

**ASSEMBLY, No. 2265**

---

**STATE OF NEW JERSEY**

**221st LEGISLATURE**

---

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

**Sponsored by:**

**Assemblywoman YVONNE LOPEZ**

**District 19 (Middlesex)**

**Assemblyman ROBERT J. KARABINCHAK**

**District 18 (Middlesex)**

**Co-Sponsored by:**

**Assemblywomen Bagolie and Speight**

**SYNOPSIS**

Revises "New Jersey Money Transmitters Act"; provides consumer protections; increases reporting and record keeping requirements.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



**(Sponsorship Updated As Of: 4/15/2024)**

1 AN ACT concerning money transmitters and amending P.L.1998,  
2 c.14.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. Section 2 of P.L.1998, c.14 (C.17:15C-2) is amended to read  
8 as follows:

9 2. As used in this act:

10 "Applicant" means a person filing an application for a license  
11 under this act.

12 "Authorized delegate" means an entity authorized by the licensee  
13 pursuant to the provisions of section 17 of this act to sell or issue  
14 payment instruments or engage in the business of transmitting  
15 money on behalf of a licensee.

16 "Commissioner" means the Commissioner of Banking and  
17 Insurance.

18 "Control" means ownership of, or the power to vote, 25 percent  
19 or more of the outstanding voting securities of a licensee or  
20 controlling person. For purposes of determining the percentage of a  
21 licensee controlled by any person, there shall be aggregated with  
22 the person's interest the interest of any other person controlled by  
23 that person or by any spouse, parent, or child of that person.

24 "Controlling person" means any person in control of a licensee.

25 "Department" means the Department of Banking and Insurance.

26 "Executive officer" means the licensee's president, chairman of  
27 the executive committee, senior officer responsible for the  
28 licensee's business in this State, chief financial officer and any other  
29 person who performs similar functions.

30 "Foreign money transmitter" means a person who engages, in  
31 this State, only in the business of the receipt of money for  
32 transmission or transmitting money to locations outside of the  
33 United States by any and all means, including but not limited to  
34 payment instrument, wire, facsimile, electronic transfer, or  
35 otherwise for a fee, commission or other benefit.

36 "Key shareholder" means any person, or group of persons acting  
37 in concert, who is the owner of 25 percent or more of any voting  
38 class of an applicant's stock.

39 "Licensee" means a person licensed under this act.

40 "Location" means a place of business at which activities  
41 regulated by this act occur.

42 "Material litigation" means any litigation that, according to  
43 generally accepted accounting principles, is deemed significant to  
44 any applicant's or licensee's financial health and would be required  
45 to be referenced in that entity's annual audited financial statements,  
46 report to shareholders or similar documents.

**EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is  
not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

1 "Money" means a medium of exchange authorized or adopted by  
2 the United States or a foreign government as a part of its currency  
3 and that is customarily used and accepted as a medium of exchange  
4 in the country of issuance.

5 "Money transmitter" means a person who engages in this State in  
6 the business of:

7 (1) the sale or issuance of payment instruments for a fee,  
8 commission or other benefit;

9 (2) the receipt of money for transmission or transmitting money  
10 within the United States or to locations abroad by any and all  
11 means, including but not limited to payment instrument, wire,  
12 facsimile, electronic transfer, or otherwise for a fee, commission or  
13 other benefit; or

14 (3) the receipt of money for obligors for the purpose of paying  
15 obligors' bills, invoices or accounts for a fee, commission or other  
16 benefit paid by the obligor.

17 "Outstanding payment instrument" means any payment  
18 instrument issued by the licensee which has been sold in the United  
19 States directly by the licensee or any payment instrument issued by  
20 the licensee which has been sold by an authorized delegate of the  
21 licensee in the United States, which has been reported to the  
22 licensee as having been sold, and which has not yet been paid by or  
23 for the licensee.

24 "Payment instrument" means any check, draft, money order,  
25 travelers check or other instrument or written order for the  
26 transmission or payment of money, sold or issued to one or more  
27 persons, whether or not the instrument is negotiable. The term  
28 "payment instrument" does not include any credit card voucher, any  
29 letter of credit or any instrument which is redeemable by the issuer  
30 in goods or services.

31 "Permissible investments" means:

32 (1) cash;

33 (2) certificates of deposit or other debt obligations of a bank,  
34 savings bank, savings and loan association, or credit union, either  
35 domestic or foreign;

36 (3) bills of exchange or time drafts drawn on and accepted by a  
37 commercial bank, otherwise known as bankers' acceptances, which  
38 are eligible for purchase by member banks of the Federal Reserve  
39 System;

40 (4) any investment which is rated in one of the three highest  
41 rating categories by a nationally recognized statistical rating  
42 organization;

43 (5) investment securities that are obligations of the United  
44 States, its agencies or instrumentalities, or obligations that are  
45 guaranteed fully as to principal and interest by the United States, or  
46 any obligations of any state, municipality or any political  
47 subdivision thereof which is rated in one of the three highest rating  
48 categories by a nationally recognized statistical rating organization;

(6) shares in a money market mutual fund, interest-bearing bills, notes or bonds, debentures or stock traded on any national securities exchange or on a national over-the-counter market, or mutual funds primarily composed of those securities or a fund composed of one or more permissible investments as set forth in this section;

(7) demand borrowing agreements made to a corporation or a subsidiary of a corporation whose capital stock is listed on a national exchange;

(8) receivables which are due to a licensee from its authorized delegates pursuant to a contract described in section 17 of this act, which are not past due or doubtful of collection; or

(9) any other investments or security device which the commissioner may authorize by rule.

"Publicly traded corporation" means any corporation or other legal entity, except a natural person, which:

(1) has one or more classes of security registered pursuant to section 12 of the "Securities Exchange Act of 1934," Pub.L.73-291 (15 U.S.C. s.78l);

(2) is an issuer subject to section 15(d) of the "Securities Exchange Act of 1934," Pub.L.73-291 (15 U.S.C. s.78o(d)); or

(3) has one or more classes of securities traded in any open market in any foreign jurisdiction or regulated pursuant to a statute of any foreign jurisdiction which the commissioner determines to be substantially similar to the statutes referred to in paragraphs (1) or (2) herein.

(cf: P.L.1998, c.14, s.2)

2. Section 4 of P.L.1998, c.14 (C.17:15C-4) is amended to read as follows:

4. a. No person, other than a person exempt from the provisions of this act pursuant to section 3, shall engage in the business of money transmission without a license as provided in this act. A licensee shall prominently display its license in its principal place of business.

b. A licensee may conduct its business in this State at one or more locations, directly or indirectly owned, or through one or more authorized delegates, or both, pursuant to the **【single】** license granted to the licensee under this act.

(cf: P.L.1998, c.14, s.4)

3. Section 10 of P.L.1998, c.14 (C.17:15C-10) is amended to read as follows:

10. a. Each licensee, shall make, keep and preserve the following books, accounts and other records for a period of **【three】** five years:

(1) a record of each **【payment instrument】** transmission sold, including the date and the amount of the transaction;

(2) a general ledger containing all assets, liabilities, capital,

- 1 income and expense accounts (which general ledger shall be posted  
2 at least monthly);
- 3 (3) settlement sheets received from authorized delegates;
- 4 (4) bank statements and bank reconciliation records;
- 5 (5) records of outstanding payment instruments;
- 6 (6) records of each payment instrument paid within the **three-**  
7 **year** five-year period;
- 8 (7) a list of names and addresses of all of the licensee's  
9 authorized delegates;
- 10 (8) a list of all countries to which money is transmitted or from  
11 which money is received for transmission;
- 12 (9) a list of the names and addresses of all clearing banks  
13 through which the licensee's money transmission business is  
14 conducted; and
- 15 (10) such other books and records as the commissioner may  
16 require by regulation.
- 17 b. Maintenance of the documents required by this section in a  
18 photographic, electronic or other similar form shall constitute  
19 compliance with this section.
- 20 c. Each licensee shall maintain the records it is required to  
21 maintain pursuant to **31 C.F.R. s.103.11 et seq.** 31 C.F.R.  
22 s.1010.100 et seq.
- 23 d. The records of the licensee regarding business regulated  
24 under this act shall be maintained at its principal place of business  
25 or, with notice to the commissioner, at another location designated  
26 by the licensee. If the records are maintained outside this State, the  
27 commissioner may require that the licensee reimburse the  
28 department for the travel costs incurred in the examination or  
29 investigation of those records or may require that the licensee make  
30 those records available to the commissioner at the commissioner's  
31 office not more than seven business days after demand. The  
32 commissioner may further require that those records be  
33 accompanied by an individual who will be available to answer  
34 questions regarding those records and the business regulated under  
35 this act. The commissioner may require the appearance of a  
36 specific individual, or request that the licensee designate an  
37 individual with knowledge of the records and the business.
- 38 e. Each licensee is deemed to consent to inspection, by the  
39 commissioner and any appropriate representative of any State or  
40 federal law enforcement agency, of all records of the licensee  
41 regarding business regulated under P.L.1998, c.14 (C.17:15C-1 et  
42 seq.).  
43 (cf: P.L.1998, c.14, s.10)
- 44
- 45 4. Section 12 of P.L.1998, c.14 (C.17:15C-12) is amended to  
46 read as follows:
- 47 12. a. Each licensee shall file with the commissioner **an**  
48 **annual** a report for the quarterly periods ending March 31, June 30,

1 September 30 and December 31 of each year, containing the  
2 information required by the commissioner and within the time  
3 period required by the commissioner by regulation , along with a  
4 fee in an amount set by the commissioner by regulation not to  
5 exceed \$200 per filing. In addition to this filing fee, the  
6 commissioner may assess an additional fee by regulation in that  
7 amount which the commissioner determines is necessary to meet the  
8 costs to the department pursuant to this section.

9 b. The commissioner may require reports of any licensee or  
10 authorized delegate, under penalty of perjury or otherwise,  
11 concerning the licensee's or authorized delegate's business  
12 conducted pursuant to the license issued under this act, as the  
13 commissioner requires for the enforcement of this act.

14 c. A licensee who fails to file any report required by this  
15 section on or before the day designated for making the report, or  
16 fails to include any prescribed matter in the report, shall pay a  
17 penalty of **【not more than \$100】** \$200 for each day that the report is  
18 delayed or incomplete, unless the commissioner, for good cause  
19 shown, reduces the amount to be paid, or unless the time to file the  
20 report is extended in writing by the commissioner. **【In addition, the**  
21 **commissioner may revoke or suspend the authority of a licensee to**  
22 **do business in this State.】** The penalty may be collected in a  
23 summary proceeding pursuant to the "Penalty Enforcement Law of  
24 1999," P.L.1999, c.274 (C.2A:58-10 et seq.). A warrant may issue  
25 in lieu of a summons.

26 d. **【The】** Each licensee shall file with the commissioner on or  
27 before April 1 of each year an annual report and include in its  
28 annual report:

29 (1) (a) except as provided pursuant to subparagraph (b) of this  
30 paragraph (1), for a person licensed to engage only in the business  
31 of a foreign money transmitter, a copy of its most recent audited  
32 consolidated annual financial statement, including balance sheet,  
33 statement of income or loss, statement of changes in shareholder's  
34 equity and statement of changes in financial position, or, in the case  
35 of a licensee that is a wholly owned subsidiary of another  
36 corporation, the consolidated audited annual financial statement of  
37 the parent corporation may be filed in lieu of the licensee's audited  
38 annual financial statement;

39 (b) for a person licensed to engage only in the business of a  
40 foreign money transmitter, a copy of its most recent compiled  
41 annual financial statement, including balance sheet, statement of  
42 income or loss, statement of changes in shareholder's equity and  
43 statement of changes in financial position, except that the  
44 commissioner may, for good cause, request a foreign money  
45 transmitter to submit an audited financial statement;

46 (2) for the most recent quarter for which data is available prior  
47 to the date of the filing of the annual report, but in no event more  
48 than 120 days prior to the annual report filing date, the licensee

1 shall provide the number of payment instruments sold by the  
2 licensee in the State, the dollar amount of those instruments and the  
3 dollar amount of those instruments currently outstanding;

4 (3) any material changes to any of the information submitted by  
5 the licensee on its original application which have not previously  
6 been reported to the commissioner on any other report required to  
7 be filed under this act;

8 (4) a list of the licensee's permissible investments;

9 (5) a list of the locations within this State at which business  
10 regulated by this act is being conducted by either the licensee or its  
11 authorized delegate; **and**

12 (6) **[such]** any other information as the commissioner may  
13 require by regulation; and

14 (7) a copy of the licensee's most recent registration as a money  
15 transmitter business with the Financial Crimes Enforcement  
16 Network, established within the United States Department of the  
17 Treasury, pursuant to 31 C.F.R. s.1010.100 et seq..

18 (cf: P.L.2007, c.81, s.17)

19

20 5. Section 16 of P.L.1998, c.14 (C.17:15C-16) is amended to  
21 read as follows:

22 16. After notice and hearing pursuant to the "Administrative  
23 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), the  
24 commissioner may suspend or revoke a licensee's license if the  
25 commissioner finds that:

26 a. The licensee has made a material misstatement or suppressed  
27 or withheld information on the application for a license or any  
28 document required to be filed with the commissioner, or the  
29 licensee's authorized delegate has made a material misstatement or  
30 suppressed or withheld information on the application for a license  
31 or any document required to be filed with the commissioner, and the  
32 licensee knew or should have known of the delegate's misstatement,  
33 suppression or withholding of the information ;

34 b. Any fact or condition exists that, if it had existed at the time  
35 when the licensee applied for its license, would have been grounds  
36 for denying the application;

37 c. The licensee's net worth has become inadequate and the  
38 licensee, after 10 days' written notice from the commissioner, fails  
39 to take the steps the commissioner deems necessary to remedy the  
40 deficiency;

41 d. The licensee knowingly violates any material provision of  
42 this act or any rule or order validly promulgated by the  
43 commissioner under authority of this act;

44 e. The licensee is conducting its business in an unsafe or  
45 unsound manner;

46 f. The licensee is insolvent; for the purposes of this section, a  
47 licensee shall be insolvent if: (1) the aggregate of its property at a  
48 fair valuation, exclusive of any property which it may have

1 conveyed, transferred, concealed, removed or permitted to be  
2 concealed or removed, with intent to defraud, hinder or delay its  
3 creditors, is not sufficient in amount to pay its debts; or (2) the  
4 licensee is unable, by its available assets or the honest use of credit,  
5 to pay its debts as they become due;

6 g. The licensee has suspended payment of its obligations, has  
7 made an assignment for the benefit of its creditors, or has admitted  
8 in writing its inability to pay its debts as they become due;

9 h. The licensee has applied for an adjudication of bankruptcy,  
10 reorganization, arrangement, or other relief under any bankruptcy;

11 i. The licensee refuses to permit the commissioner to make any  
12 examination or investigation authorized by this act;

13 j. The licensee willfully fails to make any report required by  
14 this act;

15 k. The licensee has willfully violated any provision of [31  
16 C.F.R. s.103.11 et seq.] 31 C.F.R. s.1010.100 et seq.; [or]

17 l. The licensee has willfully violated any provision of  
18 P.L.1994, c.121 (C.2C:21-23 et seq.) ; or

19 m. The licensee has been convicted of, or has entered a plea of  
20 guilty or nolo contendere to a crime of the first, second, third or  
21 fourth degree, without regard to whether adjudication was held.

22 (cf: P.L.1998, c.14, s.16)

23  
24 6. Section 17 of P.L.1998, c.14 (C.17:15C-17) is amended to  
25 read as follows:

26 17. a. Licensees desiring to conduct licensed activities through  
27 authorized delegates shall authorize each delegate to operate  
28 pursuant to an express written contract, which shall provide that the  
29 licensee appoints the person as its delegate with authority to engage  
30 in the activities of a money transmitter on behalf of the licensee.

31 b. The department shall collect and maintain the names and  
32 addresses of each licensee and each authorized delegate of each  
33 licensee. The department shall make that information available to  
34 the public on the official website of the department and shall update  
35 that information as it is received by the department. The  
36 commissioner may assess a fee by regulation in that amount which  
37 the commissioner determines is necessary to meet the costs to the  
38 department pursuant to this section.

39 (cf: P.L.1998, c.14, s.17)

40  
41 7. Section 18 of P.L.1998, c.14 (C.17:15C-18) is amended to  
42 read as follows:

43 18. a. An authorized delegate shall not make any fraudulent or  
44 false statement or misrepresentation to a licensee or to the  
45 commissioner.

46 b. All money transmission or sale or issuance of payment  
47 instrument activities conducted by authorized delegates shall be  
48 strictly in accordance with the licensee's written procedures to the



1 authorized delegate.

2 c. An authorized delegate shall remit all money owing to the  
3 licensee in accordance with the terms of the contract between the  
4 licensee and the authorized delegate. The failure of an authorized  
5 delegate to remit all money owing to a licensee within the time  
6 presented shall result in liability of the authorized delegate to the  
7 licensee for three times the licensee's actual damages. The  
8 commissioner shall have the discretion to set, by regulation, the  
9 maximum remittance time.

10 d. An authorized delegate is deemed to consent to **the**  
11 **commissioner's** inspection by the commissioner and any  
12 appropriate representative of any State or federal law enforcement  
13 agency, with or without prior notice to the licensee or authorized  
14 delegate, of the books and records of the authorized delegate of the  
15 licensee whenever the commissioner has a reasonable basis to  
16 believe that the licensee or authorized delegate is not in compliance  
17 with this act.

18 e. An authorized delegate is under a duty to act only as  
19 authorized under the contract with the licensee and an authorized  
20 delegate who exceeds its authority is subject to cancellation of its  
21 contract and further disciplinary action by the commissioner.

22 f. All funds (less fees) received by an authorized delegate of a  
23 licensee from the sale or delivery of a payment instrument issued by  
24 a licensee or received by an authorized delegate for transmission  
25 shall, from the time the funds are received by an authorized  
26 delegate until that time when the funds or an equivalent amount are  
27 remitted by the authorized delegate to the licensee, constitute trust  
28 funds owned by and belonging to the licensee. If an authorized  
29 delegate commingles any trust funds with any other funds or  
30 property owned or controlled by the authorized delegate, all  
31 commingled proceeds and other property shall be impressed with a  
32 trust in favor of the licensee in the amount equal to the amount of  
33 the proceeds due the licensee. Nothing contained in this subsection  
34 shall constitute authority for the creation of any trust funds, or a  
35 trust to be impressed for funds, owned by or belonging to the  
36 licensee, that have been deposited with a financial institution unless  
37 the financial institution has actual knowledge that the funds are  
38 owned by or belong to the licensee. The licensee shall be liable to a  
39 purchaser or holder of an outstanding payment instrument, which is  
40 issued by the licensee or received by the licensee's authorized  
41 delegate for transmission and set-off by the financial institution. If  
42 the licensee has insufficient assets to make the purchaser or holder  
43 whole, the purchaser or holder shall be entitled to reimbursement  
44 under the surety bond, irrevocable letter of credit or security device  
45 possessed by the licensee pursuant to the provisions of sections 6  
46 and 8 of P.L.1998, c.14 (C.17:15C-6 and 17:15C-8) to secure  
47 faithful performance of the obligations of the licensee with respect  
48 to the receipt, handling, transmission and payment of money in

1 connection with the sale and issuance of payment instruments or  
2 transmission of money.

3 g. An authorized delegate shall report to the licensee the theft  
4 or loss of payment instruments within 24 hours from the time it  
5 knew or should have known of that theft or loss.

6 h. Authorized delegates shall comply with the provisions of  
7 **【31 C.F.R. s.103.11 et seq.】** 31 C.F.R. s.1010.100 et seq. and  
8 P.L.1994, c.121 (C.2C:21-23 et seq.).

9 i. Authorized delegates shall conduct all business governed by  
10 this act in the name of the licensee.

11 j. An authorized delegate shall prominently display at each of  
12 its locations a notice in a form prescribed by the commissioner,  
13 indicating that the authorized delegate is an authorized delegate of a  
14 licensee under P.L.1998, c.14 (C.17:15C-1 et seq.).  
15 (cf: P.L.1998, c.14, s.18)  
16

17 8. Section 24 of P.L.1998, c.14 (C.17:15C-24) is amended to  
18 read as follows:

19 24. a. Any person who knowingly and willfully violates any  
20 provision of this act for which a penalty is not specifically provided  
21 is guilty of a crime of the fourth degree.

22 b. Any person who knowingly and willfully makes a material,  
23 false statement in any document filed or required to be filed under  
24 this act with the intent to deceive the recipient of the document is  
25 guilty of a crime of the third degree.

26 c. Any person who knowingly and willfully engages in the  
27 business of money transmission without a license as provided  
28 herein shall be guilty of a crime of the **【third】** second degree.

29 d. Any person who purposely or knowingly refuses to permit  
30 any lawful investigation by the commissioner or the Attorney  
31 General shall be guilty of a crime of the third degree.  
32 (cf: P.L.1998, c.14, s.24)  
33

34 9. This act shall take effect on the 180th day following  
35 enactment.