>New York</b>	250 / 350	10,000 in liquid assets per location	Incidental to lawful business with consideration less than 50 cents		

State	Application / License Fee	Net Worth / Bonding Requirement	Special Exemptions	Fee Restrictions (may not exceed)	Deferred Deposit
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<b>North Carolina</b>	750 / 250 + 50 per additional location	50,000 in liquid assets	Retail sales with consideration less than \$2	(whichever is greater)  3% or \$5 for government checks  10% or \$5 for personal checks <sup>5</sup>  % or \$5 for other checks	≤ 300 for ≤ 15% fee
<b>Ohio</b>	250 / 500	25,000 / None		3% for government checks	
<b>Rhode Island</b>	None / 300	None / 50,000 - 150,000	Retail sales when consideration ≤ 50 cents	(whichever is greater)  3% or \$5 for public assistance checks  10% or \$5 for personal checks  5% or \$5 for other checks	
<b>Virginia</b>	200 (registration fee)				
<b>Washington</b>					
<b>Wisconsin</b>					

#### Funds and Wire Transfer

Twenty-eight states regulate some aspect of funds transfer. The regulation of wire or funds transfer agencies typically parallels the regulation of check sellers. They are often grouped together under a single statute. Incorporated telegraph agencies are generally exempt. Some states, such as California, regulate the transmission of money to foreign countries under separate statutes. California and Massachusetts have separate statutes which govern the transmission of funds overseas.

#### Currency Exchange

Currency exchange is regulated in only seven states, and is often included in a statute regulating check cashing. Exemptions are given to businesses accepting foreign currency in payment for goods or services. Texas has a separate Currency Exchange Act which requires currency exchange businesses to obtain licenses. Under the Texas Act, it is a felony to operate a money exchange business without a license. The penalties include forfeiture of the business and all of its assets for a violation of the act.

#### Summary of State Laws Regulating Nondepository Providers of Financial Services (“NDPs”)

**Alabama:** The Alabama Securities Commission is charged with the oversight of check sellers. The Sale of Checks Act requires a license for any person, partnership, trust, or corporation selling checks. Government institutions and traditional financial institutions such as banks and savings and loans are not subject to this law. The Commission looks into the financial responsibility, financial and business experience, character, and general fitness of the

applicant to make its decision to grant or deny a license. There are provisions for license fees, surety bonds, and minimum net worth that must be met before the application is investigated. The Commission may revoke a license at any time for reasons that it could have denied the application initially. Violation of provisions of the Act is a misdemeanor and can result in a fine and/or a jail term. The Securities Commission has the authority to examine check sellers but has declined to do so.

**Arizona:** The State Banking Department is charged with regulating transmitters of money in Arizona. Money transmitters include: check cashers, foreign money exchangers, check sellers (the selling or issuing of payment instruments), and transmitting agents (by wire, facsimile, electronic transfer, courier, or otherwise). An annual license is required for money transmitters and will only be granted to a corporation in good standing. Government institutions and traditional financial institutions such as banks and savings and loans are not subject to this law. The Department investigates the financial responsibility, financial and business experience, character, and general fitness of the applicant to make its decision to grant or deny a license. There are provisions for license fees, investments, and surety bonds that must be met. Each licensee is required to submit a financial report to the Superintendent of Banking each quarter and must file a suspicious activity report for any suspected money laundering or other racketeering violation. Additionally, any report required by federal law must also be submitted to the superintendent. Misrepresentations and false statements made under this Act are considered felonies. The Banking Department has conducted several examinations of money transmitters but has declined to examine authorized agents.

**Arkansas:** The Arkansas Securities Department is charged with the oversight of check sellers. The Sale of Checks Act requires a license for any person selling checks. Government institutions and traditional financial institutions such as banks and savings and loans are not subject to this law. There are provisions for license fees, surety bonds, investments, and minimum net worth. The Department looks into the financial responsibility, financial and business experience, character, and general fitness of the applicant to make its decision to grant or deny a license. Each licensee must file a financial statement with the Commissioner annually and must file a semi-annual report listing names and locations of agents and, if required by the commissioner, the amount of checks sold. Violation of provisions of the Act is a misdemeanor and can result in a fine and/or a jail term. The Securities Department has the authority to examine check sellers but has declined to do so.

**California:** Any business that cashes checks or issues money orders must register with the California Department of Justice and obtain a permit, although a license is not required. A fee is charged for each permit which may be revoked upon a felony conviction by the permittee. Each check casher is required to post a schedule of all fees imposed for cashing checks and selling money orders. A list of all required identification must also be posted in a conspicuous location. Traditional financial institutions such as banks and savings and loans and retail businesses charging less than \$2.00 are not subject to this law. Violations of this act are considered unfair business practices and can result in a fine. A deferred deposit is allowed with a written agreement. There are limits imposed on fees charged for these services.

The Check Sellers, Bill Payers, and Proraters Law regulates check sellers in California. A check seller is defined as a person who sells checks, drafts, money orders for compensation or who receives money to pay bills. As of July 1, 1997, the newly-created Department of Financial Institutions is vested with licensing check sellers. There are numerous exemptions from this act for persons licensed under other sections of California law, (lawyers, accountants, etc...) Violations of any provisions of this act can result in a fine and/or imprisonment if the person had knowledge of the law. A license is required and will only be granted to corporations of California. Selling checks from a mobile unit is allowed. There are provisions for license fees, surety bonds, and minimum net worth requirements. Records of the licensees must be retained for at least four years. Before issuing a license, the Commissioner investigates the applicant's background, experience, and business plans. The Commissioner can also require an additional fidelity bond for each person with access to funds in order to protect the public from embezzlement, theft, or burglary. Each licensee is required to submit an audited financial report to the Commissioner each year. The Commissioner may examine a licensee at any time in order to discover any possible violations of the Act. The cost of these examinations is paid by the licensee, and if the Commissioner feels that a licensee will fail to meet any requirements of this Act, he or she may take possession of the property and business of that licensee until business is resumed or all assets are liquidated.

The sale of travelers checks is regulated by the Superintendent of Banks through licensing requirements authorized by the Travelers Checks Act. The requirements are very similar to those imposed on check sellers with higher application fees. A licensee must enter into a written contract with the state promising to abide by the laws and regulations of the state.

California requires a license for any person who receives money for transmission or transmits money to foreign countries. The Superintendent of Banks may impose any conditions deemed reasonable or necessary to protect the public's interest. There are extensive fee provisions and an assessment is levied on a pro rata basis to cover the Superintendent's expenses not covered by fees. Licensees must enter into a written contract with their agents and all agents must be approved by the Superintendent. To qualify for a license, applicants must meet net worth requirements and be of good character, sound financial condition, and have sufficient business experience. Licensees must also maintain a security deposit or bond with the Superintendent. There are provisions for record keeping, reports, seizure of property or business for certain violations, refunds, and examinations. Violations are a felony and can result in a fine and/or imprisonment. The Superintendent of Banks may order an examination of money transmitters or check sellers. Examinations appear to have been conducted fairly frequently. Check sellers and money transmitters must comply with federal money laundering laws.

**Colorado:** The Money Order Act grants the State Banking Commissioner authority to require a license of any person engaged in a business involving the sale or issue of checks, drafts, money orders or receiving money for transmission by any and all means. A person is considered to be any individual, firm, association, partnership, syndicate or corporation. Government institutions, banking institutions, and incorporated telegraph companies are exempt. An applicant must possess good moral character and financial responsibility, be 21 years of age or older, and provide a surety bond and investments to obtain a license. There are provisions for annual licensing fees, examinations by the Commissioner, and reporting requirements. Violation of the Act is considered a misdemeanor. Colorado does not regulate check cashers. Colorado is in the initial stages of developing an examination program. To date, they have sent two examiners to five large money order companies, accompanied by examiners from Texas and California.

**Connecticut:** The Banking Law of Connecticut regulates check cashing in the state. Exemptions are provided for institutions under the supervision of any US agency or when checks are cashed without charge, or incident to conduct of a legal business with a fee less than 50 cents. A license is required for cashing checks and the Commissioner of Banking will investigate the qualifications, character, and business plan of each applicant. There are provisions for application fees, investigation fees, license fees and net worth that must be met. There are limits placed on the maximum fees that can be charged for cashing a check and on the maximum dollar amount of checks that can be cashed. Licensee records must be retained for a length of time determined by the Commissioner. Violations of these provisions are considered an unfair or deceptive trade practice.

The Money Order and Travelers Check Licensees Act regulates the issuance of money orders and travelers checks by requiring a license. This law encompasses check sellers and wire transfer agencies. The Commissioner investigates each applicant's financial condition and responsibility, experience, character, and general fitness. There are provisions for licensing and investigation fees, surety bonds, investments, and net worth. An examination of each licensee is performed each year and annual financial reports must be submitted. Traditional financial institutions, U.S. Postal Service, and incorporated telegraph companies are exempted from this Act. Connecticut has not conducted any examinations of check sellers, wire transfer agencies or check cashers, although authority does exist.

**Delaware:** The State Bank Commissioner regulates the sale of any check, draft, money order, or other instrument and the transmission of same through the Sale of Checks Act. A license is required and traditional banking institutions and telegraph companies are exempt. There are provisions for license fees, investigation fees, minimum net worth and surety bond requirements. The Commissioner investigates the financial responsibility, financial and business experience, character, and general fitness of the applicant to make its decision to grant or deny a license. The Commissioner may examine the licensee's business, books, and records at any time and charge the costs to the licensee. Violations of this Act can result in fines and/or imprisonment.

The State Bank Commissioner also regulates the cashing of checks, drafts, and money orders by any individual, association, or corporation through the issuance of a license. Exemptions exist for the cashing of checks and money orders without charge, for a fee less than 10 cents incident to conducting a lawful business, and traditional banking institutions regulated by the state's banking laws. There are provisions for licensing and investigation fees, surety bonds, and minimum net worth requirements. Mobile check cashing businesses are allowed. The Commissioner investigates the financial responsibility, character, experience, and general fitness of each applicant before deciding to grant a license. A limit is placed on the fees charged for cashing checks or money orders. Each licensee is required to retain business records for at least two years. Violations will result in a fine and/or imprisonment.

Only check sellers and wire transfer agencies must comply with federal and state money laundering laws. Check cashers are not subject to the same requirements. Check cashers have been recently examined. Check sellers and wire transfer agencies had not been examined between May 1996 and May 1997.

**Florida:** The Department of Banking and Finance regulates the money transmitter industry through the Money Transmitters Code. Money transmitters include: check sellers (including check, draft, warrant, money order, travelers check, or other instrument), foreign currency exchanges, check cashers, or funds transmitters (including wire, facsimile, electronic transfer, courier, or otherwise). Traditional banking institutions and government institutions are exempt from the Code. The Code contains general provisions applying to all money transmitters making it unlawful to embezzle or misapply money, make false reports or statements, defraud, etc. Violation of these provisions is a felony. The department can conduct examinations of money transmitters with good cause belief that a violation or unsound act has occurred with the costs borne by the money transmitter. All fees paid by transmitters are placed into a trust fund that the legislature uses to pay department costs for each year. Each money transmitter must keep records of all transactions over \$10,000, adhere to money laundering laws, and submit duplicate reports to the department that are required by federal law.

Within the Code, the Payment Instruments and Funds Transmission Act regulates the selling of payment instruments and funds transmission. Registration is required and applicants are investigated for good character and general fitness. There are provisions for investigation fees, renewal fees, and net worth, investment, and surety bond requirements. Registrants must retain records for at least three years.

The Check Cashing and Foreign Currency Exchange Act regulates check cashing and currency exchange through registration requirements. Exemption is provided for persons performing these acts incidental to retail sale of goods or services when the fee charged does not exceed 5% of the total gross income from the business for the most recent fiscal year. There are provisions for investigation fees, registration and renewal fees. There are limits on the amount that can be charged for these services and records must be retained for three years.

**Georgia:** Georgia regulates check sellers and check cashers. The sale of checks or money orders requires a license from the Department of Banking and Finance. Traditional banking institutions and the U.S. Postal Service are exempt from this regulation. There are provisions for license fees, bonding, and investment requirements. The applicant is investigated to determine financial responsibility and good character.

The cashing of checks, drafts, or money orders also requires a license from the Department. Each applicant is investigated for financial responsibility, experience, character, and general fitness. There are provisions for license, renewal, and investigation fees, and surety bond requirements. Licensees must retain records for at least two years, may not engage in deferred payments, and are limited in the fees that can be charged. Violation of these provisions is a misdemeanor and can result in a fine and/or imprisonment. Traditional financial institutions and transactions incident to retail sale of goods or services under certain conditions are exempt from licensing requirements.

The Department of Banking and Finance examines in-state check sellers annually and check cashers once every two to three years. Both of these nondepository providers must comply with currency transaction reporting requirements.

**Idaho:** Idaho very recently enacted new legislation to regulate money transmitters. The Idaho Department of Finance regulates the sale of payment instruments (including checks, money orders, travelers checks) and money transmission (including wire, facsimile, or electronic transfer) through the Idaho Money Transmitters Act. A license

is required by the act with provisions for application fees, net worth, investment, and bonding requirements. Government institutions, the U.S. Post Office, and traditional banking institutions are exempt. Applicants are investigated for financial condition, experience, character, and general fitness. Each licensee must file an annual report that includes financial information, list of locations, list of investments, etc. Licensees must retain records for at least three years. The director can examine the licensee at any time at licensee's expense with reasonable belief that a violation has occurred. Violations can result in civil and/or criminal penalties.

**Illinois:** The Director of Financial Institutions regulates the cashing of checks (including drafts and money orders) or selling money orders through the Currency Exchange Act. This Act requires a license for performing these services. There are provisions for licensing and investigation fees, surety bonds, insurance, maximum fees charged, and funds availability. All money received is deposited in the Financial Institutions Fund. Licensees must file an annual report with the Director who determines what information it will contain. Licensees must retain records required by the Director for 17 years.

The Director of Financial Institutions, under the Transmitter of Money Act, regulates money transmitters engaged in selling payment instruments (including checks, drafts, money orders, or travelers checks), transmitting money (by payment instrument, facsimile, electronic transfer, courier, or otherwise), or exchanging currency through licensing requirements. Government institutions, traditional financial institutions, and currency exchanges licensed under the Currency Exchange Act are exempt from this act. The Director investigates applicants financial condition, experience, character, and general fitness to determine suitability for a license. There are provisions for application, renewal, and investigation fees; investments; surety bonds; and net worth requirements. Records must be retained for at least five years and be available for investigation by the Director at any time.

Illinois also has a Currency Reporting Act that requires money transmitters to keep a record of any transaction exceeding \$10,000 in one or a series of related transactions and file a report of such transactions to the Department of State Police to aid in the investigation of illegal activity. There are also provisions for sharing information with federal agencies and limiting the sale of checks and money orders to certain amounts without obtaining additional information or fulfilling certain requirements.

**Indiana:** The Department of Financial Institutions requires any individual, partnership, association, trust, or corporation to obtain a license to engage in money transmission. Money transmission includes the sale or issuance of payment instruments (including check, draft, money order, and travelers check) or transmission of money (including wire, facsimile, or electronic transfer). The Director of the Department of Financial Institutions investigates each applicant's financial condition, experience, character, and general fitness before granting a license and may perform investigations annually if the application is approved. Application and investigation fees, surety bond, and net worth requirements must be met before the investigation is performed. The licensee must retain certain records for a minimum of three years and must obey all federal and state money laundering statutes. Violation of these provisions can result in a civil penalty of up to \$50,000.

The Division of Consumer Credit is charged with regulating the cashing of checks. No individual, partnership, association, trust, or corporation may engage in the business of cashing checks, drafts, or money orders without a license. The Department of Financial Institutions will conduct an investigation of an applicant's financial responsibility, experience, character, and general fitness after receiving an application and fee. Each applicant must meet a minimum net worth requirement. No license is required for cashing checks incidental to retail sales or when the consideration is less than 1% of the face value or \$1. There are additional requirements for the cashing of checks whose value exceeds \$3000 and allowable check cashing fees are limited. Licensees must retain their records for three years from the date of the transaction and the Department can make investigations to determine compliance with these provisions. Violation can result in civil fines.

**Iowa:** The Sale of Certain Instruments for Payment of Money law authorizes the Superintendent of Banking to require a license of any person engaging in the business of selling written instruments for transmission or payment of money. There is an exemption for government institutions, banking institutions, and incorporated telegraph companies. Licensees must meet net worth and bonding requirements, pay annual fees, submit to examinations at any time, and submit annual reports. Violations are considered serious misdemeanors.

The Iowa Financial Transaction Reporting Act requires money transmitters that must file or make available reports pursuant to the Currency and Foreign Transactions Reporting Act to file and make available a duplicate report to the state Department of Public Safety. Money transmitter includes any business that engages in: the sale of payment instruments, check cashing, money transmission, currency exchange, and bill paying. The act makes it unlawful for any person to intentionally disguise possible money laundering violations. The attorney general or county attorney can conduct investigations to determine if any reporting requirements have not been met or if any person has violated the act. Violations are considered a felony. Additional requirements concerning licensing are pending.

**Kansas:** The State Bank Commissioner is charged with implementing the Transmission of Money Act. This Act places net worth requirements on check sellers and wire transfer agencies. No individual, partnership, trust, association, corporation, or any other business enterprise can engage in the business of selling, issuing, or delivering checks, drafts, money orders, and other instruments for transmission or payment of money unless they have a net worth exceeding \$100,000 and deposit with the Commissioner cash or securities in the amount of \$50,000 plus \$5,000 per additional location, not to exceed \$200,000. Banking institutions and government institutions are exempt. There are provisions for fees, examinations, reports and record keeping requirements. Violation of this Act is a misdemeanor and can result in fines and/or imprisonment. The Commissioner has the authority to examine check sellers and wire transfer agencies.

**Kentucky:** The Department of Financial Institutions regulates check sales through the Sale of Checks Act. Any individual, partnership, corporation, association, trust or corporation must be licensed to engage in the business of selling checks, drafts, money orders, and personal money orders. Governmental institutions, traditional banking institutions and incorporated telegraph companies are exempt from this requirement. Each applicant must meet net worth requirements and post a surety bond before the Commissioner will investigate their financial responsibility, financial condition, experience, character, and general fitness. There are provisions for periodic investigations and annual licensing fees. Violation of this Act is a misdemeanor and can result in fines and/or imprisonment.

The Department also regulates the cashing of checks and associated payment instruments through the issuance of licenses. Exemptions are made for government institutions, traditional banking institutions, persons who cash checks without charging a fee, and persons engaged in the retail sale of goods and services who cash checks from time to time independently of, or incidental to sales. Requirements for obtaining a license to cash checks are similar to requirements to obtain a license to sell checks with the exception that no surety bond is required. Licensees are required to retain their records for two years. Violation of any provisions can result in fines and/or imprisonment (longer time period than for violation of Sale of Checks Act).

The Department possesses the authority to examine check cashers and check sellers but does not appear to examine these institutions.

**Louisiana:** The Department of Financial Institutions is charged with regulating check sales through the Sale of Checks Act. The Act requires any individual, partnership, association, trust or corporation engaging in the business of selling checks for a fee to obtain a license. Traditional banking institutions are exempt from this requirement. Applicants must meet net worth and bonding requirements before the Commissioner will investigate the applicant for financial responsibility, experience, character, and general fitness. There are provisions for licensing and investigation fees, minimum investments, annual reports, and investigation requirements. Violations can result in a fine and/or imprisonment. Check cashers are exempt from the Sale of Checks Act.

Louisiana regulation of check cashing facilities is limited to prohibiting their location within the vicinity of gaming establishments or the docks of riverboats licensed to conduct gaming activities.

**Maine:** Maine has recently enacted legislation, the Money Transmitters Act, that will go into effect January 1, 1998. The Director of the Office of Consumer Credit Regulation and the Department of Professional and Financial Regulation will implement the legislation. This act requires a license for the sale or issuance of payment instruments, the receipt of money for transmission, or transmitting money and applies to any individual, partnership, association, trust or corporation conducting these businesses. Governmental institutions, traditional banking institutions and the U.S. Post Office are exempt. There are minimum net worth and bonding requirements that must

be met before the application is investigated. There are provisions for investigation and license fees, annual reporting, record keeping (three years), and investigations. Violations can result in a fine.

There is also legislation entitled the Check Cashing and Foreign Currency Exchange Act also scheduled to go into effect January 1, 1998. This act requires persons engaging in the business of cashing checks, money orders, drafts (but not travelers checks) or exchanging foreign currency to register with the state. There are exemptions for traditional banking institutions, licensees under the Money Transmitters Act, and persons engaged in the retail sales of goods and services who do not obtain more than 5% of their income from cashing checks or currency exchange. There are requirements for annual fees and minimum net worth. There are provisions for keeping records for at least three years, examinations at any time, and limits on the fees that can be charged for these services. Violations of this act can result in both criminal and civil penalties.

**Maryland:** Maryland has legislation that went into effect on October 1, 1997 governing the sale of payment instruments and the transmission of money. Check sellers and wire transfers agencies are regulated under this law. There are exemptions for government institutions, banking institutions and incorporated telegraph companies. A license is required to conduct these services. A surety bond and a net worth greater than outstanding money transmission is required. There are provisions for licensing fees every two years and yearly reports that must be filed. Violations can result in a fine. Maryland requires that money transmitters comply with all relevant state and federal money laundering laws.

**Massachusetts:** The Division of Banks and Loan Agencies regulates check cashing businesses through licensing requirements. No person can cash checks, drafts, or money orders for a fee greater than \$1 per item without a license. Banking institutions are exempt. There are minimum net worth and surety bonding requirements for obtaining a license, and provisions for record keeping, annual reporting, insurance, and uniform check cashing fees. Violations can result in cease and desist orders as well as license revocation.

The Selling, Issuing or Registering of Checks or Money Orders Law requires a certificate from the Commissioner of Banks to engage in this business. Banking institutions are exempt. Each year, a registrant must file a sworn statement listing names and addresses of the registrant and any agents. The only requirement is the deposit of a bond or cash and securities in the amount of \$100,000. Violations can result in a fine. Check sellers must maintain a separate bank account for the deposit of funds received (from customers) and may not commingle these funds with other funds.

The Receipts of Deposits for Transmittal to Foreign Countries law requires a license of any person engaged in transmitting money to foreign countries. Banks, incorporated telegraph companies, and several other various businesses are exempt. Applicants are investigated for financial responsibility, character, reputation, integrity, and general fitness. There is a bonding requirement and provisions for annual reporting, record keeping and inspections. Violations can result in a fine and/or imprisonment. The Commissioner of Banks may refuse to issue a license if the wire transfer agency has violated or engaged in a pattern of violations of any state or federal law relating to foreign transmittals.

**Michigan:** The Financial Institutions Bureau regulates check sales through the Sale of Checks Act. Any individual, partnership, association, trust, or corporation who engages in the business of selling checks, drafts, money orders or other payment instrument must first obtain a license. Banking institutions and government institutions are exempt. There are minimum net worth and surety bonding requirements that must be met and provisions for annual fees, reports, investigations, and examinations. Violations are misdemeanors and can result in fine and/or imprisonment. The Michigan Legislature is considering legislation concerning the licensing of check cashers, which are currently unregulated.

**Minnesota:** The Commissioner of Commerce regulates currency exchangers (businesses engaged in cashing checks, drafts, money orders and travelers checks for a fee) by requiring a license. These businesses are allowed to sell money orders and travelers checks in addition to cashing checks. Despite the use of the term "currency exchangers", Minnesota does not regulate foreign currency exchange houses. Banking institutions and businesses engaged in the retail sale of goods or services who charge less than 1% of the face value or \$1 are exempt from licensing requirements. Each applicant is required to post a surety bond with the application and fee. The Commissioner is

given the authority to approve the fees charged for these services. There are provisions for annual license fees, reports, record keeping, and investigations. Each licensee must retain records for two years. Violations are considered a misdemeanor.

**Mississippi:** The State Comptroller of Banks regulates the sale or issue of checks, drafts, money orders, and personal money orders through licensing requirements. There are exemptions for government institutions, bank institutions, incorporated telegraph companies, attorneys who issue checks during the normal course of practicing law, and persons not engaged in the business of selling, issuing or delivering checks. There are minimum net worth and surety bonding requirements to be met before the comptroller investigates the applicant for financial responsibility, experience, character, and general fitness. There are provisions for investigation fees, annual licensing fees, application fees and record keeping requirements. Violations of these provisions can result in a fine and/or imprisonment.

**Missouri:** The Director of the Division of Finance requires any individual, partnership, association, trust or corporation to obtain a license before engaging in the business of selling any instrument for the transmission of money. The Sale of Checks Law does not apply to government institutions, banking institutions or incorporated telegraph companies. There are surety bond and cash on hand requirements and provisions for investigation fees, license fees and annual reporting. Violation of this Act is a misdemeanor.

**Nebraska:** The Nebraska Sale of Checks Act authorizes the Director of Banking and Finance to regulate check sales. Any individual, partnership, association, limited liability company, trust or corporation engaging in the business of selling checks as a service or for a fee or other consideration must obtain a license. Checks include drafts, money orders, personal money orders, or other instruments for the transmission of money. Banking institutions, government institutions and incorporated telegraph companies are exempt. Each applicant who meets minimum net worth and surety bond requirements will be investigated for financial responsibility, experience, character and general fitness by the Director. There are provisions for application fees, investigation fees, licensing fees and investigations if the Director has a reasonable belief that a violation of the Act has occurred. Violations are considered misdemeanors. The Department of Banking and Finance has the authority to examine check sellers but does not do so at present.

**Nevada:** Nevada regulates check sellers and wire transfer agencies under its law on Issuers of Instruments for Transmission or Payment of Money. Persons or organizations selling or issuing checks or receiving money for transmission or transmitting money or credits must obtain a license. Banks and incorporated telegraph companies are exempt. Each applicant must pay a fee and meet minimum net worth requirements before being investigated for financial condition and responsibility, experience, character, and general fitness. If a license is granted, the licensee must pay a licensing fee, post a bond, and submit to periodic examinations. Violations are considered misdemeanors. The Commissioner of Banking must be notified of and approve all location changes. Check sellers and wire transfer agencies may only invest in "permissible investments" which include government or other municipal securities and other marketable securities.

**New Jersey:** The Department of Banking Commissioner regulates check cashing through The Check Cashers Regulatory Act of 1993. This act requires that any person engaging in the business of cashing checks, drafts, money orders, negotiable orders of withdrawal or similar negotiable instruments obtain a license. Each applicant must: fulfill minimum net worth and liquid asset requirements (\$50,000 per location) and engage the services of a public accountant. There are provisions for application fees, license fees, investigation fees, background checks including fingerprinting, limits on fees charged for cashing services, annual record keeping and reporting requirements, and examinations by the commissioner. Violations of this act can result in fines.

The Check Selling Law authorizes the Commissioner to require any individual, partnership, corporation, trust or other group engaging in the business of selling or issuing checks, drafts, money orders or other instruments for the payment of money to be licensed in the state. Banking institutions and incorporated telegraph companies are exempt. The Commissioner, upon receipt of an application and investigation fee, will investigate the applicant's financial responsibility and condition, experience, character and general fitness. If the application is approved, a license fee and surety bond must be remitted. There are provisions for investigations and record examinations when the



Commissioner believes a violation may have occurred. Violations are misdemeanors and can result in a fine and/or imprisonment. This statute dates back to the 1950s and has not been substantially revised. Plans are underway to review the statute.

A certificate of authority from the Commissioner is required to engage in the business of transmitting money to foreign countries. Banks, telegraph companies, and passenger steamship companies are exempt. Each holder of a certificate will be reviewed every two years and only U.S. citizens are eligible. In addition to citizenship, there are net worth, bonding, and record keeping requirements. Violations are misdemeanors and can result in fines and/or imprisonment. New Jersey's regulation of wire transfer agencies also dates back to the 1950s.

**New Mexico:** New Mexico requires a license for businesses engaged in selling, issuing, or registering checks or money orders. Banks, incorporated telegraph companies, government institutions, and railway express agencies engaged in interstate commerce are exempt. Each applicant submitting an application with fees and a bond will be investigated by the Director of Financial Institutions for financial responsibility, experience, character, and general fitness. Licensees must meet minimum net worth requirements, and there are provisions for annual fees and reports, record keeping, and examinations. Licensed check sellers must provide the Director with a list of all agents and their locations. Violations can result in a fine.

**New York:** The Superintendent of Banks is authorized to require any individual, partnership, association or corporation to obtain a license for the cashing of checks, drafts, or money orders. An application must be filed with an investigation fee, license fee and proof of liquid assets. The Superintendent will investigate each applicant's financial responsibility, experience, character and general fitness before issuing a license. There are provisions for maximum charges for cashing checks and exemptions for cashing checks without a fee or incident to operating a lawful business when the fee charged is less than 50 cents. Banking institutions are also exempt. The Superintendent may take possession of the business or property of any licensee when it appears that the conduct of business presents a danger to the public or is not operating in accordance with its license requirements. At least one person in management should have had a minimum of one year's experience with another check cashing business in New York State.

The Superintendent is also authorized to require a license of any individual, partnership, association, trust, corporation or other group who transmits money. Transmitting money includes the sale or issue of checks, drafts, money orders or other instruments for the payment of money and the receipt of money for transmission, or transmitting money (not including travelers checks). Banking institutions are exempt. An investigation fee and license fee must accompany each application before the Superintendent will check into an applicant's financial condition and responsibility, experience, character and general fitness for conducting a money transmitting business. If a license is granted, there are provisions for bonding requirements with additional requirements if the licensee wishes to sell travelers checks. Provisions for investments, investigations, tying arrangements with check cashers, record keeping, and an insurance fund also exist. New York has created the State Transmitter of Money Insurance Fund to insure default in making payments on any New York payment instruments. The Superintendent has the authority to take possession of any business or property that requires a license for operation if it appears that the business presents a danger to the public.

**North Carolina:** North Carolina regulates check sellers and wire transfer agencies. The Commissioner of Banks of the State of North Carolina regulates money transmission through the Money Transmitters Act. The Act requires a license for any individual, partnership, association, trust or corporation engaging in the business of selling or issuing checks, drafts, money orders or other instruments for payment or transmission of money including instruments transmitted by wire or other means. Incorporated telegraph companies, banking institutions and government institutions are exempt. Upon receipt of an application and investigation fee, the Commissioner investigates an applicant's financial responsibility and condition, experience, character and general fitness. If a license is granted, the applicant must pay a license fee, post a surety bond, and meet net worth requirements. There are provisions for additional bonds, investments, reports, examinations, and audits. Agents of the licensee do not need to be licensed. Violations are considered misdemeanors.

There also is legislation, effective October 1, 1997, that regulates check cashing businesses (not including sale or exchange of travelers checks and foreign payment instruments) through licensing requirements. The legislation exempts banking institutions, licensed money transmitters, and businesses engaged in retail sale of goods or services who cash checks for a fee less than \$2.00. An application containing an investigation fee requires the Commissioner to investigate the applicant's financial responsibility, character, reputation, experience and general fitness. If granted, there are requirements for renewal fees and liquid assets. There are provisions for maximum fees charged for services, record keeping, examinations and delayed deposit or post dated checks (expires on July 1, 2001). Cashing checks without a license is a felony and violation of other provisions can result in a civil fine.

**North Dakota:** The Commissioner of Banking and Financial Institutions regulates the sale of checks under the Sale of Checks Act. Any individual, partnership, association, trust, corporation or other business enterprise must obtain a license to sell checks, drafts, money orders, personal money orders, and other payment instruments for a fee or other consideration. Banking institutions and incorporated telegraph companies are exempt. Qualifications include minimum net worth, financial responsibility and condition, experience, character and general fitness suitable to operation of the business. The application must be accompanied by an investigation fee, and surety bond. There are provisions for licensing fees, record keeping, examinations and investigations. North Dakota does not require a check seller to obtain licenses for each location. The licensee, however, must file a quarterly report listing all its locations. Violations of this act are misdemeanors.

**Ohio:** The Ohio Division of Banks is authorized to regulate the sale or issuance of Ohio instruments (including checks and travelers checks sold in-state) and receiving money for transmission, or transmitting Ohio instruments through licensing requirements. There are exemptions for banks, the U.S. Postal Service, and for certain transactions involving electronic funds transfer. Each applicant submitting an application, together with investigation and license fees, will be investigated by the Superintendent for financial condition and responsibility, experience, character, and general fitness. If a license is granted, there are net worth, investment, and surety bond requirements that must be met. There are also provisions for investigation of licensees and reporting requirements. All records obtained by the Division are considered confidential.

Transmission of money to foreign countries is also regulated through licensing requirements including cash deposits and surety bonds. Licensees must file reports and submit to examinations by the Superintendent.

Check cashers are regulated by the Ohio Division of Consumer Finance. Check cashers are subject to licensing requirements similar to those for check sellers. The Division imposes limitations on fees that are allowed for this service, as well as certain record keeping requirements. In addition, there are separate licensing requirements for check cashing businesses allowed to make loans, including minimum net worth, loan amount and duration, and fee restrictions. No check casher may deposit a check in another financial institution unless the check is endorsed with the name of the business as it appears on its license and the words "licensed check cashing business" are stamped or written legibly below the name of the endorser.

Ohio also has money laundering laws that regulate money transmitters, which includes businesses engaged in check cashing, foreign money exchange, check sales, money transmission, currency exchange and bill paying. Money transmitters have a duty to submit duplicate reports to the state for any report required by certain federal laws. There are also provisions for investigation by the Attorney General, record keeping, and penalties.

**Oklahoma:** The Sale of Checks Act authorizes the State Bank Commissioner to require a license for any person selling or issuing checks, drafts, money orders, but not including travelers checks. Incorporated telegraph companies, government institutions, and banking institutions are exempt. Applicants are investigated for good moral character and financial responsibility and if granted a license, must meet net worth and bonding requirements. There are provisions for semi-annual reporting, record keeping, examinations and investigations. Violations of the Act are misdemeanors and can result in a fine. Agents do not need licenses. The licensee, however, must file semi-annual reports listing the names and location of each agent as well as the annual dollar amount of checks sold in the state.

**Oregon:** The Oregon Sale of Checks Act authorizes the Director of the Department of Consumer and Business Services to require a license of any person engaged in the business of selling checks, drafts, money orders, or other

instruments for the transmission or payment of money. Banks and incorporated telegraph companies are exempt. Applicants meeting net worth and bonding requirements are reviewed for financial responsibility and condition, experience, character, and general fitness. There are provisions for annual fees and reports. Violations can result in a fine. Oregon does not supervise or examine check sellers. The Department engages solely in licensing.

**Pennsylvania:** Pennsylvania has a Money Transmitter Act and Money Transmitter Act Regulations. Check sellers and wire transfer agencies are classified as money transmitters. The Secretary of the Department of Banking is authorized to require a license for any individual or organization engaged in the business of transmitting money by transmittal instrument for a fee or other consideration. Transmittal instrument includes check, draft, money order or personal money order. Banking institutions are exempt, and accelerated mortgage payment providers are exempt from the net worth requirement. Qualifications for a license include minimum net worth, five years experience in business, good character, and good reputation. There are provisions for investigation and renewal fees, surety bonds, examination by the Secretary at least every two years, and license revocation. Violation of these provisions is a misdemeanor and will result in a fine.

**Rhode Island:** Rhode Island regulates check cashers, check sellers and also electronic money transfer. The Director of Financial Institutions is charged with the regulation of check sellers, check cashers, small loan lenders, foreign exchange transaction businesses, and electronic money transfer businesses through licensing provisions. Exemptions are provided for regulated institutions including incorporated banks and credit unions. Businesses performing these services for a fee are required to be licensed. Each applicant is investigated for financial responsibility, character, experience, and general fitness. There are requirements for annual fees, minimum net worth, and surety bonds that must be met by some of these businesses. Other provisions include requirements for retained legal counsel, record keeping, annual reporting, examination and investigation of licensees, and limits on fees that can be charged for cashing checks. Violations are considered misdemeanors and can result in fine and/or imprisonment.

All licensees must comply with federal money laundering laws.

**South Dakota:** South Dakota regulates check sellers. The Money Order Business Licenses law places net worth and bonding requirements on any person selling, issuing, or delivering checks drafts, money orders, or other instruments for the transmission or payment of money. Persons meeting these requirements must file annual financial status reports, pay a fee, and submit to periodic examinations by the Director of the Division of Banking within the Department of Commerce and Regulation. Banks, telegraph companies, and retailers previously engaged in this business are exempt, but must still submit a bond.

**Tennessee:** The Commissioner of Financial Institutions regulates check sellers and money transmitters through the Tennessee Money Transmitter Act of 1994. This Act requires a license for any business engaging in the sale of checks, drafts, money orders, and travelers checks for a fee, or receiving for transmission or transmitting money for a fee. Government and banking institutions are exempt. The Commissioner investigates each applicant's financial condition and responsibility, experience, character, and general fitness. Applicants must meet minimum net worth, investment, and bonding requirements. There are provisions for fees, reports, examinations, record keeping, rule-making, and criminal and civil penalties.

**Texas:** Texas regulates check sellers, currency exchangers, and funds transfer agencies. The Banking Commissioner of Texas regulates the sale of checks through licensing provisions provided for in the Sale of Checks Act. This Act requires a license of any business selling or issuing instruments for the transmission of money. The US government, banking institutions, attorneys and title companies may be exempt. Applicants must meet minimum net worth, investment, and bonding requirements and must pay investigation and licensing fees. Applicants are investigated by the Commissioner for financial responsibility and condition, experience, character, and general fitness before receiving a license. Violations of the Act can result in civil and criminal penalties.

The Commissioner is also responsible for regulating businesses engaged in currency exchange, transportation, or transmission. Currency exchange is the conversion of one nation's currency for another. Currency transmission includes transmission by wire, facsimile, or other means. A license is required for conducting these activities with

minimum net worth and bonding requirements. The Commissioner may require fingerprinting and photographing of licensees at his discretion. Banks are exempt and businesses engaging in the retail sale of goods or services may obtain an exemption by meeting certain requirements. Structuring is prohibited and there are provisions for record keeping, examinations and investigations, cooperation with federal agencies, forfeiture of business and property, and fees as determined by the Commissioner. Violations can result in civil and criminal penalties.

**Utah:** Utah regulates check sellers and wire transfer agencies which are grouped together as money transmitters. Utah licenses money transmitters but does not examine them. Instead, the banking Department relies on financial statements provided by the licensee. The State of Utah also places money laundering and currency transaction reporting requirements on certain financial institutions including check cashing and currency exchange businesses. Transactions involving more than \$10,000 in one or more related transactions in any business day must be reported to the Utah Division of Investigation. There are provisions for penalties and forfeiture of businesses and property.

**Virginia:** The State Corporations Commission is responsible for regulating businesses engaged in check sales, money transmission, and cashing checks for a fee or consideration through licensing and registration requirements. Each applicant for a license or registration is investigated for financial responsibility and condition, character, reputation, experience, and general fitness. There are requirements for fees, examinations, record keeping, rule-making, and license revocation. Violations can result in civil or criminal penalties. Agents are not required to possess individual licenses.

**Washington:** The Department of Financial Institutions regulates check cashers and sellers through licensing requirements. Exemptions exist for banking institutions, businesses providing these services for no fee, and sale or issue of checks by corporations, partnerships, and associations with net worth of \$3 million or more. The Director determines the amount of fee and bonding requirements. The financial responsibility, experience, character, and general fitness of each applicant is investigated by the Director. There are provisions for the posting of fee schedules, record keeping, reporting, examination, and forfeiture. Violations can result in a fine. Washington requires that check cashers and sellers comply with federal money laundering laws. The Department of Financial Institutions may take possession of the licensee's property if its capital is impaired, if it conducts business in an unsafe or unsound manner or refuses to submit to an examination.

**West Virginia:** The Commissioner of Banking of West Virginia regulates the sale and issue of checks, drafts, and money orders through net worth or bonding requirements. Banks and incorporated telegraph companies are exempt. Violations are misdemeanors and can result in a fine.

**Wisconsin:** The Division of Banking regulates check sellers and money transmitters through the Seller of Checks Law. Licenses are required to engage in the business of selling or issuing checks, drafts, money orders, travelers checks or other instruments, and receiving money for transmission or transmitting money. There are exemptions for banks, US Post Office money orders, and incorporated telegraph companies. Applicants are investigated for financial responsibility and condition, experience, character and general fitness. There are investigation and licensing fees, and liquid asset and bonding requirements. Provisions are included for reporting, record keeping, rule-making, license revocation, and forfeiture of business and property. Penalties for violating the law include fines and/or imprisonment. In Wisconsin, check sellers must transmit money that is to be sent to a foreign country within five days of receipt. Licensees must maintain their books and records for six years.

Wisconsin also regulates check cashers which are referred to as "community currency exchanges". Community currency exchanges also require licenses. These exchanges are defined as any person, except a bank, engaged in the business of, and providing facilities for, cashing checks, drafts, and money orders for a fee or other consideration. There are investigation and license fees, insurance and bonding requirements, and provisions for annual reports, examinations, and record keeping.