

# **One Hundred Third Legislature - First Session - 2013**

## **Introducer's Statement of Intent**

### **LB616**

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**Chairperson: Senator Mike Gloor**

**Committee: Banking, Commerce and Insurance**

**Date of Hearing: February 05, 2013**

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 616 is a bill introduced at the request of the Nebraska Department of Banking and Finance (Department). Its purpose is to adopt the Nebraska Money Transmitters Act in order to organize, enhance, and modernize regulation of the industry which is engaged in the transmission of money, including electronic payment instruments, stored value, and the issuance and sale of travelers checks and money orders.

The proposed Nebraska Money Transmitters Act is based on a model legislative outline drafted by the Money Transmission Regulators Association, a trade group of state regulators. The outline represented an effort by state regulators to develop modern and more uniform legislation across the states. More than thirty states have used this outline to update their regulation of the industry.

The bill would repeal and replace the current Sale of Checks and Funds Transmission Act (Neb. Rev. Stat. §§ 8-1001 to 8-1019), although certain provisions of the current Sale of Checks and Funds Transmission Act have been incorporated unchanged into the proposed Nebraska Money Transmitters Act. These include license and renewal fees, a net worth standard, surety bond requirements, change of control notices, and material changes notices. The authority of the Department to enforce the Act through examination and administrative action has been clarified.

The bill would clearly define the products and services covered by the proposed Nebraska Money Transmitters Act, which are the receiving of money or monetary value for transmission to another location by any means, prepaid cards, stored value, certain bill payment services, payment instruments, money orders and travelers checks.

The bill sets out licensing standards and continuing duties for licensees. The bill proposes to transition the licensing process onto the Nationwide Mortgage Licensing System and Registry ("NMLSR") as of July 1, 2014. The NMLS is an electronic system of licensing, originally designed for mortgage bankers and mortgage loan originators. The NMLSR has been expanding its operations to include other consumer financial entities, and now is operational for money transmitters. Standards related to licensing through the NMLSR are set out in the bill.

The bill defines and provides a system of conduct for authorized delegates, which are the entities designated by a licensee or an exempt entity to engage in the business of money transmission on its behalf, and grants enforcement authority to the Department over authorized delegates.

The bill provides administrative and criminal sanctions for violations of the Act.

**Principal Introducer:** \_\_\_\_\_

**Senator Paul Schumacher**