

HOUSE BILL 1196

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01r1285
CF SB 939

By: **Delegates Washington, Ivey, Barron, Charles, and Williams**

Introduced and read first time: February 7, 2020

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 12, 2020

CHAPTER _____

1 AN ACT concerning

2 **Financial Institutions – Check Cashing Services – Registration and**
3 **Dissemination of Information**

4 FOR the purpose of repealing an exemption for certain check cashing services from certain
5 provisions of law governing the licensure of check cashing services; authorizing a
6 person to provide check cashing services without obtaining a certain license by
7 registering each year with the Commissioner of Financial Regulation under certain
8 circumstances; requiring a person to obtain and maintain a certain identifier to
9 register as a check cashing service; requiring a person to provide the ~~Commission~~
10 Commissioner with certain information ~~in a certain form~~ through the Nationwide
11 Multistate Licensing System and Registry (NMLS) to register as a check cashing
12 service; requiring a person ~~who registers~~ submitting an initial registration or a
13 registration renewal under certain provisions of this Act to ~~reregister on or before a~~
14 ~~certain date each year~~ apply through NMLS on or after a certain date for the initial
15 registration and each year thereafter for registration renewal; requiring a person
16 submitting an initial registration or a registration renewal under certain provisions
17 of this Act to pay to NMLS certain fees; providing that certain provisions of law do
18 not apply to a person who registers under certain provisions of this Act; altering the
19 information that a certain licensee is required to post conspicuously in a certain
20 manner at certain locations; ~~requiring a certain licensee to post a certain brochure~~
21 ~~in a certain manner at certain locations~~; ~~requiring that the brochure include a~~
22 ~~certain link~~; making a conforming change; requiring the Office of the Commissioner
23 of Financial Regulation to provide certain notice to certain persons; authorizing the
24 Commissioner to order a registrant to cease and desist from a course of conduct
25 under certain circumstances; authorizing the Commissioner to suspend or revoke the

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 registration of a registrant under certain circumstances; requiring the Commissioner
2 to consider certain factors before suspending or revoking the registration of a
3 registrant; requiring the Commissioner, before taking a certain action, to provide a
4 registrant an opportunity for a hearing; providing for the effective dates of this Act;
5 and generally relating to check cashing services.

6 BY repealing and reenacting, with amendments,

7 Article – Financial Institutions

8 Section 12–102, 12–105(a), 12–118, 12–121, 12–122, and 12–123

9 Annotated Code of Maryland

10 (2011 Replacement Volume and 2019 Supplement)

11 BY adding to

12 Article – Financial Institutions

13 Section 12–105.1

14 Annotated Code of Maryland

15 (2011 Replacement Volume and 2019 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

17 That the Laws of Maryland read as follows:

18 **Article – Financial Institutions**

19 12–102.

20 (a) This subtitle does not apply to check cashing services:

21 (1) [(i) For which a fee of up to 1.5% of the face amount of the payment
22 instrument is charged per payment instrument; and

23 (ii) That are incidental to the retail sale of goods or services by the
24 person that is providing the check cashing services;

25 (2)] In which a customer presents a payment instrument for the exact
26 amount of a purchase; or

27 [(3)] (2) Involving foreign currency exchange services or the cashing of a
28 payment instrument drawn on a financial institution other than a federal, State, or other
29 state financial institution.

30 (b) (1) This subtitle does not apply to a transaction that is subject to the
31 Maryland Consumer Loan Law (Title 12, Subtitle 3 of the Commercial Law Article and
32 Title 11, Subtitle 2 of this article), including a transaction in which an additional fee is
33 charged to defer the presentment or deposit of a payment instrument until a subsequent
34 date.

1 (2) A check cashing service is not subject to the Maryland Consumer Loan
2 Law if:

3 (i) The fee charged for the check cashing service does not exceed the
4 fee permitted under this subtitle;

5 (ii) No additional fee is charged to defer the presentment or deposit
6 of the payment instrument; and

7 (iii) The check cashing service is not subject to renewal or extension
8 by any means.

9 12-105.

10 (a) Except as provided in § 12-102(a) **OR § 12-105.1** of this subtitle, a person
11 may not provide check cashing services unless the person is licensed under this subtitle or
12 is an exempt entity.

13 **12-105.1.**

14 (A) A PERSON MAY PROVIDE CHECK CASHING SERVICES WITHOUT
15 OBTAINING A LICENSE UNDER THIS SUBTITLE BY REGISTERING EACH YEAR WITH
16 THE COMMISSIONER AS A CHECK CASHING SERVICE UNDER THIS SECTION IF THE
17 PERSON:

18 (1) CHARGES A FEE OF UP TO 1.5% OR \$1, WHICHEVER IS GREATER,
19 OF THE FACE AMOUNT OF THE PAYMENT INSTRUMENT PER PAYMENT INSTRUMENT;

20 (2) PROVIDES CHECK CASHING SERVICES ~~FOR FEWER THAN 10~~
21 ~~CHECKS PER MONTH PER BUSINESS LOCATION~~ THAT ARE INCIDENTAL TO THE
22 RETAIL SALE OF GOODS OR SERVICES BY THE PERSON THAT IS PROVIDING THE
23 CHECK CASHING SERVICES;

24 (3) IS REGISTERED AS A CHECK CASHER MONEY SERVICE BUSINESS
25 WITH THE U.S. DEPARTMENT OF TREASURY;

26 (4) CONDUCTS CHECK CASHING SERVICE TRANSACTIONS WITHIN
27 THE INTERIOR OF THE BUSINESS LOCATION AND NOT THROUGH THE USE OF A
28 MOBILE UNIT OR AN EXTERIOR DRIVE-UP OR WALK-UP WINDOW;

29 (5) ~~DOES NOT ADVERTISE CHECK CASHING SERVICES IN ANY MANNER~~
30 ~~OTHER THAN IN THE INTERIOR OF THE BUSINESS LOCATION;~~

1 ~~(6)~~ **(5)** HAS CONSPICUOUSLY POSTED A NOTICE WITH THE
 2 FOLLOWING INFORMATION, IN 48 POINT TYPE OR LARGER, AT EACH BUSINESS
 3 LOCATION AT WHICH THE PERSON PROVIDES CHECK CASHING SERVICES:

4 **(I) THE FEES CHARGED FOR CHECK CASHING SERVICES; AND**

5 **(II) HOW TO CONTACT THE OFFICE OF THE COMMISSIONER OF**
 6 **FINANCIAL REGULATION WITH COMMENTS OR COMPLAINTS; AND**

7 ~~(7)~~ **(6)** PROVIDES A RECEIPT TO EACH CHECK CASHING SERVICES
 8 CUSTOMER THAT INCLUDES:

9 **(I) THE DATE OF THE TRANSACTION;**

10 **(II) THE FACE VALUE OF THE CHECK CASHED;**

11 **(III) THE FEE CHARGED; AND**

12 **(IV) THE NET DOLLAR AMOUNT PAID TO THE CUSTOMER.**

13 **(B) TO REGISTER AS A CHECK CASHING SERVICE, A PERSON SHALL:**

14 **(1) OBTAIN AND MAINTAIN A VALID UNIQUE IDENTIFIER ISSUED BY**
 15 **NMLS WHEN AN ACCOUNT IS CREATED WITH NMLS; AND**

16 ~~(2) PROVIDE TO THE COMMISSIONER, IN A FORM~~ **PROVIDE**
 17 **INFORMATION REQUIRED BY THE COMMISSIONER THROUGH NMLS, INCLUDING:**

18 ~~(1)~~ **(I) THE PERSON'S NAME AND ADDRESS AND, IF THE PERSON IS**
 19 **NOT AN INDIVIDUAL:**

20 ~~(1)~~ **1. THE NAMES AND ADDRESSES OF EACH OWNER WHO**
 21 **OWNS MORE THAN 5% OF THE PERSON; AND**

22 ~~(1)~~ **2. THE OFFICERS AND DIRECTOR OR PRINCIPAL OF THE**
 23 **PERSON;**

24 ~~(2)~~ **(II) THE ADDRESSES AT WHICH CHECK CASHING SERVICES WILL**
 25 **BE PROVIDED; AND**

26 ~~(3)~~ **(III) ANY OTHER INFORMATION DETERMINED TO BE NECESSARY**
 27 **BY THE COMMISSIONER.**

28 **(C) A PERSON WHO REGISTERS UNDER THIS SECTION SHALL REREGISTER**
 29 **~~ON OR BEFORE DECEMBER 31 EACH YEAR, BEGINNING IN THE YEAR FOLLOWING~~**

1 ~~INITIAL REGISTRATION~~ SUBMITTING AN INITIAL REGISTRATION OR A REGISTRATION
 2 RENEWAL UNDER THIS SECTION SHALL APPLY THROUGH NMLS:

3 (1) FOR THE INITIAL REGISTRATION, ON OR AFTER NOVEMBER 1,
 4 2020; AND

5 (2) FOR REGISTRATION RENEWAL, EACH YEAR THEREAFTER.

6 (D) A PERSON SUBMITTING AN INITIAL REGISTRATION OR A REGISTRATION
 7 RENEWAL UNDER THIS SECTION SHALL PAY TO NMLS ANY FEES THAT NMLS
 8 IMPOSES IN CONNECTION WITH THE ISSUANCE OF THE REGISTRATION OR THE
 9 RENEWAL OF THE REGISTRATION.

10 (E) SECTIONS 12-106 THROUGH 12-120 OF THIS SUBTITLE DO NOT APPLY
 11 TO A PERSON WHO REGISTERS UNDER THIS SECTION.

12 12-118.

13 ~~(A)~~ A licensee shall conspicuously post, in 48 point or larger type, at each place of
 14 business at which, or mobile unit from which, the licensee provides check cashing services[,
 15 a]:

16 (1) A notice of the fees for check cashing services; AND

17 (2) THE PHONE NUMBER OF THE COMMISSIONER FOR CUSTOMERS
 18 TO FILE COMPLAINTS.

19 ~~(B) (1) A LICENSEE SHALL CONSPICUOUSLY POST AT EACH PLACE OF~~
 20 ~~BUSINESS AT WHICH, OR MOBILE UNIT FROM WHICH, THE LICENSEE PROVIDES~~
 21 ~~CHECK CASHING SERVICES, A BROCHURE THAT STATES THE FOLLOWING:~~

22 ~~“WHAT YOU NEED TO KNOW AS A MARYLAND CONSUMER~~

23 ~~CHECK CASHING SERVICES BUSINESSES CASH CHECKS FOR CONSUMERS WHO~~
 24 ~~MAY OR MAY NOT HAVE AN ACCOUNT WITH A FINANCIAL INSTITUTION. WITH THE~~
 25 ~~EXCEPTION OF FINANCIAL INSTITUTIONS, MARYLAND REQUIRES ALL CHECK~~
 26 ~~CASHERS TO BE LICENSED. LICENSED CHECK CASHERS AND FINANCIAL~~
 27 ~~INSTITUTIONS ARE LIMITED TO THE FOLLOWING AMOUNTS OF FEES THAT THEY CAN~~
 28 ~~CHARGE TO CASH CHECKS:~~

29 ~~2% OF THE FACE AMOUNT OF THE PAYMENT INSTRUMENT OR \$3, IF THE~~
 30 ~~PAYMENT INSTRUMENT IS ISSUED BY THE FEDERAL GOVERNMENT OR A STATE OR~~
 31 ~~LOCAL GOVERNMENT;~~

~~10% OF THE FACE AMOUNT OF A PAYMENT INSTRUMENT OR \$5, IF THE
PAYMENT INSTRUMENT IS A PERSONAL CHECK; OR~~

~~4% OF THE FACE AMOUNT OF THE PAYMENT INSTRUMENT OR \$5, FOR
ANY OTHER PAYMENT INSTRUMENT.~~

~~AND A ONE-TIME MEMBERSHIP FEE MAY NOT EXCEED \$5.~~

~~CHECK CASHING SERVICES~~

~~YOU CAN ALSO SHOP AROUND FOR ALTERNATIVES TO CASH YOUR CHECK
SUCH AS OPENING A DEPOSIT ACCOUNT WITH A LOCAL FINANCIAL INSTITUTION.
ALTHOUGH HAVING A DEPOSIT ACCOUNT OFFERS CONVENIENCE AND SECURITY, IT
IS IMPORTANT TO REMEMBER THAT FEES AND CHARGES CAN REDUCE THE AMOUNT
OF MONEY YOU HAVE ON DEPOSIT. FINANCIAL INSTITUTIONS MUST DISCLOSE THEIR
FEES TO YOU AT THE TIME OF OPENING AN ACCOUNT. THE MOST EFFECTIVE WAYS
NOT TO BE CHARGED FEES OR TO LIMIT THESE FEES ARE TO READ ALL THE
DISCLOSURES THAT COME WITH YOUR ACCOUNT, ASK QUESTIONS DURING THE
ACCOUNT OPENING PROCESS, AND PAY CLOSE ATTENTION TO YOUR AVAILABLE
BALANCE”.~~

~~(2) THE BROCHURE REQUIRED UNDER PARAGRAPH (1) OF THIS
SUBSECTION SHALL ALSO INCLUDE A LINK TO A WEBSITE THAT PROVIDES A LIST OF
LICENSED CHECK CASHING SERVICE BUSINESSES.~~

12-121.

Subject to the hearing provisions of § 12-123 of this subtitle, the Commissioner may order a licensee **OR REGISTRANT** to cease and desist from a course of conduct if the course of conduct results in an evasion or violation of the subtitle or a regulation adopted under this subtitle.

12-122.

(a) Subject to the hearing provisions of § 12-123 of this subtitle, the Commissioner may suspend or revoke the license of any licensee **OR REGISTRATION OF ANY REGISTRANT** if the licensee **OR REGISTRANT**, or any owner, director, officer, member, partner, stockholder, employee, or agent of the licensee **OR REGISTRANT**:

(1) Makes any material misstatement in an application for a license **OR REGISTRATION**;

(2) Is convicted under the laws of the United States or of any other state
of:

1 (i) A felony; or

2 (ii) A misdemeanor that is directly related to the fitness and
3 qualification of the person to provide check cashing services;

4 (3) In connection with any check cashing service:

5 (i) Commits any fraud;

6 (ii) Engages in any illegal or dishonest activities; or

7 (iii) Misrepresents or fails to disclose any material facts to anyone
8 entitled to that information;

9 (4) Violates any provision of this subtitle or any rule or regulation adopted
10 under this subtitle, or any other law regulating check cashing services in the State; or

11 (5) Otherwise demonstrates unworthiness, bad faith, dishonesty, or any
12 other quality that indicates that the business of the licensee **OR REGISTRANT** has not been
13 or will not be conducted honestly, fairly, equitably, and efficiently.

14 (b) In determining whether the license of the licensee **OR REGISTRATION OF**
15 **THE REGISTRANT** should be suspended or revoked for a reason listed in subsection (a)(2)
16 of this section, the Commissioner shall consider:

17 (1) The nature of the crime;

18 (2) The relationship of the crime to the activities authorized by the license
19 **OR REGISTRATION**;

20 (3) With respect to a felony, the relevance of the conviction to the fitness
21 and qualification of the licensee **OR REGISTRANT** to provide check cashing services;

22 (4) The length of time since the conviction; and

23 (5) The behavior and activities of the licensee **OR REGISTRANT** since the
24 conviction.

25 12–123.

26 (a) Before the Commissioner takes any action under § 12–121, § 12–122, or §
27 12–126 of this subtitle, the Commissioner shall give the licensee **OR REGISTRANT** an
28 opportunity for a hearing before the Commissioner.

29 (b) Notice of the hearing shall be given and the hearing shall be held in
30 accordance with Title 10, Subtitle 2 of the State Government Article.

1 SECTION 2. AND BE IT FURTHER ENACTED, That the Office of the
2 Commissioner of Financial Regulation shall notify any person affected by Section 1 of this
3 Act of the requirements provided in Section 1 of this Act.

4 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall take
5 effect October 1, 2020.

6 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in Section
7 3 of this Act, this Act shall take effect July 1, 2020.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.