

**SUBSTITUTE FOR
HOUSE BILL NO. 5798**

A bill to regulate the business of money transmission; to require the licensing of persons engaged in the business of money transmission; to prescribe the powers and duties of certain state and local officers and entities; to prescribe penalties and civil sanctions; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 ARTICLE 1

2 SHORT TITLE AND PURPOSE

3 Sec. 1. This act may be cited as the "money transmission
4 modernization act".

5 Sec. 3. This act is designed to replace existing state money
6 transmission laws currently codified in the money transmission
7 services act, 2006 PA 250, MCL 487.1001 to 487.1047. It is the

1 intent of the legislature that the provisions of this act
2 accomplish all of the following:

3 (a) Ensure states can coordinate in all areas of regulation,
4 licensing, and supervision to eliminate unnecessary regulatory
5 burden and more effectively utilize regulator resources.

6 (b) Protect the public from financial crime.

7 (c) Standardize the types of activities that are subject to
8 licensing or otherwise exempt from licensing.

9 (d) Modernize safety and soundness requirements to ensure
10 customer funds are protected in an environment that supports
11 innovative and competitive business practices.

12 ARTICLE 2

13 DEFINITIONS

14 Sec. 5. As used in this act:

15 (a) "Acting in concert" means persons knowingly acting
16 together with a common goal of jointly acquiring control of a
17 licensee whether or not under an express agreement.

18 (b) "Authorized delegate" means a person a licensee designates
19 to engage in money transmission on behalf of the licensee.

20 (c) "Average daily money transmission liability" means the
21 amount of the licensee's outstanding money transmission obligations
22 in Michigan at the end of each day in a given period of time, added
23 together, and divided by the total number of days in the given
24 period of time. For purposes of calculating average daily money
25 transmission liability under this act for any licensee required to
26 do so, the given period of time must be the quarters ending March
27 31, June 30, September 30, and December 31.

28 (d) "Bank secrecy act" means the bank secrecy act, Public Law
29 91-508, and the regulations promulgated under that act.

1 (e) "Closed loop stored value" means stored value that is
2 redeemable by the issuer only for goods or services provided by the
3 issuer or its affiliate or franchisees of the issuer or its
4 affiliate, except to the extent required by applicable law to be
5 redeemable in cash for its cash value.

6 (f) "Control" means the power to vote, directly or indirectly,
7 at least 25% of the outstanding voting shares or voting interests
8 of a licensee or person in control of a licensee, the power to
9 elect or appoint a majority of key individuals or executive
10 officers, managers, directors, trustees, or other persons
11 exercising managerial authority of a person in control of a
12 licensee, or the power to exercise, directly or indirectly, a
13 controlling influence over the management or policies of a licensee
14 or person in control of a licensee. A person is presumed to
15 exercise a controlling influence when the person holds the power to
16 vote, directly or indirectly, at least 10% of the outstanding
17 voting shares or voting interests of a licensee or person in
18 control of a licensee. A person presumed to exercise a controlling
19 influence under this subdivision can rebut the presumption of
20 control if the person is a passive investor. For purposes of
21 determining the percentage of a person controlled by any other
22 person, the person's interest must be aggregated with the interest
23 of any other immediate family member, including the person's
24 spouse, parents, children, siblings, mothers- and fathers-in law,
25 sons- and daughters-in-law, brothers- and sisters-in-law, and any
26 other person who shares such person's home.

27 (g) "Department" means the department of insurance and
28 financial services.

29 (h) "Director" means the director of the department or the

1 director's designee.

2 (i) "Eligible rating" means a credit rating of any of the 3
3 highest rating categories provided by an eligible rating service,
4 whereby each category may include rating category modifiers such as
5 "plus" or "minus" for S&P, or the equivalent for any other eligible
6 rating service. Long-term credit ratings are deemed eligible if the
7 rating is equal to A- or higher by S&P, or the equivalent from any
8 other eligible rating service. Short-term credit ratings are deemed
9 eligible if the rating is equal to or higher than A-2 or SP-2 by
10 S&P, or the equivalent from any other eligible rating service. In
11 the event that ratings differ among eligible rating services, the
12 highest rating applies when determining whether a security bears an
13 eligible rating.

14 (j) "Eligible rating service" means any nationally recognized
15 statistical rating organization, as that term is defined by the
16 United States Securities and Exchange Commission, and any other
17 organization designated by the director by rule or order.

18 (k) "Federally insured depository financial institution" means
19 a bank, credit union, savings and loan association, trust company,
20 savings association, savings bank, industrial bank, or industrial
21 loan company organized under the laws of the United States or any
22 state of the United States, when such bank, credit union, savings
23 and loan association, trust company, savings association, savings
24 bank, industrial bank, or industrial loan company has federally
25 insured deposits.

26 (l) "In this state" means at a physical location within this
27 state for a transaction requested in person. For a transaction
28 requested electronically or by phone, the provider of money
29 transmission may determine if the person requesting the transaction

1 is "in this state" by relying on other information provided by the
2 person regarding the location of the individual's residential
3 address or a business entity's principal place of business or other
4 physical address location, and any records associated with the
5 person that the provider of money transmission may have that
6 indicate such location, including, but not limited to, an address
7 associated with an account.

8 (m) "Individual" means a natural person.

9 (n) "Key individual" means any individual ultimately
10 responsible for establishing or directing policies and procedures
11 of the licensee, such as an executive officer, manager, director,
12 or trustee.

13 (o) "Licensee" means a person licensed or required to be
14 licensed under this act.

15 (p) "Material litigation" means litigation, that according to
16 United States generally accepted accounting principles, is
17 significant to a person's financial health and would be required to
18 be disclosed in the person's annual audited financial statements,
19 report to shareholders, or similar records.

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

22 (r) "Money" means a medium of exchange that is authorized or
23 adopted by the United States or a foreign government. Money
24 includes a monetary unit of account established by an
25 intergovernmental organization or by agreement between 2 or more
26 governments.

27 (s) "Money transmission" means selling or issuing payment
28 instruments to a person located in this state, selling or issuing
29 stored value to a person located in this state, or receiving money

1 for transmission from a person located in this state. Money
2 transmission includes payroll processing services. Money
3 transmission does not include the provision solely of online or
4 telecommunications services or network access.

5 (t) "MSB accredited state" means a state agency that is
6 accredited by the Conference of State Bank Supervisors and Money
7 Transmitter Regulators Association for money transmission licensing
8 and supervision.

9 (u) "Multistate licensing process" means any agreement entered
10 into by and among state regulators relating to coordinated
11 processing of applications for money transmission licenses,
12 applications for the acquisition of control of a licensee, control
13 determinations, or notice and information requirements for a change
14 of key individuals.

15 (v) "Nationwide multistate licensing system and registry"
16 means the nationwide multistate licensing system and registry
17 developed by the Conference of State Bank Supervisors and the
18 American Association of Residential Mortgage Regulators and owned
19 and operated by the State Regulatory Registry, LLC, or any
20 successor or affiliated entity, for the licensing and registration
21 of persons in financial services industries.

22 (w) "Outstanding money transmission obligations" must be
23 established and extinguished in accordance with applicable state
24 law and means any payment instrument or stored value issued or sold
25 by the licensee to a person located in the United States or
26 reported as sold by an authorized delegate of the licensee to a
27 person that is located in the United States that has not yet been
28 paid or refunded by or for the licensee, or escheated in accordance
29 with applicable abandoned property laws, or any money received for

1 transmission by the licensee or an authorized delegate in the
2 United States from a person located in the United States that has
3 not been received by the payee or refunded to the sender, or
4 escheated in accordance with applicable abandoned property laws.
5 For purposes of this subdivision, "in the United States" includes,
6 to the extent applicable, a person in any state, territory, or
7 possession of the United States, the District of Columbia, the
8 Commonwealth of Puerto Rico, or a United States military
9 installation that is located in a foreign country.

10 (x) "Passive investor" means a person to which all of the
11 following apply:

12 (i) The person does not have the power to elect a majority of
13 key individuals or executive officers, managers, directors,
14 trustees, or other persons exercising managerial authority of a
15 person in control of a licensee.

16 (ii) The person is not employed by and does not have any
17 managerial duties of the licensee or person in control of a
18 licensee.

19 (iii) The person does not have the power to exercise, directly
20 or indirectly, a controlling influence over the management or
21 policies of a licensee or person in control of a licensee.

22 (iv) The person does either of the following:

23 (A) Attests to subparagraphs (i), (ii), and (iii), in a form and
24 in a medium prescribed by the director.

25 (B) Commits to the passivity characteristics of subparagraphs
26 (i), (ii), and (iii), in a written document.

27 (y) "Payment instrument" means a written or electronic check,
28 draft, money order, traveler's check, or other written or
29 electronic instrument for the transmission or payment of money or

1 monetary value, whether or not negotiable. Payment instrument does
2 not include stored value or any instrument to which either of the
3 following applies:

4 (i) It is redeemable by the issuer only for goods or services
5 provided by the issuer or its affiliate or franchisees of the
6 issuer or its affiliate, except to the extent required by
7 applicable law to be redeemable in cash for its cash value.

8 (ii) It is not sold to the public but issued and distributed as
9 part of a loyalty, rewards, or promotional program.

10 (z) "Payroll processing services" means receiving money for
11 transmission under a contract with a person to deliver wages or
12 salaries, make payment of payroll taxes to state and federal
13 agencies, make payments relating to employee benefit plans, or make
14 distributions of other authorized deductions from wages or
15 salaries. Payroll processing services does not include an employer
16 performing payroll processing services on its own behalf or on
17 behalf of its affiliate, or a professional employer organization
18 subject to regulation under other applicable state law.

19 (aa) "Person" means any individual, general partnership,
20 limited partnership, limited liability company, corporation, trust,
21 association, joint stock corporation, or other corporate entity
22 identified by the director.

23 (bb) "Receiving money for transmission" or "money received for
24 transmission" means receiving money or monetary value in the United
25 States for transmission within or outside the United States by
26 electronic or other means.

27 (cc) "Stored value" means monetary value representing a claim
28 against the issuer evidenced by an electronic or digital record,
29 and that is intended and accepted for use as a means of redemption

1 for money or monetary value, or payment for goods or services.
2 Stored value includes, but is not limited to, prepaid access, as
3 that term is defined by 31 CFR 1010.100. Notwithstanding the
4 foregoing, stored value does not include a payment instrument or
5 closed loop stored value, or stored value not sold to the public
6 but issued and distributed as part of a loyalty, rewards, or
7 promotional program.

8 (dd) "Tangible net worth" means the aggregate assets of a
9 licensee excluding all intangible assets, less liabilities, as
10 determined in accordance with United States generally accepted
11 accounting principles.

12 ARTICLE 3

13 EXEMPTIONS

14 Sec. 7. This act does not apply to any of the following:

15 (a) An operator of a payment system to the extent that it
16 provides processing, clearing, or settlement services, between or
17 among persons exempted by this section or licensees, in connection
18 with wire transfers, credit card transactions, debit card
19 transactions, stored-value transactions, automated clearing house
20 transfers, or similar funds transfers.

21 (b) A person appointed as an agent of a payee to collect and
22 process a payment from a payor to the payee for goods or services,
23 other than money transmission itself, provided to the payor by the
24 payee, provided that all of the following apply:

25 (i) There exists a written agreement between the payee and the
26 agent directing the agent to collect and process payments from
27 payors on the payee's behalf.

28 (ii) The payee holds the agent out to the public as accepting
29 payments for goods or services on the payee's behalf.

1 (iii) Any payment for the goods and services is treated as
2 received by the payee on receipt by the agent so that the payor's
3 obligation is extinguished and there is no risk of loss to the
4 payor if the agent fails to remit the funds to the payee.

5 (c) A person that acts as an intermediary by processing
6 payments between an entity that has directly incurred an
7 outstanding money transmission obligation to a sender, and the
8 sender's designated recipient, provided that all of the following
9 apply to the entity:

10 (i) It is properly licensed or exempt from licensing
11 requirements under this act.

12 (ii) It provides a receipt, electronic record, or other written
13 confirmation to the sender identifying the entity as the provider
14 of money transmission in the transaction.

15 (iii) It bears sole responsibility to satisfy the outstanding
16 money transmission obligation to the sender, including the
17 obligation to make the sender whole in connection with any failure
18 to transmit the funds to the sender's designated recipient.

19 (d) The United States or a department, agency, or
20 instrumentality thereof, or its agent.

21 (e) Money transmission by the United States Postal Service or
22 by an agent of the United States Postal Service.

23 (f) A state, county, city, or any other governmental agency or
24 governmental subdivision or instrumentality of a state, or its
25 agent.

26 (g) A federally insured depository financial institution, bank
27 holding company, office of an international banking corporation,
28 foreign bank that establishes a federal branch under the 12 USC
29 3102, corporation organized under the bank service company act, 12

1 USC 1861 to 1867, or corporation organized under the edge act, 12
2 USC 611 to 631.

3 (h) Electronic funds transfer of governmental benefits for a
4 federal, state, county, or governmental agency by a contractor on
5 behalf of the United States or a department, agency, or
6 instrumentality thereof, or on behalf of a state or governmental
7 subdivision, agency, or instrumentality thereof.

8 (i) A board of trade designated as a contract market under the
9 commodity exchange act, 7 USC 1 to 27f, or a person that, in the
10 ordinary course of business, provides clearance and settlement
11 services for a board of trade to the extent of its operation as or
12 for such a board.

13 (j) A registered futures commission merchant under the federal
14 commodities laws to the extent of its operation as such a merchant.

15 (k) A person registered as a securities broker-dealer under
16 federal or state securities laws to the extent of its operation as
17 such a broker-dealer.

18 (l) An individual employed by a licensee, authorized delegate,
19 or any person exempted from the licensing requirements of the act
20 when acting within the scope of employment and under the
21 supervision of the licensee, authorized delegate, or exempted
22 person as an employee and not as an independent contractor.

23 (m) A person expressly appointed as a third party service
24 provider to or agent of an entity exempt under subdivision (g),
25 solely to the extent that both of the following apply:

26 (i) The service provider or agent is engaging in money
27 transmission on behalf of and under a written agreement with the
28 exempt entity that sets forth the specific functions that the
29 service provider or agent is to perform.

(ii) The exempt entity assumes all risk of loss and all legal responsibility for satisfying the outstanding money transmission obligations owed to purchasers and holders of the outstanding money transmission obligations on receipt of the purchaser's or holder's money or monetary value by the service provider or agent.

(n) A person exempt by regulation or order if the director finds such exemption to be in the public interest and that the regulation of such person is not necessary for the purposes of this act.

(o) A person appointed as an agent of a payor to provide payroll processing services for which a license would otherwise be required, provided that all of the following apply:

(i) The payor and the agent have a written agreement directing the agent to provide payroll processing services on the payor's behalf.

(ii) The payor holds the agent out to employees and other payees as providing payroll processing services on the payor's behalf.

(iii) The payor's obligation to a payee, including an employee or any other party entitled to receive funds under the payroll processing services, is not extinguished if the agent fails to remit the funds to the payee.

Sec. 9. The director may require that any person claiming to be exempt from licensing under section 7 provide information and documentation to the director demonstrating that it qualifies for any claimed exemption.

ARTICLE 4

IMPLEMENTATION, CONFIDENTIALITY, SUPERVISION, AND RELATIONSHIP TO
FEDERAL LAW

1 Sec. 11. (1) In order to carry out the purposes of this act,
2 the director may, subject to the provisions of section 13(1) and
3 (2) do any of the following:

4 (a) Enter into agreements or relationships with other
5 government officials or federal and state regulatory agencies or
6 regulatory associations in order to improve efficiencies and reduce
7 regulatory burden by standardizing methods or procedures, and
8 sharing resources, records, or related information obtained under
9 this act.

10 (b) Use, hire, contract, or employ analytical systems,
11 methods, or software to examine or investigate any person subject
12 to this act.

13 (c) Accept, from other state or federal government agencies or
14 officials, licensing, examination, or investigation reports made by
15 such other state or federal government agencies or officials.

16 (d) Accept audit reports made by an independent certified
17 public accountant or other qualified third-party auditor for an
18 applicant or licensee and incorporate the audit report in any
19 report of examination or investigation.

20 (2) The director shall have the broad administrative authority
21 to administer, interpret, and enforce this act, and promulgate
22 rules or regulations implementing this act and to recover the cost
23 of administering and enforcing this act by imposing and collecting
24 proportionate and equitable fees and costs associated with
25 applications, examinations, investigations, and other actions
26 required to achieve the purpose of this act.

27 Sec. 13. (1) Except as otherwise provided in subsection (2),
28 all information or reports obtained by the director from an
29 applicant, licensee, or authorized delegate, and all information

1 contained in or related to an examination, investigation, operating
2 report, or condition report prepared by, on behalf of, or for the
3 use of the director, or financial statements, balance sheets, or
4 authorized delegate information, are confidential and are not
5 subject to disclosure under the freedom of information act, 1976 PA
6 442, MCL 15.231 to 15.246.

7 (2) The director may disclose information not otherwise
8 subject to disclosure under subsection (1) to representatives of
9 state or federal agencies who promise in a record that they will
10 maintain the confidentiality of the information or where the
11 director finds that the release is reasonably necessary for the
12 protection and interest of the public in accordance with the
13 freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

14 (3) This section does not prohibit the director from
15 disclosing to the public a list of all licensees or the aggregated
16 financial or transactional data concerning those licensees.

17 (4) The following information contained in the records of
18 department is not confidential and may be made available to the
19 public:

20 (a) The name, business address, telephone number, and unique
21 identifier of a licensee.

22 (b) The business address of a licensee's registered agent for
23 service.

24 (c) The name, business address, and telephone number of all
25 authorized delegates.

26 (d) The terms of any bond filed by a licensee, provided that
27 confidential information, including, but not limited to, prices and
28 fees for such bond is redacted.

29 (e) Copies of any non-confidential final orders of the

1 department relating to any violation of this act or regulations
2 implementing this act.

3 (f) Imposition of an administrative fine or penalty under this
4 act.

5 Sec. 15. (1) The director may conduct an examination or
6 investigation of a licensee or authorized delegate or otherwise
7 take independent action authorized by this act or by a rule adopted
8 or order issued under this act as reasonably necessary or
9 appropriate to administer and enforce this act, regulations
10 implementing this act, and other applicable law, including the bank
11 secrecy act and the uniting and strengthening America by providing
12 appropriate tools required to intercept and obstruct terrorism (USA
13 PATRIOT ACT) act of 2001, Public Law 107-56. The director may do
14 any of the following:

15 (a) Conduct an examination or investigation either on-site or
16 off-site as the director may reasonably require.

17 (b) Conduct an examination or investigation in conjunction
18 with an examination or investigation conducted by representatives
19 of other state agencies or agencies of another state or of the
20 federal government.

21 (c) Accept the examination or investigation report of another
22 state agency or an agency of another state or of the federal
23 government, or a report prepared by an independent accounting firm,
24 which on being accepted is considered for all purposes as an
25 official report of the director.

26 (d) Summon and examine under oath a key individual or employee
27 of a licensee or authorized delegate and require the person to
28 produce records regarding any matter related to the condition and
29 business of the licensee or authorized delegate.

1 (2) A licensee or authorized delegate shall provide, and the
2 director shall have full and complete access to, all records the
3 director may reasonably require to conduct a complete examination
4 or investigation. The records must be provided at the location and
5 in the format specified by the director, provided, the director may
6 utilize multistate record production standards and examination
7 procedures when such standards will reasonably achieve the
8 requirements of this subsection.

9 (3) Unless otherwise directed by the director, a licensee
10 shall pay all costs reasonably incurred in connection with an
11 examination or investigation of the licensee or the licensee's
12 authorized delegates.

13 Sec. 17. (1) To efficiently and effectively administer and
14 enforce this act and to minimize regulatory burden, the director
15 may participate in multistate supervisory processes established
16 between states and coordinated through the Conference of State Bank
17 Supervisors, Money Transmitter Regulatory Association, and
18 affiliates and successors thereof, for all licensees that hold
19 licenses in this state and other states. As a participant in
20 multistate supervision, the director shall do all of the following:

21 (a) Cooperate, coordinate, and share information with other
22 states and federal regulators in accordance with section 13.

23 (b) Enter into written cooperation, coordination, or
24 information-sharing contracts or agreements with organizations the
25 membership of which is made up of state or federal governmental
26 agencies.

27 (c) Cooperate, coordinate, and share information with
28 organizations the membership of which is made up of state or
29 federal governmental agencies, provided that the organizations

1 agree in writing to maintain the confidentiality and security of
2 the shared information in accordance with section 13.

3 (2) The director may not waive, and nothing in this section
4 constitutes a waiver of, the director's authority to conduct an
5 examination or investigation or otherwise take independent action
6 authorized by this act or a rule adopted or order issued under this
7 act to enforce compliance with applicable state or federal law.

8 (3) A joint examination or investigation, or acceptance of an
9 examination or investigation report, does not waive an examination
10 assessment provided for in this act.

11 Sec. 19. In the event state money transmission jurisdiction is
12 conditioned on a federal law, any inconsistencies between a
13 provision of this act and the federal law governing money
14 transmission are governed by the applicable federal law to the
15 extent of the inconsistency.

16 ARTICLE 5

17 MONEY TRANSMISSION LICENSES

18 Sec. 21. (1) A person may not engage in the business of money
19 transmission or advertise, solicit, or hold itself out as providing
20 money transmission unless the person is licensed under this act.

21 (2) Subsection (1) does not apply to either of the following:

22 (a) A person that is an authorized delegate of a person
23 licensed under this act acting within the scope of authority
24 conferred by a written contract with the licensee.

25 (b) A person that is exempt under section 7 and does not
26 engage in money transmission outside the scope of such exemption.

27 (3) A license issued under section 29 is not transferable or
28 assignable.

29 Sec. 23. (1) To establish consistent licensing between

1 Michigan and other states, the director is authorized to do either
2 or both of the following:

3 (a) Implement all licensing provisions of this act in a manner
4 that is consistent with other states that have adopted this act or
5 multistate licensing processes.

6 (b) Participate in nationwide protocols for licensing
7 cooperation and coordination among state regulators provided that
8 such protocols are consistent with this act.

9 (2) In order to fulfill the purposes of this act, the director
10 is authorized to establish relationships or contracts with the
11 nationwide multistate licensing system and registry or other
12 entities designated by the nationwide multistate licensing system
13 and registry to enable the director to do any of the following:

14 (a) Collect and maintain records.

15 (b) Coordinate multistate licensing processes and supervision
16 processes.

17 (c) Process fees.

18 (d) Facilitate communication between Michigan and licensees or
19 other persons subject to this act.

20 (3) The director is authorized to utilize the nationwide
21 multistate licensing system and registry for all aspects of
22 licensing in accordance with this act, including but not limited
23 to, license applications, applications for acquisitions of control,
24 surety bonds, reporting, criminal history background checks, credit
25 checks, fee processing, and examinations.

26 (4) The director is authorized to utilize the nationwide
27 multistate licensing system and registry's forms, processes, and
28 functionalities in accordance with this act. In the event the
29 nationwide multistate licensing system and registry does not

1 provide functionality, forms, or processes for a provision of this
2 act, the director is authorized to strive to implement the
3 requirements in a manner that facilitates uniformity with respect
4 to licensing, supervision, reporting, and regulation of licensees
5 which are licensed in multiple jurisdictions.

6 (5) For the purpose of participating in the nationwide
7 multistate licensing system and registry, the director is
8 authorized to waive or modify, in whole or in part, by rule,
9 regulation or order, any or all of the requirements and to
10 establish new requirements as reasonably necessary to participate
11 in the nationwide multistate licensing system and registry.

12 Sec. 25. (1) Applicants for a license shall apply in a form
13 and in a medium as prescribed by the director. Each such form must
14 contain content as set forth by rule, regulation, order, or
15 instruction of the director and may be changed or updated by the
16 director in accordance with applicable law in order to carry out
17 the purposes of this act and maintain consistency with the
18 nationwide multistate licensing system and registry licensing
19 standards and practices. The application must state or contain, as
20 applicable, all of the following:

21 (a) The legal name and residential and business addresses of
22 the applicant and any fictitious or trade name used by the
23 applicant in conducting its business.

24 (b) A list of any criminal convictions of the applicant and
25 any material litigation in which the applicant has been involved in
26 the 10-year period immediately preceding the submission of the
27 application.

28 (c) A description of any money transmission previously
29 provided by the applicant and the money transmission that the

1 applicant seeks to provide in this state.

2 (d) A list of the applicant's proposed authorized delegates
3 and the locations in this state where the applicant and its
4 authorized delegates propose to engage in money transmission.

5 (e) A list of other states in which the applicant is licensed
6 to engage in money transmission and any license revocations,
7 suspensions, or other disciplinary action taken against the
8 applicant in another state.

9 (f) Information concerning any bankruptcy or receivership
10 proceedings affecting the licensee or a person in control of a
11 licensee.

12 (g) The name and address of any federally insured depository
13 financial institution through which the applicant plans to conduct
14 money transmission.

15 (h) Any other information the director or the nationwide
16 multistate licensing system and registry reasonably requires with
17 respect to the applicant.

18 (2) If an applicant is a corporation, limited liability
19 company, partnership, or other legal entity, the applicant shall
20 also provide all of the following:

21 (a) The date of the applicant's incorporation or formation and
22 state or country of incorporation or formation.

23 (b) If applicable, a certificate of good standing from the
24 state or country in which the applicant is incorporated or formed.

25 (c) A brief description of the structure or organization of
26 the applicant, including any parents or subsidiaries of the
27 applicant, and whether any parents or subsidiaries are publicly
28 traded.

29 (d) The legal name, any fictitious or trade name, all business

1 and residential addresses, and the employment, as applicable, in
2 the 10-year period immediately preceding the submission of the
3 application of each key individual and person in control of the
4 applicant.

5 (e) A list of any criminal convictions and material litigation
6 in which a person in control of the applicant that is not an
7 individual has been involved in the 10-year period immediately
8 preceding the submission of the application.

9 (f) A copy of audited financial statements of the applicant
10 for the most recent fiscal year and for the 2-year period
11 immediately preceding the submission of the application or, if
12 determined to be acceptable to the director, certified unaudited
13 financial statements for the most recent fiscal year or other
14 period acceptable to the director.

15 (g) A certified copy of unaudited financial statements of the
16 applicant for the most recent fiscal quarter.

17 (h) If the applicant is a publicly traded corporation, a copy
18 of the most recent report filed with the United States Securities
19 and Exchange Commission under section 13 of the securities exchange
20 act of 1934, 15 USC 78m.

21 (i) If the applicant is a wholly owned subsidiary of a
22 corporation publicly traded in the United States, a copy of audited
23 financial statements for the parent corporation for the most recent
24 fiscal year or a copy of the parent corporation's most recent
25 report filed under section 13 of the securities exchange act of
26 1934, 15 USC 78m. If the applicant is a wholly owned subsidiary of
27 a corporation publicly traded outside the United States, a copy of
28 similar documentation filed with the regulator of the parent
29 corporation's domicile outside the United States.

1 (j) The name and address of the applicant's registered agent
2 in this state.

3 (k) Any other information the director reasonably requires
4 with respect to the applicant.

5 (3) A nonrefundable application fee as required by section
6 31(1) must accompany an application for a license under this
7 section.

8 (4) The director may waive 1 or more requirements of
9 subsections (1) and (2) or permit an applicant to submit other
10 information in lieu of the required information.

11 Sec. 27. (1) Any individual in control of a licensee or
12 applicant, any individual that seeks to acquire control of a
13 licensee, and each key individual shall furnish to the director
14 through the nationwide multistate licensing system and registry all
15 of the following items:

16 (a) The individual's fingerprints for submission to the
17 Federal Bureau of Investigation and the director for purposes of a
18 state and national criminal history background check unless the
19 person currently resides outside of the United States and has
20 resided outside of the United States for the last 10 years. As part
21 of or in connection with an application for a license under this
22 act the director is authorized to receive any and all criminal
23 history record information.

24 (b) Personal history and experience in a form and in a medium
25 prescribed by the director, to obtain all of the following:

26 (i) An independent credit report from a consumer reporting
27 agency unless the individual does not have a Social Security
28 number, in which case, this requirement must be waived.

29 (ii) Information related to any criminal convictions or pending

1 charges.

2 (iii) Information related to any regulatory or administrative
3 action and any civil litigation involving claims of fraud,
4 misrepresentation, conversion, mismanagement of funds, breach of
5 fiduciary duty, or breach of contract.

6 (2) If the individual has resided outside of the United States
7 at any time in the last 10 years, the individual shall also provide
8 an investigative background report prepared by an independent
9 search firm that meets both of the following requirements:

10 (a) At a minimum, both of the following apply to the search
11 firm:

12 (i) It shall demonstrate that it has sufficient knowledge,
13 resources, and employs accepted and reasonable methodologies to
14 conduct the research of the background report.

15 (ii) It shall not be affiliated with or have an interest with
16 the individual it is researching.

17 (b) At a minimum, the investigative background report must be
18 written in the English language and contain all of the following:

19 (i) If available in the individual's current jurisdiction of
20 residency, a comprehensive credit report, or any equivalent
21 information obtained or generated by the independent search firm to
22 accomplish such report, including a search of the court data in the
23 countries, provinces, states, cities, towns, and contiguous areas
24 where the individual resided and worked.

25 (ii) Criminal records information for the past 10 years,
26 including, but not limited to, felonies, misdemeanors, or similar
27 convictions for violations of law in the countries, provinces,
28 states, cities, towns, and contiguous areas where the individual
29 resided and worked.

1 (iii) Employment history.

2 (iv) Media history, including an electronic search of national
3 and local publications, wire services, and business applications.

4 (v) Financial services-related regulatory history, including
5 but not limited to, money transmission, securities, banking,
6 insurance, and mortgage- related industries.

7 Sec. 29. (1) When an application for an original license under
8 this act appears to include all the items and addresses all of the
9 matters that are required, the application is complete and the
10 director shall promptly notify the applicant in a record of the
11 date on which the application is determined to be complete. The
12 director shall approve or deny the application within 120 days
13 after the completion date. If the application is not approved or
14 denied within 120 days after the completion date, the application
15 is approved and the license takes effect as of the first business
16 day after expiration of the 120-day period. The director may for
17 good cause extend the application period.

18 (2) A determination by the director that an application is
19 complete and is accepted for processing means only that the
20 application, on its face, appears to include all of the items,
21 including the criminal background check response from the Federal
22 Bureau of Investigation, and address all of the matters that are
23 required, and is not an assessment of the substance of the
24 application or of the sufficiency of the information provided.

25 (3) When an application is filed and considered complete under
26 this section, the director shall investigate the applicant's
27 financial condition and responsibility, financial and business
28 experience, character, and general fitness. The director may
29 conduct an on-site investigation of the applicant, the reasonable

1 cost of which the applicant must pay. The director shall issue a
2 license to an applicant under this section if the director finds
3 that both of the following conditions have been fulfilled:

4 (a) The applicant has complied with sections 25 and 27.

5 (b) The financial condition and responsibility, financial and
6 business experience, competence, character, and general fitness of
7 the applicant, and the competence, experience, character, and
8 general fitness of the key individuals and persons in control of
9 the applicant indicate that it is in the interest of the public to
10 permit the applicant to engage in money transmission.

11 (4) If an applicant avails itself or is otherwise subject to a
12 multistate licensing process, both of the following apply:

13 (a) The director may accept the investigation results of a
14 lead investigative state for the purpose of subsection (3) if the
15 lead investigative state has sufficient staffing, expertise, and
16 minimum standards.

17 (b) If Michigan is a lead investigative state, the director
18 may investigate the applicant under subsection (3) and the time
19 frames established by agreement through the multistate licensing
20 process, provided however, that in no case must such timeframe be
21 noncompliant with the application period in subsection (1).

22 (5) The director shall issue a formal written notice of the
23 denial of a license application within 30 days of the decision to
24 deny the application. The director shall set forth in the notice of
25 denial the specific reasons for the denial of the application. An
26 applicant whose application is denied by the director under this
27 subsection may appeal within 30 days after receipt of the written
28 notice of the denial and request a hearing on the denial.

29 (6) The initial license term begins on the day the application

1 is approved. The license expires on December 31 of the year in
2 which the license term began, unless the initial license date is
3 between November 1 and December 31, in which instance the initial
4 license term runs through December 31 of the following year.

5 Sec. 31. (1) By December 31 of each year, the director shall
6 establish a schedule of fees to be paid by applicants and licensees
7 during the next calendar year. In establishing license fees, the
8 director shall consider each licensee's business volume and number
9 of locations and any other business factors the director considers
10 reasonable in order to generate funds sufficient to pay, but not to
11 exceed, the office's reasonably anticipated costs of administering
12 this act.

13 (2) A license under this act must be renewed annually. An
14 annual renewal fee as set forth in subsection (1) must be paid no
15 more than 60 days before the license expiration.

16 (3) Except as provided in section 29(6), the renewal term is
17 for a period of 1 year and begins on January 1 of each year after
18 the initial license term and expires on December 31 of the year the
19 renewal term begins.

20 (4) A licensee shall submit a renewal report with the renewal
21 fee, in a form and in a medium prescribed by the director. The
22 renewal report must state or contain a description of each material
23 change in information submitted by the licensee in its original
24 license application which has not been reported to the director.

25 (5) The director on timely request may grant an extension of
26 the renewal date. If the director grants an extension, a licensee
27 who fails to submit to the director a renewal report or renewal fee
28 required under this section by December 31 is subject to a late fee
29 of \$50.00 for each day the report is delinquent or \$5,000.00,

1 whichever is less.

2 (6) The director is authorized to utilize the nationwide
3 multistate licensing system and registry to process license
4 renewals provided that such functionality is consistent with this
5 section.

6 Sec. 33. (1) If a licensee does not continue to meet the
7 qualifications or satisfy the requirements that apply to an
8 applicant for a new money transmission license, the director may
9 suspend or revoke the licensee's license in accordance with the
10 procedures established by this act or other applicable state law
11 for such suspension or revocation.

12 (2) An applicant for a money transmission license shall
13 demonstrate that it meets or will meet, and a money transmission
14 licensee shall at all times meet, the requirements in sections 65,
15 67, and 69.

16 ARTICLE 6

17 ACQUISITION OF CONTROL AND CHANGE OF KEY INDIVIDUAL

18 Sec. 35. (1) Any person, or group of persons acting in
19 concert, seeking to acquire control of a licensee shall obtain the
20 written approval of the director before acquiring control. An
21 individual is not deemed to acquire control of a licensee and is
22 not subject to these acquisition of control provisions when that
23 individual becomes a key individual in the ordinary course of
24 business.

25 (2) A person, or group of persons acting in concert, seeking
26 to acquire control of a licensee shall, in cooperation with the
27 licensee, do both of the following:

28 (a) Submit an application in a form and in a medium prescribed
29 by the director.

1 (b) Submit a nonrefundable fee with the request for approval
2 in an amount established by the director under section 31.

3 (3) On request, the director may permit a licensee or the
4 person, or group of persons acting in concert, to submit some or
5 all information required by the director under subsection (2) (a)
6 without using the nationwide multistate licensing system and
7 registry.

8 (4) The application required by subsection (2) (a) must include
9 information required by section 27 for any new key individuals that
10 have not previously completed the requirements of section 27 for a
11 licensee.

12 (5) When an application for acquisition of control under this
13 section appears to include all the items and address all of the
14 matters that are required, the application must be considered
15 complete and the director shall promptly notify the applicant in a
16 record of the date on which the application was determined to be
17 complete and the director shall approve or deny the application
18 within 60 days after the completion date. If the application is not
19 approved or denied within 60 days after the completion date, the
20 license continues until a decision is made. The director may for
21 good cause extend the application period.

22 (6) A determination by the director that an application is
23 complete and is accepted for processing means only that the
24 application, on its face, appears to include all of the items and
25 address all of the matters that are required, and is not an
26 assessment of the substance of the application or of the
27 sufficiency of the information provided.

28 (7) When an application is filed and considered complete under
29 subsection (5), the director shall investigate the financial

1 condition and responsibility, financial and business experience,
2 character, and general fitness of the person, or group of persons
3 acting in concert, seeking to acquire control. The director shall
4 approve an acquisition of control under this section if the
5 director finds that both of the following conditions have been
6 fulfilled:

7 (a) The requirements of subsections (2) and (4) have been met,
8 as applicable.

9 (b) The financial condition and responsibility, financial and
10 business experience, competence, character, and general fitness of
11 the person, or group of persons acting in concert, seeking to
12 acquire control, and the competence, experience, character, and
13 general fitness of the key individuals and persons that would be in
14 control of the licensee after the acquisition of control indicate
15 that it is in the interest of the public to permit the person, or
16 group of persons acting in concert, to control the licensee.

17 (8) If an applicant avails itself or is otherwise subject to a
18 multistate licensing process, the director may accept the
19 investigation results of a lead investigative state for the purpose
20 of subsection (7) if the lead investigative state has sufficient
21 staffing, expertise, and minimum standards, or if Michigan is a
22 lead investigative state, the director may investigate the
23 applicant in accordance with subsection (7) and the timeframes
24 established by agreement through the multistate licensing process.
25 The director shall issue a formal written notice of the denial of
26 an application to acquire control within 30 days of the decision to
27 deny the application. The director shall set forth in the notice of
28 denial the specific reasons for the denial of the application. An
29 applicant whose application is denied by the director under this

1 subsection may appeal within 30 days after receipt of the written
2 notice of the denial and request a hearing.

3 (9) The requirements of subsections (1) and (2) do not apply
4 to any of the following:

5 (a) A person that acts as a proxy for the sole purpose of
6 voting at a designated meeting of the shareholders or holders of
7 voting shares or voting interests of a licensee or a person in
8 control of a licensee.

9 (b) A person that acquires control of a licensee by devise or
10 descent.

11 (c) A person that acquires control of a licensee as a personal
12 representative, custodian, guardian, conservator, or trustee, or as
13 an officer appointed by a court of competent jurisdiction or by
14 operation of law.

15 (d) A person that is exempt under section 7(g).

16 (e) A person that the director determines is not subject to
17 subsection (1) based on the public interest.

18 (f) A public offering of securities of a licensee or a person
19 in control of a licensee.

20 (g) An internal reorganization of a person in control of the
21 licensee where the ultimate person in control of the licensee
22 remains the same.

23 (10) Persons in subsection (9)(b), (c), (d), (f), and (g), in
24 cooperation with the licensee, shall notify the director within 15
25 days after the acquisition of control.

26 (11) The requirements of subsections (1) and (2) do not apply
27 to a person that has complied with and received approval to engage
28 in money transmission under this act or was identified as a person
29 in control in a previous application filed with and approved by the

1 director or by an MSB accredited state in accordance with a
2 multistate licensing process, provided that all of the following
3 are true:

4 (a) The person has not had a license revoked or suspended or
5 controlled a licensee that has had a license revoked or suspended
6 while the person was in control of the licensee in the previous 5-
7 years.

8 (b) If the person is a licensee, the person is well managed
9 and has received at least a satisfactory rating for compliance at
10 its most recent examination by an MSB accredited state if such
11 rating was given.

12 (c) The licensee to be acquired is projected to meet the
13 requirements of sections 65, 67, and 69 after the acquisition of
14 control is completed, and if the person acquiring control is a
15 licensee, that licensee is also projected to meet the requirements
16 of sections 65, 67, and 69 after the acquisition of control is
17 completed.

18 (d) The licensee to be acquired will not implement any
19 material changes to its business plan as a result of the
20 acquisition of control, and if the person acquiring control is a
21 licensee, that licensee also will not implement any material
22 changes to its business plan as a result of the acquisition of
23 control.

24 (e) The person provides notice of the acquisition in
25 cooperation with the licensee and attests to subdivisions (a), (b),
26 (c), and (d) in a form and in a medium prescribed by the director.

27 (12) If the notice described in subsection (11)(e) is not
28 disapproved within 30 days after the date on which the notice was
29 determined to be complete, the notice is deemed approved.

1 (13) Before filing an application for approval to acquire
2 control of a licensee a person may request in writing a
3 determination from the director as to whether the person would be
4 considered a person in control of a licensee on consummation of a
5 proposed transaction. If the director determines that the person
6 would not be a person in control of a licensee, the proposed person
7 and transaction is not subject to the requirements of subsections
8 (1) and (2).

9 (14) If a multistate licensing process includes a
10 determination under subsection (13) and an applicant avails itself
11 or is otherwise subject to the multistate licensing process, either
12 of the following apply:

13 (a) The director is authorized to accept the control
14 determination of a lead investigative state with sufficient
15 staffing, expertise, and minimum standards for the purpose of
16 subsection (13).

17 (b) If Michigan is a lead investigative state, the director is
18 authorized to investigate the applicant under subsection (13) and
19 the timeframes established by agreement through the multistate
20 licensing process.

21 Sec. 37. (1) A licensee adding or replacing any key individual
22 shall do both of the following:

23 (a) Provide notice in a manner prescribed by the director
24 within 15 days after the effective date of the key individual's
25 appointment.

26 (b) Provide information as required by section 27 within 45
27 days of the effective date.

28 (2) Within 90 days of the date on which the notice provided
29 under subsection (1) was determined to be complete, the director

1 may issue a notice of disapproval of a key individual if the
2 competence, experience, character, or integrity of the individual
3 would not be in the best interests of the public or the customers
4 of the licensee to permit the individual to be a key individual of
5 such licensee.

6 (3) A notice of disapproval must contain a statement of the
7 basis for disapproval and must be sent to the licensee and the
8 disapproved individual. A licensee may appeal a notice of
9 disapproval within 30 days after receipt of such notice of
10 disapproval.

11 (4) If the notice provided under subsection (1) is not
12 disapproved within 90 days after the date on which the notice was
13 determined to be complete, the key individual is deemed approved.

14 (5) If a multistate licensing process includes a key
15 individual notice review and disapproval process in accordance with
16 this section and the licensee avails itself or is otherwise subject
17 to the multistate licensing process, both of the following apply:

18 (a) The director is authorized to accept the determination of
19 another state if the investigating state has sufficient staffing,
20 expertise, and minimum standards for the purpose of this section.

21 (b) If Michigan is a lead investigative state, the director is
22 authorized to investigate the applicant under subsection (2) and
23 the timeframes established by agreement through the multistate
24 licensing process.

25 ARTICLE 7

26 REPORTING AND RECORDS

27 Sec. 39. (1) Each licensee shall submit a report of condition
28 within 45 days of the end of the calendar quarter, or within any
29 extended time as the director may prescribe.

1 (2) The report of condition must include all of the following:

2 (a) Financial information at the licensee level.

3 (b) Nationwide and state-specific money transmission
4 transaction information in every jurisdiction in the United States
5 where the licensee is licensed to engage in money transmission.

6 (c) Permissible investments report.

7 (d) Transaction destination country reporting for money
8 received for transmission, if applicable.

9 (e) Any other information the director reasonably requires
10 with respect to the licensee. The director is authorized to utilize
11 the nationwide multistate licensing system and registry for the
12 submission of the report required by subsection (1) and is
13 authorized to update as necessary the requirements of this section
14 to carry out the purposes of this act and maintain consistency with
15 the nationwide multistate licensing system and registry reporting.

16 (3) The information required by subdivision (2)(d) must only
17 be included in a report of condition submitted within 45 days of
18 the end of the fourth calendar quarter.

19 Sec. 41. (1) Each licensee shall, within 90 days after the end
20 of each fiscal year, or within any extended time as the director
21 may prescribe, file both of the following with the director:

22 (a) An audited financial statement of the licensee for the
23 fiscal year prepared in accordance with United States generally
24 accepted accounting principles.

25 (b) Any other information as the director may reasonably
26 require.

27 (2) The audited financial statements must be prepared by an
28 independent certified public accountant or independent public
29 accountant who is satisfactory to the director.

1 (3) The audited financial statements must include or be
2 accompanied by a certificate of opinion of the independent
3 certified public accountant or independent public accountant that
4 is satisfactory in form and content to the director. If the
5 certificate or opinion is qualified, the director may order the
6 licensee to take any action as the director may find necessary to
7 enable the independent certified public accountant or independent
8 public accountant to remove the qualification.

9 Sec. 43. (1) Each licensee shall submit a report of authorized
10 delegates within 45 days of the end of the calendar quarter. The
11 director may utilize the nationwide multistate licensing system and
12 registry for the submission of the report required by this
13 subsection provided that such functionality is consistent with the
14 requirements of this section.

15 (2) The authorized delegate report must include, at a minimum,
16 all of the following related to each authorized delegate:

- 17 (a) Company legal name.
- 18 (b) Taxpayer employer identification number.
- 19 (c) Principal provider identifier.
- 20 (d) Physical address.
- 21 (e) Mailing address.
- 22 (f) Any business conducted in other states.
- 23 (g) Any assumed name or trade name.
- 24 (h) Contact person name, phone number, and email.
- 25 (i) Start date as licensee's authorized delegate.
- 26 (j) End date acting as licensee's authorized delegate, if
27 applicable.
- 28 (k) Any other information the director reasonably requires
29 with respect to the authorized delegate.

1 Sec. 45. (1) A licensee shall file a report with the director
2 within 1 business day after the licensee has reason to know of the
3 occurrence of any of the following events:

4 (a) The filing of a petition by or against the licensee under
5 11 USC 101 to 110, for bankruptcy or reorganization.

6 (b) The filing of a petition by or against the licensee for
7 receivership, the commencement of any other judicial or
8 administrative proceeding for its dissolution or reorganization, or
9 the making of a general assignment for the benefit of its
10 creditors.

11 (c) The commencement of a proceeding to revoke or suspend its
12 license in a state or country in which the licensee engages in
13 business or is licensed.

14 (2) A licensee shall file a report with the director within 3
15 business days after the licensee has reason to know of the
16 occurrence of any of the following events:

17 (a) A charge or conviction of the licensee or of a key
18 individual or person in control of the licensee for a felony.

19 (b) A charge or conviction of an authorized delegate for a
20 felony.

21 Sec. 47. A licensee and an authorized delegate shall file all
22 reports required by federal currency reporting, record keeping, and
23 suspicious activity reporting requirements as set forth in the bank
24 secrecy act and other federal and state laws pertaining to money
25 laundering. The timely filing of a complete and accurate report
26 required under this section with the appropriate federal agency is
27 deemed compliant with the requirements of this section.

28 Sec. 49. (1) A licensee shall maintain all of the following
29 records, for determining its compliance with this act for at least

1 3 years:

2 (a) A record of each outstanding money transmission obligation
3 sold.

4 (b) A general ledger posted at least monthly containing all
5 asset, liability, capital, income, and expense accounts.

6 (c) Bank statements and bank reconciliation records.

7 (d) Records of each outstanding money transmission obligation.

8 (e) Records of each outstanding money transmission obligation
9 paid within the 3-year period.

10 (f) A list of the last known names and addresses of all of the
11 licensee's authorized delegates.

12 (g) Any other records the director reasonably requires by
13 rule.

14 (2) The items specified in subsection (1) may be maintained in
15 any form of record.

16 (3) Records specified in subsection (1) may be maintained
17 outside this state if they are made accessible to the director on 7
18 business-days' notice that is sent in a record.

19 (4) All records maintained by the licensee as required in
20 subsections (1), (2), and (3) are open to inspection by the
21 director in accordance with section 15(1).

22 ARTICLE 8

23 AUTHORIZED DELEGATES

24 Sec. 51. (1) Before a licensee is authorized to conduct
25 business through an authorized delegate or allows a person to act
26 as the licensee's authorized delegate, the licensee must do all of
27 the following:

28 (a) Adopt, and update as necessary, written policies and
29 procedures reasonably designed to ensure that the licensee's

1 authorized delegates comply with applicable state and federal law.

2 (b) Enter into a written contract that complies with
3 subsection (3).

4 (c) Conduct a reasonable risk-based background investigation
5 sufficient for the licensee to determine whether the authorized
6 delegate has complied and will likely comply with applicable state
7 and federal law.

8 (2) An authorized delegate shall operate in full compliance
9 with this act.

10 (3) The written contract required by subsection (1) must be
11 signed by the licensee and the authorized delegate and, at a
12 minimum, must do all of the following:

13 (a) Appoint the person signing the contract as the licensee's
14 authorized delegate with the authority to conduct money
15 transmission on behalf of the licensee.

16 (b) Set forth the nature and scope of the relationship between
17 the licensee and the authorized delegate and the respective rights
18 and responsibilities of the parties.

19 (c) Require the authorized delegate to agree to fully comply
20 with all applicable state and federal laws, rules, and regulations
21 pertaining to money transmission, including this act and
22 regulations implementing this act, relevant provisions of the bank
23 secrecy act and the united and strengthening America by providing
24 appropriate tools required to intercept and obstruct terrorism (USA
25 PATRIOT ACT) act of 2001, Public Law 107-56.

26 (d) Require the authorized delegate to remit and handle money
27 and monetary value in accordance with the terms of the contract
28 between the licensee and the authorized delegate.

29 (e) Impose a trust on money and monetary value net of fees

1 received for money transmission for the benefit of the licensee.

2 (f) Require the authorized delegate to prepare and maintain
3 records as required by this act or regulations implementing this
4 act, or as reasonably requested by the director.

5 (g) Acknowledge that the authorized delegate consents to
6 examination or investigation by the director.

7 (h) State that the licensee is subject to regulation by the
8 director and that, as part of that regulation, the director may
9 suspend or revoke an authorized delegate designation or require the
10 licensee to terminate an authorized delegate designation.

11 (i) Acknowledge receipt of the written policies and procedures
12 required under subsection (1)(a).

13 (4) If the licensee's license is suspended, revoked,
14 surrendered, or expired, the licensee must, within 5 business days,
15 provide documentation to the director that the licensee has
16 notified all applicable authorized delegates of the licensee whose
17 names are in a record filed with the director of the suspension,
18 revocation, surrender, or expiration of a license. On suspension,
19 revocation, surrender, or expiration of a license, applicable
20 authorized delegates shall immediately cease to provide money
21 transmission as an authorized delegate of the licensee.

22 (5) An authorized delegate of a licensee holds in trust for
23 the benefit of the licensee all money net of fees received from
24 money transmission. If any authorized delegate commingles any funds
25 received from money transmission with any other funds or property
26 owned or controlled by the authorized delegate, all commingled
27 funds and other property must be considered held in trust in favor
28 of the licensee in an amount equal to the amount of money net of
29 fees received from money transmission.

1 (6) An authorized delegate may not use a subdelegate to
2 conduct money transmission on behalf of a licensee.

3 (7) As used in this section, "remit" means to make direct
4 payments of money to a licensee or its representative authorized to
5 receive money or to deposit money in a bank in an account specified
6 by the licensee.

7 Sec. 53. A person shall not engage in the business of money
8 transmission on behalf of a person not licensed under this act or
9 not exempt under article 3. A person that engages in such activity
10 provides money transmission to the same extent as if the person
11 were a licensee, and shall be jointly and severally liable with the
12 unlicensed or nonexempt person.

13 ARTICLE 9

14 TIMELY TRANSMISSION, REFUNDS, AND DISCLOSURES

15 Sec. 55. (1) Every licensee shall forward all money received
16 for transmission in accordance with the terms of the agreement
17 between the licensee and the sender unless the licensee has a
18 reasonable belief or a reasonable basis to believe that the sender
19 may be a victim of fraud or that a crime or violation of law, rule,
20 or regulation has occurred, is occurring, or may occur.

21 (2) If a licensee fails to forward money received for
22 transmission in accordance with this section, the licensee shall
23 respond to inquiries by the sender with the reason for the failure
24 unless providing a response would violate a state or federal law,
25 rule, or regulation.

26 Sec. 57. (1) This section does not apply to either of the
27 following:

28 (a) Money received for transmission subject to 12 CFR 1005.30
29 to 1005.36.

1 (b) Money received for transmission under a written agreement
2 between the licensee and payee to process payments for goods or
3 services provided by the payee.

4 (2) Every licensee shall refund to the sender within 10 days
5 of receipt of the sender's written request for a refund of any and
6 all money received for transmission unless any of the following
7 occurs:

8 (a) The money has been forwarded within 10 days of the date on
9 which the money was received for transmission.

10 (b) Instructions have been given committing an equivalent
11 amount of money to the person designated by the sender within 10
12 days of the date on which the money was received for transmission.

13 (c) The agreement between the licensee and the sender
14 instructs the licensee to forward the money at a time that is
15 beyond 10 days of the date on which the money was received for
16 transmission. If funds have not yet been forwarded in accordance
17 with the terms of the agreement between the licensee and the
18 sender, the licensee shall issue a refund in accordance with the
19 other provisions of this section.

20 (d) The refund is requested for a transaction that the
21 licensee has not completed based on a reasonable belief or a
22 reasonable basis to believe that a crime or violation of law, rule,
23 or regulation has occurred, is occurring, or may occur.

24 (e) The refund request does not enable the licensee to do
25 either of the following:

26 (i) Identify the sender's name and address or telephone number.

27 (ii) Identify the particular transaction to be refunded in the
28 event the sender has multiple transactions outstanding.

29 Sec. 59. (1) Every licensee or its authorized delegate shall

1 provide the sender a receipt for money received for transmission.
2 The receipt must contain the name of the sender, the name of the
3 designated recipient, the date of the transaction, the unique
4 transaction or identification number, the name of the licensee, the
5 nationwide multistate licensing system and registry unique ID, the
6 licensee's business address, and the licensee's customer service
7 telephone number, the amount of the transaction in United States
8 dollars, any fee charged by the licensee to the sender for the
9 transaction, and any taxes collected by the licensee from the
10 sender for the transaction. The receipt required by this subsection
11 must be in English and in the language principally used by the
12 licensee or authorized delegate to advertise, solicit, or
13 negotiate, either orally or in writing, for a transaction conducted
14 in person, electronically or by phone, if other than English.

15 (2) This section does not apply to any of the following:

16 (a) Money received for transmission subject to 12 CFR 1005.30
17 to 1005.36.

18 (b) Money received for transmission that is not primarily for
19 personal, family, or household purposes.

20 (c) Money received for transmission under a written agreement
21 between the licensee and the payee to process payments for goods or
22 services provided by the payee.

23 (d) Payroll processing services.

24 (3) As used in this section, "receipt" means a paper receipt,
25 electronic record, or other written confirmation. For a transaction
26 conducted in person, the receipt may be provided electronically if
27 the sender requests or agrees to receive an electronic receipt. For
28 a transaction conducted electronically or by phone, a receipt may
29 be provided electronically. All electronic receipts must be

1 provided in a retainable form.

2 Sec. 61. Every licensee or authorized delegate shall include
3 on a receipt or disclose on the licensee's website or mobile
4 application the name and phone number of the department and a
5 statement that the licensee's customers can contact the department
6 with questions or complaints about the licensee's money
7 transmission services.

8 Sec. 63. (1) A licensee that provides payroll processing
9 services shall do both of the following:

10 (a) Issue reports to clients detailing client payroll
11 obligations in advance of the payroll funds being deducted from an
12 account.

13 (b) Make available worker paystubs or an equivalent statement
14 to workers.

15 (2) Subsection (1) does not apply to a licensee providing
16 payroll processing services where the licensee's client designates
17 the intended recipients to the licensee and is responsible for
18 providing the disclosures required by subsection (1) (b).

19 ARTICLE 10

20 PRUDENTIAL STANDARDS

21 Sec. 65. (1) A licensee shall maintain at all times a tangible
22 net worth of the greater of \$100,000.00 or 3% of total assets for
23 the first \$100,000,000.00, 2% of additional assets for
24 \$100,000,000.00 to \$1,000,000,000.00, and 0.5% of additional assets
25 for over \$1,000,000,000.00.

26 (2) Tangible net worth must be demonstrated at initial
27 application by the applicant's most recent audited or unaudited
28 financial statements in accordance with section 25(2) (f).

29 (3) Notwithstanding the foregoing provisions of this section,

1 the director has the authority, for good cause shown, to exempt,
2 in-part or in whole, from the requirements of this section any
3 applicant or licensee.

4 Sec. 67. (1) An applicant for a money transmission license
5 must provide, and a licensee at all times shall maintain, security
6 consisting of a surety bond in a form satisfactory to the director
7 or, with the director's approval, a deposit instead of a bond in
8 accordance with this section.

9 (2) The amount of the required security is either of the
10 following:

11 (a) The greater of \$100,000.00 or an amount equal to 100% of
12 the licensee's average daily money transmission liability in this
13 state calculated for the most recently completed 3-month period, up
14 to a maximum of \$500,000.00.

15 (b) In the event that the licensee's tangible net worth
16 exceeds 10% of total assets, the licensee shall maintain a surety
17 bond of \$100,000.00.

18 (3) A licensee that maintains a bond in the maximum amount
19 provided for in subsection (2)(a) or (b), as applicable, shall not
20 be required to calculate its average daily money transmission
21 liability in this state for purposes of this section.

22 (4) A licensee may exceed the maximum required bond amount
23 under section 71(1)(d).

24 Sec. 69. (1) A licensee shall maintain at all times
25 permissible investments that have a market value computed in
26 accordance with United States generally accepted accounting
27 principles of not less than the aggregate amount of all of its
28 outstanding money transmission obligations.

29 (2) Except for permissible investments enumerated in section

1 71(1), the director, with respect to any licensee, may by rule or
2 order limit the extent to which a specific investment maintained by
3 a licensee within a class of permissible investments may be
4 considered a permissible investment, if the specific investment
5 represents undue risk to customers, not reflected in the market
6 value of investments.

7 (3) Permissible investments, even if commingled with other
8 assets of the licensee, are held in trust for the benefit of the
9 purchasers and holders of the licensee's outstanding money
10 transmission obligations in the event of insolvency, the filing of
11 a petition by or against the licensee under 11 USC 101 to 110, for
12 bankruptcy or reorganization, the filing of a petition by or
13 against the licensee for receivership, the commencement of any
14 other judicial or administrative proceeding for its dissolution or
15 reorganization, or in the event of an action by a creditor against
16 the licensee who is not a beneficiary of this statutory trust. No
17 permissible investments impressed with a trust under this
18 subsection is subject to attachment, levy of execution, or
19 sequestration by order of any court, except for a beneficiary of
20 this statutory trust.

21 (4) On the establishment of a statutory trust in accordance
22 with subsection (3) or when any funds are drawn on a letter of
23 credit under section 71(1)(e), the director shall notify the
24 applicable regulator of each state in which the licensee is
25 licensed to engage in money transmission, if any, of the
26 establishment of the trust or the funds drawn on the letter of
27 credit, as applicable. Notice must be deemed satisfied if performed
28 in accordance with a multistate agreement or through the nationwide
29 multistate licensing system and registry. Funds drawn on a letter

1 of credit, and any other permissible investments held in trust for
2 the benefit of the purchasers and holders of the licensee's
3 outstanding money transmission obligations, are deemed held in
4 trust for the benefit of such purchasers and holders on a pro rata
5 and equitable basis in accordance with statutes under which
6 permissible investments are required to be held in this state, and
7 other states, as applicable. Any statutory trust established
8 hereunder must be terminated on extinguishment of all of the
9 licensee's outstanding money transmission obligations.

10 (5) The director by rule or by order may allow other types of
11 investments that the director determines are of sufficient
12 liquidity and quality to be a permissible investment. The director
13 is authorized to participate in efforts with other state regulators
14 to determine that other types of investments are of sufficient
15 liquidity and quality to be a permissible investment.

16 Sec. 71. (1) The following investments are permissible under
17 section 69:

18 (a) Cash, including demand deposits, savings deposits, and
19 funds in such accounts held for the benefit of the licensee's
20 customers in a federally insured depository financial institution,
21 and cash equivalents including ACH items in transit to the licensee
22 and ACH items or international wires in transit to a payee, cash in
23 transit via armored car, cash in smart safes, cash in licensee-
24 owned locations, debit card or credit card-funded transmission
25 receivables owed by any bank, or money market mutual funds rated
26 "AAA" by S&P, or the equivalent from any eligible rating service.

27 (b) Certificates of deposit or senior debt obligations of an
28 insured depository institution, as defined in section 3 of the
29 federal deposit insurance act, 12 USC 1813, or an insured credit

1 union, as defined under 12 USC 1752.

2 (c) An obligation of the United States or a commission,
3 agency, or instrumentality thereof, an obligation that is
4 guaranteed fully as to principal and interest by the United States,
5 or an obligation of a state or a governmental subdivision, agency,
6 or instrumentality thereof.

7 (d) One hundred percent of the surety bond or deposit provided
8 for under section 67.

9 (e) The full drawable amount of an irrevocable standby letter
10 of credit for which the stated beneficiary is the director that
11 stipulates that the beneficiary need only draw a sight draft under
12 the letter of credit and present it to obtain funds up to the
13 letter of credit amount within 7 days of presentation of the items
14 required by subsection (4).

15 (2) All of the following apply to letter of credit under
16 subsection (1)(e):

17 (a) It must be issued by a federally insured depository
18 financial institution, a foreign bank that is authorized under
19 federal law to maintain a federal agency or federal branch office
20 in a state or states, or a foreign bank that is authorized under
21 state law to maintain a branch in a state to which either of the
22 following apply:

23 (i) It bears an eligible rating or whose parent company bears
24 an eligible rating.

25 (ii) It is regulated, supervised, and examined by United States
26 federal or state authorities having regulatory authority over
27 banks, credit unions, and trust companies.

28 (b) It must be irrevocable, unconditional, and indicate that
29 it is not subject to any condition or qualifications outside of the

1 letter of credit.

2 (c) It must not contain reference to any other agreements,
3 documents or entities, or otherwise provide for any security
4 interest in the licensee.

5 (d) It must contain an issue date and expiration date, and
6 expressly provide for automatic extension, without a written
7 amendment, for an additional period of 1 year from the present or
8 each future expiration date, unless the issuer of the letter of
9 credit notifies the director in writing by certified or registered
10 mail or courier mail or other receipted means, at least 60 days
11 before any expiration date, that the irrevocable letter of credit
12 will not be extended.

13 (3) In the event of any notice of expiration or non-extension
14 of a letter of credit issued under subsection (2)(d), the licensee
15 shall be required to demonstrate to the satisfaction of the
16 director, 15 days before expiration, that the licensee maintains
17 and will maintain permissible investments in accordance with
18 section 69(1) on the expiration of the letter of credit. If the
19 licensee is not able to do so, the director may draw on the letter
20 of credit in an amount up to the amount necessary to meet the
21 licensee's requirements to maintain permissible investments in
22 accordance with section 69(1). Any such draw must be offset against
23 the licensee's outstanding money transmission obligations. The
24 drawn funds must be held in trust by the director or the director's
25 designated agent, to the extent authorized by law, as agent for the
26 benefit of the purchasers and holders of the licensee's outstanding
27 money transmission obligations.

28 (4) The letter of credit under subsection (1)(e) must provide
29 that the issuer of the letter of credit will honor, at sight, a

1 presentation made by the beneficiary to the issuer all of the
2 following documents on or before the expiration date of the letter
3 of credit:

4 (a) The original letter of credit, including any amendments.

5 (b) A written statement from the beneficiary stating that any
6 of the following events have occurred:

7 (i) The filing of a petition by or against the licensee under
8 11 USC 101 to 110, for bankruptcy or reorganization.

9 (ii) The filing of a petition by or against the licensee for
10 receivership, or the commencement of any other judicial or
11 administrative proceeding for its dissolution or reorganization.

12 (iii) The seizure of assets of a licensee by a director under an
13 emergency order issued in accordance with applicable law on the
14 basis of an action, violation, or condition that has caused or is
15 likely to cause the insolvency of the licensee.

16 (iv) The beneficiary has received notice of expiration or non-
17 extension of a letter of credit and the licensee failed to
18 demonstrate to the satisfaction of the beneficiary that the
19 licensee will maintain permissible investments in accordance with
20 section 69(1) on the expiration or non-extension of the letter of
21 credit.

22 (5) The director may designate an agent to serve on the
23 director's behalf as beneficiary to a letter of credit under
24 subsection (1)(e) so long as the agent and letter of credit meet
25 requirements established by the director. The director's agent may
26 serve as agent for multiple licensing authorities for a single
27 irrevocable letter of credit if the proceeds of the drawable amount
28 for the purposes of subsection (1)(e) are assigned to the director.

29 (6) The director is authorized to participate in multistate

1 processes designed to facilitate the issuance and administration of
2 letters of credit under subsection (1)(e), including, but not
3 limited to, services provided by the nationwide multistate
4 licensing system and registry and State Regulatory Registry, LLC.

5 (7) Unless permitted by the director by rule or by order to
6 exceed the limit as set forth herein, all of the following
7 investments are permissible under section 69 to the extent
8 specified:

9 (a) Receivables that are payable to a licensee from its
10 authorized delegates in the ordinary course of business that are
11 less than 7 days old, up to 50% of the aggregate value of the
12 licensee's total permissible investments.

13 (b) Of the receivables permissible under subdivision (a),
14 receivables that are payable to a licensee from a single authorized
15 delegate in the ordinary course of business may not exceed 10% of
16 the aggregate value of the licensee's total permissible
17 investments.

18 (c) The following investments are permissible up to 20% per
19 category and combined up to 50% of the aggregate value of the
20 licensee's total permissible investments:

21 (i) A short-term, up to 6 months, investment bearing an
22 eligible rating.

23 (ii) Commercial paper bearing an eligible rating.

24 (iii) A bill, note, bond, or debenture bearing an eligible
25 rating.

26 (iv) United States tri-party repurchase agreements
27 collateralized at 100% or more with United States government or
28 agency securities, municipal bonds, or other securities bearing an
29 eligible rating.

1 (v) Money market mutual funds rated less than "AAA" and equal
2 to or higher than "A-" by S&P, or the equivalent from any other
3 eligible rating service.

4 (vi) A mutual fund or other investment fund composed solely and
5 exclusively of one or more permissible investments listed in
6 subsection (1) (a) to (c).

7 (d) Cash, including demand deposits, savings deposits, and
8 funds in such accounts held for the benefit of the licensee's
9 customers, at foreign depository institutions are permissible up to
10 10% of the aggregate value of the licensee's total permissible
11 investments, if all of the following apply to the foreign
12 depository institution:

13 (i) It has an eligible rating.

14 (ii) It is registered in accordance with subtitle A of title V
15 of the hiring incentives to restore employment act, Public Law 111-
16 147.

17 (iii) It is not located in any country subject to sanctions from
18 the Office of Foreign Asset Control.

19 (iv) It is not located in a high-risk or non-cooperative
20 jurisdiction as designated by the Financial Action Task Force.

21 ARTICLE 11

22 ENFORCEMENT

23 Sec. 73. (1) The director may suspend or revoke a license or
24 order a licensee to revoke the designation of an authorized
25 delegate under any of the following circumstances:

26 (a) The licensee violates this act, a rule promulgated under
27 this act, an order or declaratory ruling issued under this act, or
28 any applicable state or federal law.

29 (b) The licensee does not cooperate with an examination or

1 investigation by the director.

2 (c) The licensee engages in fraud, intentional
3 misrepresentation, or gross negligence.

4 (d) An authorized delegate is convicted of a violation of a
5 state or federal anti-money laundering statute, or violates a rule
6 adopted or an order issued under this act, as a result of the
7 licensee's willful misconduct or willful blindness, as that term is
8 defined in section 4701 of the revised judicature act of 1961, 1961
9 PA 236, MCL 600.4701.

10 (e) The competence, experience, character, or general fitness
11 of the licensee, authorized delegate, person in control of a
12 licensee, key individual, or responsible person of the authorized
13 delegate indicates that it is not in the public interest to permit
14 the person to provide money transmission.

15 (f) Subject to subsection (2), the licensee engages in an
16 unsafe or unsound practice.

17 (g) The licensee fails to maintain the minimum net worth
18 required under section 65 or is insolvent, suspends payment of its
19 obligations, or makes a general assignment for the benefit of its
20 creditors.

21 (h) The licensee does not remove an authorized delegate after
22 the director issues and serves on the licensee a final order
23 including a finding that the authorized delegate has violated this
24 act.

25 (2) In determining whether a licensee is engaging in an unsafe
26 or unsound practice, the director may consider the size and
27 condition of the licensee's money transmission, the magnitude of
28 the loss, the gravity of the violation of this act, and the
29 previous conduct of the person involved.

1 Sec. 75. (1) If in the opinion of the director a licensee or
2 an authorized delegate is, has, or is about to engage in a practice
3 that poses a threat of financial loss or threat to the public
4 welfare or is, has, or is about to violate a law, rule, or order,
5 the director may issue and serve on the licensee or authorized
6 delegate a cease and desist order under this section.

7 (2) A cease and desist order issued under this section must
8 contain a statement of the facts constituting the alleged practice
9 or violation. A person ordered to cease and desist must be entitled
10 to a hearing before the commissioner if a written request for a
11 hearing is filed with the commissioner not more than 30 days after
12 the effective date of the order. A hearing must be conducted in
13 accordance with the provisions of the administrative procedures act
14 of 1969, 1969 PA 306, MCL 24.201 to 24.328.

15 (3) A licensee or authorized delegate ordered to cease and
16 desist may consent to issuance of a cease and desist order under
17 this section. A licensee or authorized delegate ordered to cease
18 and desist also consents to the issuance of the cease and desist
19 order if the licensee or a duly authorized representative of the
20 licensee fails to appear at a hearing described in subsection (2).

21 (4) If a licensee or authorized delegate consents under
22 subsection (3), or if the director finds based on the record made
23 at the hearing that the practice or violation specified in the
24 order is established, the cease and desist order becomes final. The
25 order may require the licensee or authorized delegate and its
26 officers, directors, members, partners, trustees, employees,
27 agents, or control persons to cease and desist from the practice or
28 violation and to take affirmative action to correct the conditions
29 resulting from the practice or violation.

1 (5) Except as provided in subsection (6) or to the extent it
2 is stayed, modified, terminated, or set aside by the director or a
3 court, a cease and desist order is effective on the date of
4 service.

5 (6) A cease and desist order issued with a licensee's or
6 authorized delegate's consent is effective at the time specified in
7 the order and remains effective and enforceable as provided in the
8 order.

9 Sec. 77. (1) If in the opinion of the director a person has
10 engaged in fraud or has been convicted of a criminal violation
11 involving money laundering, the director may serve on that person a
12 written notice of intention to prohibit that person from being
13 employed by an agent of, or a control person of a licensee under
14 this act, or a licensee or registrant under a financial licensing
15 act. As used in this subsection, "fraud" includes actionable fraud,
16 actual or constructive fraud, criminal fraud, extrinsic or
17 intrinsic fraud, fraud in the execution, in the inducement, in
18 fact, or in law, or any other form of fraud.

19 (2) A notice issued under subsection (1) must contain a
20 statement of the facts supporting the prohibition and, except as
21 provided under subsection (7), set a time and date for a hearing,
22 within 60 days after the date of the notice. If the person does not
23 appear at the hearing, the person consents to the issuance of an
24 order in accordance with the notice.

25 (3) If, after a hearing held under subsection (2), the
26 director finds that any of the grounds specified in the notice have
27 been established, the director may issue an order of suspension or
28 prohibition from being a licensee or registrant or from being
29 employed by, an agent of, or a control person of any licensee under

1 this act or a licensee or registrant under any financial licensing
2 act.

3 (4) An order issued under subsection (2) or (3) is effective
4 when served on the person subject to the order. The director shall
5 also serve a copy of the order on the licensee of which the person
6 is an employee, agent, or control person. The order remains in
7 effect until it is stayed, modified, terminated, or set aside by
8 the director or a reviewing court.

9 (5) After 5 years from the date of an order issued under
10 subsection (2) or (3), the person subject to the order may apply to
11 the director to terminate the order.

12 (6) If the director considers that a person served a notice
13 under subsection (1) poses an imminent threat of financial loss to
14 purchasers of payment instruments from a licensee, the director may
15 serve on the person an order of suspension from being employed by,
16 an agent of, or a control person of any licensee. The suspension is
17 effective on the date the order is issued and, unless stayed by a
18 court, remains in effect pending the completion of a review as
19 provided under this section and until the director has dismissed
20 the charges specified in the order.

21 (7) Unless otherwise agreed to by the director and the person
22 served with an order issued under subsection (6), the director
23 shall hold the hearing required under subsection (2) to review a
24 suspension not earlier than 5 days or later than 20 days after the
25 date of the notice.

26 (8) If a person is convicted of a felony involving fraud,
27 dishonesty, breach of trust, or money laundering, the director may
28 issue an order suspending or prohibiting that person from being a
29 licensee and from being employed by, an agent of, or a control

1 person of any licensee under this act or a licensee or registrant
2 under a financial licensing act. After 5 years from the date of the
3 order, the person subject to the order may apply to the director to
4 terminate the order.

5 (9) The director shall mail a copy of any notice or order
6 issued under this section to the licensee of which the person
7 subject to the notice or order is an employee, agent, or control
8 person.

9 Sec. 79. The director may enter into a consent order at any
10 time with a person to resolve a matter arising under this act or a
11 rule adopted or order issued under this act. A consent order must
12 be signed by the person to whom it is issued or by the person's
13 authorized representative, and must indicate agreement with the
14 terms contained in the order. A consent order may provide that it
15 does not constitute an admission by a person that this act or a
16 rule adopted or an order issued under this act has been violated.

17 Sec. 81. (1) A person that intentionally makes a false
18 statement, misrepresentation, or false certification in any record
19 or document filed or required to be maintained under this act or
20 that intentionally makes a false entry or omits a material entry in
21 a record is guilty of a felony punishable by imprisonment for not
22 more than 5 years or a fine of not more than \$100,000.00, or both.

23 (2) A person that engages in criminal fraud in the conduct of
24 its money transmission services business is guilty of a felony
25 punishable by imprisonment for not more than 5 years or a fine of
26 not more than \$100,000.00, or both.

27 (3) A person that knowingly engages in an activity for which a
28 license is required under this act and is not licensed under this
29 act is guilty of a felony punishable by imprisonment for not more

1 than 5 years or a fine of not more than \$100,000.00, or both. A
2 court shall order a person convicted of violating subsection (1) or
3 (2) to pay restitution as provided in section 1a of chapter IX of
4 the code of criminal procedure, 1927 PA 175, MCL 769.1a, and the
5 William Van Regenmorter crime victim's rights act, 1985 PA 87, MCL
6 780.751 to 780.834.

7 Sec. 83. The director may assess a civil fine against a person
8 that violates this act or a rule adopted or an order issued under
9 this act in an amount not to exceed \$10,000.00 per day for each day
10 the violation is outstanding, plus this state's costs and expenses
11 for the investigation and prosecution of the matter, including
12 reasonable attorney fees.

13 ARTICLE 12

14 MISCELLANEOUS PROVISIONS

15 Sec. 85. In applying and construing this act, consideration
16 must be given to the need to promote uniformity of the law with
17 respect to its subject matter among states that enact it.

18 Sec. 87. If any provision of this act or its application to
19 any person or circumstance is held invalid, the invalidity does not
20 affect other provisions or applications of this act which can be
21 given effect without the invalid provision or application, and to
22 this end the provisions of this act are severable.

23 Sec. 89. (1) A person licensed in this state to engage in the
24 business of money transmission shall not be subject to the
25 provisions of this act, to the extent that the provisions conflict
26 with current law or establish new requirements not imposed under
27 current law, until July 1, 2025.

28 (2) Notwithstanding subsection (1), a licensee shall only be
29 required to amend its authorized delegate contracts for contracts

1 entered into or amended after January 1, 2025 or the completion of
2 any transition period contemplated under subsection (1). Nothing
3 herein shall be construed as limiting an authorized delegate's
4 obligations to operate in full compliance with this act as required
5 by section 51(2).

6 (3) A person providing payroll processing services in this
7 state without a license shall not be considered in violation of
8 section 21 if the person applies for a license before July 1, 2025.
9 The director may for good cause extend the transition period in
10 conjunction with the extension of an application period.

11 Enacting section 1. The money transmission services act, 2006
12 PA 250, MCL 487.1001 to 487.1047, is repealed effective July 1,
13 2025.

14 Enacting section 2. This act takes effect January 1, 2025.