



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Commerce, Community,
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House Bill 271
Alaska Money Services Act
Brief Sectional Analysis

This analysis focuses on the major changes proposed in the bill. A detailed analysis is also available upon request.

Money Transmission Licenses

Sections 1-2. AS 06.55.101. Clarifies a license or exemption is needed to engage in money and a licensee must register with a designated national registry (streamlines the licensing process).

Section 3. AS 06.55.102. Application for license. Repeals and reenacts current provision to move the detailed application information to regulations and adds requirements for control person criminal and civil background checks and authority to obtain a credit report.

Section 4. AS 06.55.104. Security. Repeals and reenacts the current provision to require a surety bond in the amount required by the department up to \$1,000,000 issued by a company authorized to do business in this state and allows the department to issue an order if the licensee fails to maintain a bond.

Section 5. AS 06.55.105. Issuance of license. Repeals and reenacts the current provision to clarify the department may be reimbursed for any applicant investigation, may exclude any applicant, employee or independent contract that is listed on certain designated lists, and establishes December 31 as the license expiration date.

Section 6. AS 45.55.106. Renewal of license. Repeals and reenacts the current provision to move the detailed application information to regulations, requires applicant provide updated and additional information and provides a 60 day time period for the department to approve or deny the application.

Section 7. AS 06.55.108. Annual assessment fee and annual report. Replaces the nominal, static annual renewal fee with a volume-based annual assessment fee, requires an annual report be submitted to the department, and assesses a fee for late filings or payment.

Currency Exchange Licenses

Sections 8-9. AS 06.55.201. License required. Clarifies license is needed to engage in currency exchange or money transmission and deletes authorized delegate of a licensed money transmitter. Requires registration with a designated national registry (streamlines the licensing process).

Section 10. AS 06.55.202. Application for license. Repeals and reenacts current provision to move the detailed application information to regulations and adds requirements for control person criminal and civil background checks and authority to obtain a credit report.

Sections 11-14. AS 06.55.203. Issuance of license. Repeals and reenacts the current provisions to clarify the department may be reimbursed for any applicant investigation, may exclude any applicant, employee or independent contract that is listed on certain designated lists, establishes December 31 as the license expiration/renewal date and provides a 120 day period for the department to approve or deny the application (30 day appeal period for a denial).

Section 15. AS 06.55.204. Renewal of license. Repeals and reenacts the current provision to move the detailed application information to regulations, requires applicant provide updated and additional information and provides a 60 day time period for the department to approve or deny the application.

Section 16. AS 06.55.206. Security. Requires a surety bond in the amount required by the department up to \$1,000,000 issued by a company authorized to do business in this state and allows the department to issue an order if the licensee fails to maintain a bond. Allows either a claimant against the licensee or the department to file an action on the bond and requires that the bond remain in effect a minimum of five years after licensure.

Section 17. AS 06.55.207. Annual assessment fee and annual report. Replaces the nominal, static annual renewal fee with a volume-based annual assessment fee, requires an annual report be submitted to the department, and assesses a fee for late filings or payment.

Authorized Delegates

Sections 18-20. AS 06.55.301. Relationship between licensee and authorized delegate. Removes definition of “Remit” and moves it to definition section. Expands statutory references for scope of permissible activity of authorized delegate and clarifies that a licensee is responsible for the actions of an authorized delegate.

Section 21. AS 06.55.304. Limited authorization of subdelegate. Allows a licensee to contract with another licensee to use that other license’s existing authorized delegate as a subdelegate to reload prepaid cards and requires the licensee to maintain books and records of contracts.

Examinations, Reports, Records

Section 22. AS 06.55.401. Authority to conduct examinations. Repeals and reenacts the current provisions for authority to examine, interview or investigate; removes the 45-day advance notice requirement and specifically authorizes joint examination and investigations with other regulators. Allows department to gather evidence relevant for a hearing or investigation and allows reimbursement of examination or investigation costs.

Section 23. AS 06.55.402. Cooperation. Repealed and reenacted to allow cooperation with other regulators.

Sections 24-25. AS 06.55.403. Reports. Expands the required quarterly report information. Requires licensee to notify the department within one day of most petition filings, lawsuits, bond cancellation, or criminal charges or convictions against the licensee or authorized delegate. Allows the Department to assess a late fee or other consequence for failure to report as required.

Sections 26-28. AS 06.55.404. Change of control. Requires a 30-day advance notice of a change of control and notice within 15 days of learning of a proposed change in control be submitted to the department along with any required fee. The department has 120 days to approve or deny a change in control request.

Sections 29-30. AS 06.55.405. Records. Adds currency transaction reports and suspicious activity reports to the types of records to be retained. Extends the retention period from three to five years and requires the records to be provided in a format established by the department.

Section 31. AS 06.55.406. Money laundering reports. Repealed and reenacted to align reporting requirements with federal law.

Sections 32-33. AS 06.55.407. Confidentiality. Allows the department to share information with state or federal agencies without giving prior notice to a licensee and expands the list of licensee information that may be publicly disclosed to include the address and name of a contact individual for a licensee and their authorized delegate.

Permissible Investments

Sections 34-35. AS 06.55.501. Maintenance of permissible investments. Clarifies that permissible investment calculations must consider any limitations imposed by the department.

Sections 36-37. AS 06.55. 601. Suspension and revocation of licensees; receivership. Clarifies that the department may issue an order against a licensee if either the licensee or an authorized delegate is convicted of or violates certain provisions; a fact or condition that may have been grounds for denial was not disclosed with license application; the licensee engaged in false, misleading or deceptive advertising, failed to pay a judgement or knowingly made a material misstatement or withheld material information. Includes currency exchange operations, potential loss and any order issued by the department or other regulators in determining whether a licensee is engaging in an unsafe or unsound practice.

Sections 38-39. AS 06.55.602. Suspension and revocation of authorized delegates and subdelegates. Expands the department's ability to issue, suspend or revoke the designation of an authorized delegate or subdelegate.

Section 40. AS 06.55.603. Administrative orders. Repealed and reenacted to change "cease and desist" to "administrative" order. Expands the requirements of administrative orders that can be issued. Allows person to petition superior court for judicial order to modify the order pending completion of an administrative proceeding.

Sections 41-44. AS 06.55.607. Unlicensed persons. Repealed and reenacted to add subdelegate to unlicensed activity provisions and establishes an additional monetary penalty for unlicensed activity.

Miscellaneous Provisions

Section 45. AS 06.55.802. Exemptions. Includes insurance companies, title insurance companies, escrow agents, and attorneys as exempt from the provisions of this chapter.

Section 46. AS 06.55.810. Notices required. Repealed and reenacted to require a money services licensee provide notice at locations where no authorized delegate or subdelegate is designated to provide services; require authorized delegates and subdelegates to provide customer complaint resolution information at locations where they provide money services; and allows department to establish content of notices.

Section 47. AS 06.55.820. Transmission, receipt, and refund. Repealed and reenacted to require compliance with the Federal Transmittance Rule for transmission, receipt and refunds and department requirements.

Section 48. AS 06.55.860. Compliance with federal requirements. Required compliance with the listed federal laws related to money services businesses.

AS 06.55.870 Escheatment of property. Requires compliance with unclaimed property laws in Alaska.

AS 06.55.880. Application to Internet activities. Clarifies internet money services activity is regulated by this chapter.

General Provisions.

Section 49. AS 06.55.900. Administration. Authorizes use of a registry for obtaining information required for licensing purposes.

AS 06.55.920. Regulations. Authorizes the department to adopt regulations.

Section 50. AS 06.55.990. Definitions. Repealed and reenacted. Amends or adds the following definitions:

- (1) applicant – new
- (4) control – amended
- (5) currency – new
- (10) fiat currency – new
- (11) funds – new
- (12) informal value transfer system – new
- (13) medium of exchange – new
- (16) money laundering – new
- (20) money transmission – amended
- (21) money transmission license – amended
- (23) Nationwide Multistate Licensing System and Registry – new
- (24) officer – new
- (25) open-loop stored value – new
- (26) outstanding – amended
- (27) payment instrument – amended

- (28) payment system – new
- (31) registry – new
- (32) remit – new
- (34) stored value – amended
- (35) subdelegate – new
- (36) unsafe or unsound practice – amended
- (37) virtual currency – new
- (38) virtual currency business activity

Section 51. AS 06.55.995. Short title. Removes “Uniform” from the title of the Act.

Sections 52 – 53. Adds provisions relating to new law in AS 12.62.

Section 54. Enumerates provisions repealed.

Section 55. Allows transition regulations.

Section 56. Revisor’s Instructions.

Section 57. Section 55 takes effect immediately.

Section 58. Effective date is July 1, 2106, except as provided in Section 57.