

ASSEMBLY FINANCIAL INSTITUTIONS AND INSURANCE
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2265

STATE OF NEW JERSEY

DATED: FEBRUARY 22, 2024

The Assembly Financial Institutions and Insurance Committee reports favorably Assembly Bill No. 2265.

This bill makes various revisions to the “New Jersey Money Transmitters Act” to require licensed money transmitters and their delegates to provide more reporting, record keeping and consumer disclosures.

The bill requires licensees to prominently display license information at their locations. The bill broadens the consent deemed to be given by licensees and delegates to include record inspection rights for appropriate law enforcement representatives in addition to the Commissioner of Banking and Insurance, and requires licensees to keep records for five years instead of the three years required by the current act. The bill requires licensees to file quarterly reports with the commissioner, in addition to the annual reports presently required, and raises the penalty to \$200 per day, from not more than \$100 per day, as to any licensee who fails to file any report. The licensee shall also file annually with the commissioner, a copy of the licensee's most recent registration with the Financial Crimes Enforcement Network (FinCEN) as a money transmitter business pursuant to 31 C.F.R. s.1010.100 et seq.

The bill expands the liability of licensees for certain acts of their delegates and provides for license suspension upon conviction for certain crimes. The bill also requires a delegate to prominently display at each of its locations a notice indicating that the delegate is an authorized delegate of a licensee. Further, the bill mandates that the department maintain a website to make licensee and delegate information available to the public. Finally, the bill increases the crime of operating as a money transmitter without a license from a crime of the third degree to a crime of the second degree.

This bill provides that funds belonging to a licensee and deposited in a financial institution shall not constitute trust funds, unless the financial institution has actual knowledge that such funds are owned by or belong to the licensee. The bill also provides that the licensee is liable to a purchaser or holder of an outstanding payment instrument which is issued by the licensee or received by the licensee's authorized delegate for transmission and set-off by the financial institution. If the licensee has insufficient assets to make the purchaser or holder whole,

the purchaser or holder will be entitled to reimbursement under the surety bond that the act currently requires all licensees to have.

This bill was prefiled for introduction in the 2024-2025 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.