

Statement by Debra Leach
on Behalf of
National Licensed Beverage Association
Before the
National Conference of Commissioners on Uniform State Laws
on
Proposed Check Cashing Model Law

October 24, 1997

Members of the committee I am Debra Leach, Executive Director of the National Licensed Beverage Association. The NLBA is composed of members who are retailers in the hospitality industry throughout the United States. Our membership includes liquor stores, taverns, bars, restaurants, hotels, and other establishments that sell alcohol beverage products. We appreciate this opportunity to present this testimony before the National Conference of Commissioners on Uniform State Laws (NCCUSL) and its committee on the Non-Depository Providers of Financial Services Act.

We understand that you are considering a model law for the licensing and regulatory check cashing community, including establishments that issue money orders, travelers checks, and other similar services. We understand from our members that from time to time they cash payroll and personal checks for the convenience of their customers. This is not a widespread service within the hospitality industry. In fact, those members who provide this check cashing service must not only keep extra cash on hand but in most cases must pay for the extra cost of insurance for these purposes. However, the experience of check cashing within licensed beverage businesses is unique, and in some cases already regulated by states' alcohol beverage governmental bodies. As you may be aware, all 50 states have extensive laws regulating the sales, hours of operation, and business practices of our members. Many of these state laws already include check cashing services. We are in the process of surveying our state affiliates on this issue and will be pleased to share this information with your committee.

We reviewed this issue several years ago when a congressman sought to pass congressional legislation regulating the check cashing industry. At that time former Rep. Cleo Fields (D-LA) and the House Banking and Financial Services Committee staff were active with our organization to exempt our licensed beverage establishments from its provisions. While this bill did not pass the Congress, there was strong recognition by all those involved that licensed alcohol businesses should not be included as check cashing establishments for purposes of congressional legislation. Since retail alcohol beverage establishments are licensed in every state, we would like to recommend to your committee that you add in your model state law exemption section, appropriate language that would exempt establishments whose primary business is derived from the selling of alcohol beverage products to customers, rather than from check

cashing. We propose this exemption from your model law since we very strongly believe that the target of your proposed licensing and regulating are businesses that do not fall into our membership, but are rather check cashing establishments. While some of our liquor stores, bars, taverns, and restaurants cash customers' checks, the limited extent of this check cashing activity does not warrant inclusion in your proposed state licensing and regulating model law.

We would be happy to work with your committee in further clarifying any issues we have raised, and we would appreciate your assistance in excluding our members' activities from those types of businesses that are engaged primarily in providing check cashing, currency exchange, or money transmitting. We certainly do not want another state agency regulating our members' business operations.