

SENATE BILL 939

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CF HB 1196

By: **Senator Hayes**

Introduced and read first time: February 3, 2020

Assigned to: Finance

A BILL ENTITLED

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 with the Commissioner of Financial Regulation under certain
8 circumstances; requiring a person to provide the Commission with certain
9 information in a certain form to register as a check cashing service; requiring a
10 person who registers under certain provisions of this Act to reregister on or before a
11 certain date each year; providing that certain provisions of law do not apply to a
12 person who registers under certain provisions of this Act; altering the information
13 that a certain licensee is required to post conspicuously in a certain manner at
14 certain locations; requiring a certain licensee to post a certain brochure in a certain
15 manner at certain locations; requiring that the brochure include a certain link;
16 making a conforming change; requiring the Office of the Commissioner of Financial
17 Regulation to provide certain notice to certain persons; providing for the effective
18 dates of this Act; and generally relating to check cashing services.

19 BY repealing and reenacting, with amendments,
20 Article – Financial Institutions
21 Section 12–102, 12–105(a), and 12–118
22 Annotated Code of Maryland
23 (2011 Replacement Volume and 2019 Supplement)

24 BY adding to
25 Article – Financial Institutions
26 Section 12–105.1
27 Annotated Code of Maryland
28 (2011 Replacement Volume and 2019 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
2 That the Laws of Maryland read as follows:

3 **Article – Financial Institutions**

4 12–102.

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

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

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

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

12 [(3)] (2) Involving foreign currency exchange services or the cashing of a
13 payment instrument drawn on a financial institution other than a federal, State, or other
14 state financial institution.

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

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

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

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

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

28 12–105.

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

32 **12–105.1.**

1 (A) A PERSON MAY PROVIDE CHECK CASHING SERVICES WITHOUT
2 OBTAINING A LICENSE UNDER THIS SUBTITLE BY REGISTERING WITH THE
3 COMMISSIONER AS A CHECK CASHING SERVICE IF THE PERSON:

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

6 (2) PROVIDES CHECK CASHING SERVICES FOR FEWER THAN 10
7 CHECKS PER MONTH PER BUSINESS LOCATION;

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

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

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

15 (6) HAS CONSPICUOUSLY POSTED A NOTICE WITH THE FOLLOWING
16 INFORMATION, IN 48 POINT TYPE OR LARGER, AT EACH BUSINESS LOCATION AT
17 WHICH THE PERSON PROVIDES CHECK CASHING SERVICES:

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

19 (II) HOW TO CONTACT THE OFFICE OF THE COMMISSIONER OF
20 FINANCIAL REGULATION WITH COMMENTS OR COMPLAINTS; AND

21 (7) PROVIDES A RECEIPT TO EACH CHECK CASHING SERVICES
22 CUSTOMER THAT INCLUDES:

23 (I) THE DATE OF THE TRANSACTION;

24 (II) THE FACE VALUE OF THE CHECK CASHED;

25 (III) THE FEE CHARGED; AND

26 (IV) THE NET DOLLAR AMOUNT PAID TO THE CUSTOMER.

27 (B) TO REGISTER AS A CHECK CASHING SERVICE, A PERSON SHALL PROVIDE
28 TO THE COMMISSIONER, IN A FORM REQUIRED BY THE COMMISSIONER:

1 **(1) THE PERSON'S NAME AND ADDRESS AND, IF THE PERSON IS NOT**
2 **AN INDIVIDUAL:**

3 **(I) THE NAMES AND ADDRESSES OF EACH OWNER WHO OWNS**
4 **MORE THAN 5% OF THE PERSON; AND**

5 **(II) THE OFFICERS AND DIRECTOR OR PRINCIPAL OF THE**
6 **PERSON;**

7 **(2) THE ADDRESSES AT WHICH CHECK CASHING SERVICES WILL BE**
8 **PROVIDED; AND**

9 **(3) ANY OTHER INFORMATION DETERMINED TO BE NECESSARY BY**
10 **THE COMMISSIONER.**

11 **(C) A PERSON WHO REGISTERS UNDER THIS SECTION SHALL REREGISTER**
12 **ON OR BEFORE DECEMBER 31 EACH YEAR, BEGINNING IN THE YEAR FOLLOWING**
13 **INITIAL REGISTRATION.**

14 **(D) SECTIONS 12-105 THROUGH 12-127 OF THIS SUBTITLE DO NOT APPLY**
15 **TO A PERSON WHO REGISTERS UNDER THIS SECTION.**

16 12-118.

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

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

21 **(2) THE PHONE NUMBER OF THE COMMISSIONER FOR CUSTOMERS**
22 **TO FILE COMPLAINTS.**

23 **(B) (1) A LICENSEE SHALL CONSPICUOUSLY POST AT EACH PLACE OF**
24 **BUSINESS AT WHICH, OR MOBILE UNIT FROM WHICH, THE LICENSEE PROVIDES**
25 **CHECK CASHING SERVICES, A BROCHURE THAT STATES THE FOLLOWING:**

26 **“WHAT YOU NEED TO KNOW AS A MARYLAND CONSUMER**

27 **CHECK CASHING SERVICES BUSINESSES CASH CHECKS FOR CONSUMERS WHO**
28 **MAY OR MAY NOT HAVE AN ACCOUNT WITH A FINANCIAL INSTITUTION. WITH THE**
29 **EXCEPTION OF FINANCIAL INSTITUTIONS, MARYLAND REQUIRES ALL CHECK**
30 **CASHERS TO BE LICENSED. LICENSED CHECK CASHERS AND FINANCIAL**

1 INSTITUTIONS ARE LIMITED TO THE FOLLOWING AMOUNTS OF FEES THAT THEY CAN
2 CHARGE TO CASH CHECKS:

3 **2% OF THE FACE AMOUNT OF THE PAYMENT INSTRUMENT OR \$3, IF THE**
4 **PAYMENT INSTRUMENT IS ISSUED BY THE FEDERAL GOVERNMENT OR A STATE OR**
5 **LOCAL GOVERNMENT;**

6 **10% OF THE FACE AMOUNT OF A PAYMENT INSTRUMENT OR \$5, IF THE**
7 **PAYMENT INSTRUMENT IS A PERSONAL CHECK; OR**

8 **4% OF THE FACE AMOUNT OF THE PAYMENT INSTRUMENT OR \$5, FOR**
9 **ANY OTHER PAYMENT INSTRUMENT.**

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

11 **CHECK CASHING SERVICES**

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

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

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

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

30 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in Section
31 3 of this Act, this Act shall take effect July 1, 2020.