



State of Wisconsin  
2023 - 2024 LEGISLATURE

LRB-5025/1  
ARG:wlj

## 2023 SENATE BILL 668

November 9, 2023 - Introduced by Senators KNODL and WANGGAARD, cosponsored by Representatives O'CONNOR, MURPHY and MACCO. Referred to Committee on Shared Revenue, Elections and Consumer Protection.

**AN ACT *to repeal*** 138.09 (7) (b), (bm) and (bn), 138.09 (7) (e) 2., 138.09 (7) (gm)

1. and 2., 138.12 (14), 218.04 (3) (c), 218.04 (8), 224.72 (7) (bm), 224.725 (5) (a) 1. and 2. and 224.725 (5) (b); ***to renumber*** 138.09 (1a) and 218.0161; ***to renumber and amend*** 138.09 (1d), 138.09 (1m) (a), 218.0114 (4), 218.0114 (17), 218.04 (1) (b), 218.04 (13), 224.72 (7) (am), 224.725 (5) (a) (intro.), 224.728 (title), 224.728 (1), 224.728 (2), 224.728 (3), 224.728 (4) and 224.728 (5); ***to amend*** 49.857 (1) (d) 12., 73.0301 (1) (d) 6., 100.315 (1), 108.227 (1) (e) 6., 138.09 (1m) (b) 1. (intro.), 138.09 (2), 138.09 (3) (c), 138.09 (3) (d), 138.09 (3) (e) 1. a. and f., 138.09 (3) (f), 138.09 (6), 138.09 (7) (c) 2. and 4., 138.09 (7) (e) 3., 138.09 (7) (g) (intro.), 138.09 (7) (k), 138.12 (3) (b), 138.12 (4) (am) 1., 138.12 (5) (b), 138.14 (4) (a) 1. (intro.), 138.14 (6) (a), 138.14 (6) (b) 1. b., 138.14 (7) (d), 138.14 (8) (c), 138.14 (9) (a) 4., 138.14 (14) (c) 1., 138.14 (14) (m), 138.14 (15) (title), 186.113 (22) (title), 214.04 (20), 215.13 (41) (title), 218.0111 (2),

**SENATE BILL 668**

218.0114 (5) (b), 218.0114 (13) (a), 218.0114 (20) (c), 218.0116 (1) (am), 218.0161 (title), 218.0162, 218.02 (2) (a) 1. (intro.), 218.02 (5) (a) and (b), 218.02 (6) (a) (intro.), 218.02 (6) (a) 1., 218.02 (9) (title), 218.02 (9) (a) (intro.), 218.02 (9) (c), 218.04 (1) (a), 218.04 (2) (a) and (b), 218.04 (3) (a) 1. (intro.), 218.04 (3) (b), 218.04 (4) (a), 218.04 (4) (am) 1., 218.04 (5) (a) (intro.), 1., 2., 3. and 4., 218.04 (5) (c), 218.04 (6) (title), 218.04 (6) (b), 218.04 (6) (c) (intro.) and 2., 218.04 (7) (title), 218.04 (7) (a), 218.04 (9g) (c), 218.04 (9m) (e), 218.04 (10) (b), 218.04 (13) (title), 218.05 (3) (a) 2., 218.05 (3) (c), 218.05 (10) (a) and (c), 218.05 (11) (intro.), 218.05 (12) (title), 218.05 (12) (a) 1., 220.02 (2) (c), 220.02 (3), 220.06 (1m), 224.71 (7), 224.71 (13g) (b), 224.71 (18), 224.72 (2) (am), 224.72 (7) (title), 224.725 (1), 224.725 (1r) (a) 5., 224.725 (1r) (c) 1., 224.725 (1r) (c) 2. d., 224.725 (2) (a), 224.725 (2) (c) (intro.) and 2. (intro.), 224.725 (5) (title), 224.74 (1) (a), 224.74 (2) (b), 224.755 (3) (a), (c) and (d), 224.755 (4) (b) 1., 224.77 (1) (a), 224.77 (9), 321.60 (1) (a) 12., 422.202 (3) (c) and 946.79 (1) (a); ***to repeal and recreate*** 138.09 (3) (b), 138.12 (3) (c), 138.12 (5) (a) 2., 138.14 (5) (c), chapter 217, 218.02 (5) (c), 218.04 (6) (a), 218.04 (10) (a) and 218.05 (14) (a); and ***to create*** 138.09 (1c) (a) 3., 4., 5. and 6., 138.09 (1c) (b), 138.09 (1g) (a), (b), (d), (e), (f), (g), (h) and (i), 138.09 (1m) (b) 2. c., 138.09 (1m) (d) and (e), 138.09 (3) (cm), 138.09 (3) (e) 3., 138.09 (3) (g), 138.09 (4) (a) 4., 138.09 (4) (e), 138.12 (1) (cm) and (dm), 138.12 (3) (d) 2. c., 138.12 (3) (f), (g) and (h), 138.12 (5r), 138.14 (1) (br), (jm) and (m), 138.14 (4) (a) 1g., 1m. and 1r., 138.14 (4) (a) 2. c., 138.14 (15) (c), 218.0101 (24m) and (37m), 218.0114 (4g) and (4m), 218.0114 (17) (b), 218.0114 (21g) (b) 3., 218.0114 (25), 218.0161 (2), 218.02 (1)

**SENATE BILL 668**

(e) and (f), 218.02 (2) (a) 2. c., 218.02 (2) (d), (e) and (f), 218.02 (6) (a) 5., 218.02 (9) (d), 218.04 (1) (b) 2. and 3., 218.04 (1) (em) and (h), 218.04 (3) (a) 1g., 1m. and 1r., 218.04 (3) (a) 2. c., 218.04 (4) (ap) and (c), 218.04 (5) (a) 6., 218.04 (9), 218.04 (13) (b), 218.05 (1) (e) and (f), 218.05 (3) (am) 2. c., 218.05 (3) (d), (e) and (f), 218.05 (12) (a) 4., 218.05 (12) (f), 224.35 (1g), 224.35 (1m) (bm), 224.35 (1r), (6), (7) and (8), 224.72 (2) (c) 2. c. and 224.725 (2) (b) 1. c. of the statutes; **relating to:** the licensing and regulation by the Department of Financial Institutions of consumer lenders, payday lenders, money transmitters, sales finance companies, collection agencies, mortgage bankers and mortgage brokers, adjustment service companies, community currency exchanges, and insurance premium finance companies; the Nationwide Multistate Licensing System and Registry; modifying and repealing rules promulgated by the Department of Financial Institutions; and granting rule-making authority.

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***Analysis by the Legislative Reference Bureau***

This bill makes changes related to the Department of Financial Institutions' regulation of collection agencies, consumer lenders, and sellers of checks and standardizes certain DFI administrative procedures related to these and other licensed financial services providers.

***Nationwide Multistate Licensing System and Registry***

The bill authorizes DFI to utilize the Nationwide Multistate Licensing System and Registry to administer its licensing functions, and standardizes certain administrative procedures, with respect to the following: consumer lenders; payday lenders; collection agencies; sales finance companies; money transmitters (currently known as sellers of checks); mortgage bankers and mortgage brokers; adjustment service companies; community currency exchanges; and insurance premium finance companies (collectively, licensed financial services providers). The NMLSR is a multistate system developed and operated for the licensing and registration of persons in financial services industries.

Under current law, DFI participates in the NMLSR (formerly known as the Nationwide Mortgage Licensing System and Registry) only with respect to the

**SENATE BILL 668**

licensing of mortgage loan originators and certain other functions related to mortgage loan originators, mortgage bankers, and mortgage brokers. Current law allows DFI to establish relationships or contracts with the NMLSR or other entities designated by the NMLSR to collect and maintain records and process transaction or other fees related to mortgage loan originators, mortgage bankers, and mortgage brokers. With respect to licensing mortgage loan originators, DFI may require that an applicant submit any form, fee, or other information directly to the NMLSR and may authorize the NMLSR to perform functions related to the licensing of mortgage loan originators. DFI may also provide to the NMLSR information relating to mortgage loan originator licensing or responsibilities. DFI may also rely on the NMLSR to establish application or reporting deadlines for mortgage loan originators and other requirements related to mortgage loan originators. DFI may also use the NMLSR as an agent for requesting and distributing information, including to other governmental agencies. In general, information that is confidential or privileged when it is provided to the NMLSR remains confidential or privileged.

The bill expands DFI's participation in the NMLSR and requires DFI to utilize the NMLSR with respect to the licensing and regulation of licensed financial services providers, including requiring applicants and licensees to provide information directly to the NMLSR and to comply with application and reporting deadlines established by the NMLSR. These applicants and licensees must register with, and maintain a unique identifier issued by, the NMLSR. The bill provides DFI with authority relating to the NMLSR that is additional to the NMLSR authority described above. DFI may require an applicant or licensee to submit identity information, a credit report, an investigative background report, fingerprints for identity verification or a criminal history check, or other personal or professional history information. DFI may report to the NMLSR enforcement actions against or violations by licensed financial services providers, which generally must be kept confidential.

The bill standardizes the license renewal process and renewal period for licensed financial services providers and specifies that the renewal application and related materials or information must be submitted through the NMLSR or as directed by DFI. The bill specifies reasons for which DFI may deny renewal of a license and allows an expired license to be reinstated within two months after the license expires.

The bill requires licensed financial services providers to keep current and accurate all material information on file with DFI and the NMLSR. If the information changes in any material respect, the licensed financial services provider must notify DFI and the NMLSR of the change within 10 days after the change. The bill also requires most licensed financial services providers to submit annual reports and financial statements through the NMLSR or as directed by DFI.

**SENATE BILL 668*****Collection agencies***

The bill makes various changes relating to DFI's licensing and regulation of collection agencies and their employees.

Under current law, a person may not operate as a collection agency unless the person is licensed as a collection agency by DFI. A "collection agency" is defined as a person engaging in the business of collecting or receiving for payment for others of any account, bill, or other indebtedness, but the definition also contains specific exceptions, including those for attorneys, banks, express companies, health care billing companies, insurers, and real estate brokers and salespersons. A collection agency is subject to regulation by DFI and to certain laws regulating its operations.

Also under current law, a "collector" or "solicitor" is defined as a person employed by a collection agency to collect or receive payment, or to solicit the receiving or collecting of payment, for others of any account, bill, or other indebtedness outside of the collection agency office or the person's home. A collector or solicitor must hold a separate license as a collector or solicitor, which must state the name of the collector's or solicitor's employer. The collector or solicitor must carry this license as a means of identification whenever the collector or solicitor is engaged in business.

The bill makes numerous statutory changes related to the licensing and regulation of collection agencies and their employees, including the following:

1. The bill eliminates the requirement that a collector or solicitor hold a license separate from the license of the collection agency that employs the collector or solicitor. The bill also changes the definition of collector or solicitor to any person who, on behalf of a licensed collection agency, does any of the following: 1) collects, or attempts to collect, for others any account, bill, or other indebtedness; 2) receives payment for others of any account, bill, or other indebtedness; or 3) solicits any account, bill, or other indebtedness for collection by the collection agency. In addition, the bill specifies that a collection agency is responsible for, and must supervise the acts of, its collectors and solicitors and any other person who acts on its behalf.

2. The bill changes the definition of a collection agency by adding exceptions for mortgage bankers licensed by DFI and credit unions and by deleting the exception for express companies. Accordingly, under the bill, licensed mortgage bankers and credit unions are not regulated as collection agencies.

3. The bill specifies that a separate collection agency license is required for each place of business maintained by the collection agency from which the collection agency or its collectors or solicitors engage in the business of collecting or receiving payments for others of any account, bill, or other indebtedness of a person located in this state. The bill also specifies that, if an employee of a licensed collection agency works from the employee's residence, a collection agency license is not required for the employee's residence, but the employee's resident address may not be presented to the public as a location or office of the collection agency and collection agency records may not be maintained at the employee's residence.

**SENATE BILL 668**

4. As described above, the bill requires DFI to use the NMLSR in the licensing and regulation of collection agencies. The bill also modifies license renewal and reporting procedures for collection agencies to conform to the standardized procedures applicable to all licensed financial services providers that use the NMLSR. This change includes changing the collection agency licensing year to a calendar year.

5. The bill specifies that the annual license fee applies for each place of business that is required to be separately licensed. The bill also specifies that if an applicant for an initial collection agency license fails to complete the application within 60 days after DFI provides written notice that it is incomplete, the application is considered abandoned, although the applicant may submit a new application.

6. The bill expands the reasons that DFI may suspend or revoke a collection agency license to include the following: the collection agency has violated DFI's rules related to collection agencies; and the collection agency has made a material misstatement, or knowingly omitted a material fact, in an application for a license or in information furnished to DFI or the NMLSR.

7. The bill specifies that a collection agency must deposit and maintain in its trust account money due to a claimant or forwarder within 48 hours after collection, while current law requires the money to be deposited promptly.

8. The bill specifies that a collection agency may forward printed collection notices to a debtor that are unsigned.

9. The bill creates statutory provisions relating to collectors or solicitors that are similar to provisions that currently appear in DFI's rules. A collector or solicitor may use an alias in oral or written communications with a debtor, but the alias must include a first and last name and the collector or solicitor may not have more than one alias. A collector or solicitor may only change an alias for good cause and if DFI is first notified of the change.

10. The bill modifies current law provisions relating to a collection agency's change of business location. The bill requires a collection agency to give written notice to DFI at least 30 days prior to changing its business location, but deletes the requirement that the collection agency obtain approval from DFI.

11. The bill gives DFI discretion to determine whether to report to the district attorney for prosecution violations of law relating to a collection agency.

The bill also modifies and repeals various DFI rules related to collection agencies, including the following:

1. The bill prohibits, with an exception, a licensed collection agency from contracting for or assessing a fee, commission, or other charge to a creditor for returning any account to the creditor that is not in the actual process of collection.

2. The bill requires a licensed collection agency's trust checking account to be identified as a "trust account." For the purpose of determining that funds are maintained in a trust account sufficient to pay creditors or forwarders, amounts collected by a third party, but not yet deposited into the trust account, are not

**SENATE BILL 668**

considered trust funds. Third-party payment processors may not be given authority to withdraw funds from a collection agency's trust account.

3. The bill requires a licensed collection agency, in the records that it must keep at its office, to maintain a list of all collectors and solicitors employed by the collection agency that includes specified information about each collector or solicitor.

4. The bill includes the following requirements related to a licensed collection agency's use of a trade name (commonly referred to as a "doing business as" or "d/b/a" designation): 1) a licensed collection agency may not conduct business under a name other than a name listed on its license; 2) before using a trade name, the collection agency must obtain approval of the use of the trade name from DFI; and 3) the trade name may not include a corporate identifier.

5. The bill specifies that, in attempting to collect an alleged account, bill, or other indebtedness, a licensed collection agency may not violate any federal or state statute, rule, or regulation that relates to practice as a collection agency.

6. The bill defines "terminated," for purposes related to the termination of a collection agency license, to include a license that is surrendered, revoked, or expired.

7. The bill specifies that a collection agency must enter into a written agreement with the creditor not only before accepting accounts for collection from the creditor but also before earning or collecting a fee or commission.

8. The bill includes restrictions on the ability of a collection agency and its client to modify the meaning of the defined term "actual process of collection" for purposes of a collection agency's duty upon receiving a written request from a creditor or forwarder for the return of an account not in the actual process of collection.

9. The bill changes the date by which a licensed collection agency must provide a remittance statement and remit money due to creditors or forwarders, establishing the deadline as the last day of the month following the close of the month during which the collection was effected instead of 30 days from the close of the month during which the collection was effected.

10. The bill repeals a rule relating to the use of an alias by a collector or solicitor, but incorporates similar provisions into the statutes.

11. The bill makes other changes to DFI's rules to retain consistency with the statutory changes in the bill.

***Licensed lenders***

The bill makes various changes relating to DFI's licensing and regulation of certain consumer lenders.

Under current law, a lender other than a bank, savings bank, savings and loan association, credit union, or any of its affiliates (financial institution) generally must obtain a license from DFI to assess a finance charge for a consumer loan that is greater than 18 percent per year. This type of lender is generally referred to as a "licensed lender." A "consumer loan" is not defined in provisions governing licensed

**SENATE BILL 668**

lenders, but the Wisconsin Consumer Act (WCA) defines a consumer loan as a loan made to an individual for personal, family, or household purposes that is payable in installments or for which a finance charge may be imposed and includes most transactions under an open-end credit plan such as most credit card debt.

The bill makes numerous changes related to the licensing and regulation of licensed lenders, including the following:

1. The bill creates a definition of consumer loan for purposes of licensed lenders that is similar to the WCA definition of consumer loan.

2. The bill specifies that provisions governing licensed lenders apply to any person who takes an assignment for sale, in whole or in part, of a consumer loan with a finance charge in excess of 18 percent per year, without regard to whether the loan was originally made by a financial institution. The bill also specifies that provisions governing licensed lenders do not apply to collection agencies, payment processors, and certain persons involved in investment or financing transactions.

3. The bill specifies that the following activities are doing business that require a person to be licensed as a licensed lender: a) making a consumer loan that has a finance charge in excess of 18 percent per year; b) taking an assignment of a consumer loan in which a customer is assessed a finance charge in excess of 18 percent per year; or c) directly collecting payments from or enforcing rights against a customer relating to a consumer loan in which a customer is assessed a finance charge in excess of 18 percent per year.

4. The bill specifies that a licensed lender may contract with a person that is not a licensed lender to service a consumer loan on behalf of the licensed lender, but the licensed lender generally is responsible for violations of law committed by the contracted party with respect to the servicing of the consumer loan. "Service" is defined to include collecting or receiving payments of principal, interest, and other amounts on consumer loans and undertaking other tasks related to the administration of consumer loans under the direction and control of the licensed lender.

5. As described above, the bill requires DFI to use the NMLSR in the licensing and regulation of licensed lenders. The bill also modifies license renewal and reporting procedures for licensed lenders to conform to the standardized procedures applicable to all licensed financial services providers that use the NMLSR.

6. The bill provides as an additional basis for DFI to suspend or revoke a license that the licensed lender has made a material misstatement, or knowingly omitted a material fact, in an application for a license or in information furnished to DFI or the NMLSR.

7. The bill eliminates provisions related to consumer loan interest rates that apply to certain loans entered into before specified dates, the latest being August 1, 1987.

8. The bill removes a provision of current law that, subject to exceptions, all loans must be consummated at the licensed location, but does not change the requirement that a licensed lender operate only from its licensed location.



**SENATE BILL 668**

9. The bill requires a licensed lender to keep its loan records separate and distinct from the records of any other business of the licensed lender. The bill also requires a licensed lender, upon DFI's request, to promptly deliver books and records located outside Wisconsin to a location within Wisconsin specified by DFI.

***Sellers of checks and money transmitters***

The bill repeals provisions of current law governing the licensing and regulation of sellers of checks, which are persons engaged in the business of selling and issuing checks, transmitting money, or receiving money for transmission. The bill replaces these provisions with provisions governing the licensing and regulation of money transmitters, titled the Model Money Transmission Modernization Law.

The bill generally requires that a person be licensed by DFI in order to engage in the business of money transmission or advertise, solicit, or hold itself out as providing money transmission (money transmitter). However, certain persons and transactions are exempt from this license requirement, including federally insured financial institutions, government agencies, registered securities broker-dealers, agents of a payee that collect and process payments on behalf of the payee if certain conditions are satisfied, electronic funds transfers of governmental benefits by government contractors, employees and authorized delegates of licensed money transmitters if certain conditions are satisfied, and any other person exempted by DFI, as long as the exempt person does not engage in money transmission outside the scope of the exemption. "Money transmission" means 1) selling or issuing payment instruments to a person located in this state; 2) selling or issuing stored value to a person located in this state; or 3) receiving money for transmission from a person located in this state. "Money transmission" includes payroll processing services. A "payment instrument" is, with specified exceptions such as stored value, a written or electronic check, money order, traveler's check, or other written or electronic instrument for the transmission or payment of money or monetary value, whether or not negotiable. "Stored value" means monetary value representing a claim against the issuer that is evidenced by an electronic or digital record and is intended and accepted for use as a means of redemption for money or monetary value or payment for goods or services.

Under the bill, an application for a money transmitter license must be made to DFI through the NMLSR. The application must include specified information and be accompanied by an application fee. DFI must promptly notify an applicant when its application is complete and must then investigate the applicant's financial condition and responsibility, financial and business experience, character, and general fitness. DFI must issue a money transmitter license to the applicant, valid for a calendar year, if the applicant satisfies certain requirements, including requirements related to the applicant's financial security and that the applicant's financial condition and responsibility, financial and business experience, competence, character, and general fitness, and the competence, experience, character, and general fitness of persons in control of the applicant, indicate that it

**SENATE BILL 668**

is in the interest of the public to permit the applicant to engage in money transmission. DFI must approve or deny an application within 120 days after the date the application is complete, unless DFI for good cause extends the review period. DFI may deny a license application for the same reasons it may suspend a license (discussed below). If DFI denies an application, DFI must provide specific reasons for the denial in a written notice. An issued license may be renewed annually, upon payment of the applicable renewal fee, in accordance with the standardized renewal procedures under the bill for all licensed financial services providers.

The bill allows DFI, after complaint, notice, and hearing, to suspend, revoke, or refuse renewal of a license for specified reasons, including that the licensee no longer meets a requirement for initial granting of the license; the licensee made a material misstatement, or knowingly omitted a material fact, in the application for the license or in information furnished to DFI or the NMLSR; the licensee has engaged in unsafe or unsound practices in connection with, or fraudulent or deceptive conduct or gross negligence relating to, the business of money transmission; or the licensee has violated a law or DFI order applicable to money transmission.

Under the bill, a person or group seeking to acquire control of a licensed money transmitter must apply to DFI, in cooperation with the licensed money transmitter, and obtain DFI's written approval before acquiring control. "Control" means, among other powers, the power to vote at least 25 percent of the outstanding shares of the licensed money transmitter, to elect a majority of its officers, or to exercise controlling influence over its management or policies. The process and criteria for DFI's approval to acquire control of a licensed money transmitter are mostly similar to that for issuance of a money transmitter license. The bill specifies various circumstances under which DFI's approval is not required, although notice may be required to DFI after the acquisition of control. A licensed money transmitter, upon adding or replacing a key individual, must also provide notice of the change to DFI along with certain information. A "key individual" is an individual ultimately responsible for establishing or directing policies and procedures of the licensed money transmitter, such as an officer. DFI may issue a notice of disapproval of a key individual if DFI finds that the competence, experience, character, or integrity of the individual indicates that it is not in the interest of the public or the customers of the licensed money transmitter to permit the individual to be a key individual of the licensed money transmitter.

The bill allows a licensed money transmitter to conduct business through an authorized delegate. An "authorized delegate" is defined as a person designated by a licensed money transmitter to engage in money transmission on behalf of the licensed money transmitter. An authorized delegate of a licensed money transmitter is not required to hold a money transmitter license if the delegate acts within the scope of authority conferred by a written contract with the licensed money transmitter. Before a licensed money transmitter may conduct business

**SENATE BILL 668**

through an authorized delegate or allow a person to act as an authorized delegate, the licensed money transmitter must 1) adopt written policies and procedures reasonably designed to ensure that its authorized delegate complies with applicable state and federal law; 2) conduct a reasonable risk-based background investigation sufficient for the licensed money transmitter to determine whether the authorized delegate will likely comply with applicable state and federal law; and 3) enter into a written agreement with the authorized delegate containing specified terms, including appointing the authorized delegate with the authority to conduct money transmission on behalf of the licensed money transmitter; requiring the authorized delegate to fully comply with applicable law pertaining to money transmission; and establishing certain requirements pertaining to the relationship between the licensed money transmitter and the authorized delegate and the duties of the authorized delegate. An application for a money transmitter license must include a list of the applicant's proposed authorized delegates and a sample contract for these authorized delegates. An authorized delegate of a licensed money transmitter holds in trust for the benefit of the licensed money transmitter all money net of fees received from money transmission. An authorized delegate may not use a subdelegate to conduct money transmission on behalf of a licensed money transmitter. DFI may suspend or revoke the designation of an authorized delegate under specified circumstances.

The bill imposes various other requirements on licensed money transmitters, including requiring a licensed money transmitter to 1) forward all money received for transmission in accordance with the terms of the agreement between the licensed money transmitter and the sender, subject to limited exceptions; 2) refund to the sender any money received for transmission within 10 days of receipt of the sender's written request for a refund unless the money was forwarded within 10 days of the date on which the money was received for transmission or unless various other circumstances apply; 3) provide the sender a receipt, for money received for transmission, containing specified information, subject to certain exceptions; 4) submit a quarterly report of condition; 5) submit annually audited financial information that contains specified information and meet certain standards; 6) submit a quarterly report of authorized delegates; 7) report certain events to DFI, including the filing of a bankruptcy petition, a proceeding to suspend or revoke its license in another state, or that the licensed money transmitter, a key individual, or an authorized delegate has been charged with or convicted of a felony; 8) maintain specified records for at least three years and make these records available to DFI upon written request; 9) maintain a tangible net worth of more than \$100,000 or an amount determined by formula, whichever is greater, although DFI may exempt a licensed money transmitter from this requirement; 10) maintain a surety bond or other form of security acceptable to DFI in a minimum amount of \$100,000 or an amount determined by formula, whichever is greater; and 11) maintain a certain minimum value of permissible investments, specified by investment category,

**SENATE BILL 668**

which, if certain events occur such as the filing of a petition for bankruptcy, are held in trust for the benefit of those whose money is outstanding.

The bill provides DFI with various powers relating to the regulation of money transmitters, including investigatory and enforcement powers. Among these powers, DFI may investigate the business of a licensed money transmitter and examine its books, accounts, or records and those of its authorized delegates, and the cost of the examination must be paid by the licensed money transmitter. DFI may issue subpoenas and take testimony. DFI may also accept an audit report made by a third-party for a licensed money transmitter and incorporate the audit report in any report of examination or investigation. DFI may also take possession of an insolvent licensed money transmitter under specified circumstances.

***Payday lenders***

The bill makes changes relating to DFI's licensing and regulation of payday lenders. As described above, the bill requires DFI to use the NMLSR in the licensing and regulation of payday lenders. The bill also modifies license renewal and reporting procedures for payday lenders to conform to the standardized procedures applicable to all licensed financial services providers that use the NMLSR. The bill also modifies as a basis for DFI to suspend or revoke a license, in addition to a material misstatement, that the payday lender knowingly omitted a material fact in an application or information furnished to DFI or the NMLSR.

***Sales finance companies***

The bill makes changes relating to DFI's licensing and regulation of sales finance companies, which are companies that acquire motor vehicle installment sales contracts or consumer leases originated by a motor vehicle dealer. As described above, the bill requires DFI to use the NMLSR in the licensing and regulation of sales finance companies. The bill also modifies license renewal procedures and creates reporting procedures for sales finance companies to conform to the standardized procedures applicable to all licensed financial services providers that use the NMLSR. The bill modifies as a basis for DFI to suspend or revoke a license, in addition to a material misstatement, that the sales finance company knowingly omitted a material fact in an application or information furnished to DFI or the NMLSR. The bill requires a sales finance company to give DFI notice within 10 days of a change of location.

***Adjustment service companies***

The bill makes changes relating to DFI's licensing and regulation of adjustment service companies, which are companies that, for a fee, assist debtors in prorating the income of the debtor to the debtor's creditors or assume the debtor's obligations by purchasing the accounts of the debtor. As described above, the bill requires DFI to use the NMLSR in the licensing and regulation of adjustment service companies. The bill also modifies license renewal and reporting procedures for adjustment service companies to conform to the standardized procedures applicable to all licensed financial services providers that use the NMLSR. The bill

**SENATE BILL 668**

provides as an additional basis for DFI to revoke a license that the adjustment service company has made a material misstatement, or knowingly omitted a material fact, in an application for a license or in information furnished to DFI or the NMLSR.

***Community currency exchanges***

The bill makes changes relating to DFI's licensing and regulation of community currency exchanges, also called check cashers, which cash checks for individuals for a fee. As described above, the bill requires DFI to use the NMLSR in the licensing and regulation of community currency exchanges. The bill also modifies license renewal and reporting procedures for community currency exchanges to conform to the standardized procedures applicable to all licensed financial services providers that use the NMLSR. The bill provides as an additional basis for DFI to revoke a license that the community currency exchange has made a material misstatement, or knowingly omitted a material fact, in an application for a license or in information furnished to DFI or the NMLSR. The bill eliminates a requirement that a community currency exchange's license be conspicuously posted at its place of business.

***Insurance premium finance companies***

The bill makes changes relating to DFI's licensing and regulation of insurance premium finance companies, which are companies that loan money to an insured to finance the payment of insurance premiums. As described above, the bill requires DFI to use the NMLSR in the licensing and regulation of insurance premium finance companies. The bill also modifies license renewal procedures and creates reporting procedures for insurance premium finance companies to conform to the standardized procedures applicable to all licensed financial services providers that use the NMLSR. The bill also provides as an additional basis for DFI to suspend or revoke a license that the insurance premium finance company has made a material misstatement, or knowingly omitted a material fact, in an application for a license or in information furnished to DFI or the NMLSR.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

**SECTION 1.** 49.857 (1) (d) 12. of the statutes is amended to read:

49.857 (1) (d) 12. A license or certificate of registration issued under ss.

**SENATE BILL 668****SECTION 1**

138.09, 138.12, 138.14, ~~217.06~~ 217.05, 218.0101 to 218.0163, 218.02, 218.04, 218.05, 224.72, 224.725, 224.93 or subch. IV of ch. 551.

**SECTION 2.** 73.0301 (1) (d) 6. of the statutes is amended to read:

73.0301 (1) (d) 6. A license or certificate of registration issued by the department of financial institutions, or a division of it, under ss. 138.09, 138.12, 138.14, 202.12 to 202.14, 202.22, ~~217.06~~ 217.05, 218.0101 to 218.0163, 218.02, 218.04, 218.05, 224.72, 224.725, 224.93 or under subch. IV of ch. 551.

**SECTION 3.** 100.315 (1) of the statutes is amended to read:

100.315 (1) In this section, “check” ~~has the meaning given in s. 217.02 (2)~~ means any check, draft, money order, traveler’s check, personal money order, or other instrument for the transmission or payment of money.

**SECTION 4.** 108.227 (1) (e) 6. of the statutes is amended to read:

108.227 (1) (e) 6. A license or certificate of registration issued by the department of financial institutions, or a division of it, under ss. 138.09, 138.12, 138.14, 202.12 to 202.14, 202.22, ~~217.06~~ 217.05, 218.0101 to 218.0163, 218.02, 218.04, 218.05, 224.72, 224.725, 224.93 or under subch. IV of ch. 551.

**SECTION 5.** 138.09 (1a) of the statutes is renumbered 138.09 (1c) (a).

**SECTION 6.** 138.09 (1c) (a) 3., 4., 5. and 6. of the statutes are created to read:

138.09 (1c) (a) 3. An individual or entity who, in connection with a securitization, private placement, collateral financing, or other type of investment or financing transaction, lends against or purchases consumer loans or any portion of the outstanding balances of consumer loans, if the following apply:

**SENATE BILL 668****SECTION 6**

a. The consumer loans are serviced by a licensee under this section, either directly or through a contracted party.

b. The books and records for the consumer loans are maintained by a licensee under this section.

4. Special purpose vehicles.

5. Collection agencies licensed under s. 218.04.

6. Payment processors.

**SECTION 7.** 138.09 (1c) (b) of the statutes is created to read:

138.09 (1c) (b) This section applies to any person who takes an assignment for sale, in whole or in part, of a consumer loan with a finance charge in excess of 18 percent per year, without regard to whether the loan was originally made by an entity listed under par. (a) 1.

**SECTION 8.** 138.09 (1d) of the statutes is renumbered 138.09 (1g) (intro.) and amended to read:

138.09 (1g) (intro.) In this section, ~~“division”~~:

(c) “Division” means the division of banking.

**SECTION 9.** 138.09 (1g) (a), (b), (d), (e), (f), (g), (h) and (i) of the statutes are created to read:

138.09 (1g) (a) “Business” includes any of the following activities:

1. To make a consumer loan that has a finance charge in excess of 18 percent per year. A person makes a consumer loan within the meaning of this section if the person is named as the lender in the consumer loan agreement.

**SENATE BILL 668****SECTION 9**

2. To take an assignment, in whole or in part, of a consumer loan in which a customer is being assessed a finance charge in excess of 18 percent per year.

3. Except as provided in sub. (3) (cm), to directly collect payments from, or enforce rights against, a customer relating to a consumer loan in which a customer is being assessed a finance charge in excess of 18 percent per year.

(b) “Consumer loan” means a loan made by any person to a customer that is payable in installments or for which a finance charge is or may be imposed, and includes transactions pursuant to an open-end credit plan, as defined in s. 421.301 (27), other than a seller credit card, as defined in s. 421.301 (41).

(d) “Licensee,” except in sub. (3) (e) 1. g., means a person licensed under this section.

(e) “Nationwide multistate licensing system and registry” has the meaning given in s. 224.35 (1g) (b).

(f) “Payment processor” means a person who facilitates the purchase of, or payment of a bill for, a good or service through a clearance and settlement system by agreement with the licensee. Payment processor does not include a collection agency, as defined in s. 218.04 (1) (a), a debt collector, as defined in s. 427.103 (3), or any person who directly performs any of the activities set forth in par. (a).

(g) Except in sub. (9) (a), “service” or “servicing” means collecting or receiving payments of principal, interest, and other amounts on consumer loans and undertaking other tasks related to the administration of consumer loans, including negotiating a modification or extension of consumer loans, under the direction and control of the licensee.



**SENATE BILL 668****SECTION 9**

(h) “Special purpose vehicle” means an entity that, in connection with a securitization, private placement, collateral financing, or other type of investment or financing transaction, is administered by a duly chartered financial institution under a management agreement for the purpose of purchasing, making loans against, or pooling receivables, general intangibles, and other financial assets, including consumer loans or the outstanding balances of consumer loans.

(i) “Unique identifier” has the meaning given in s. 224.35 (1g) (e).

**SECTION 10.** 138.09 (1m) (a) of the statutes is renumbered 138.09 (1m) (a) 1. and amended to read:

138.09 **(1m)** (a) 1. Before any person may do business under this section, ~~charge the interest authorized by sub. (7), or assess a finance charge on a consumer loan in excess of 18 percent per year,~~ that person shall first obtain a license from the division.

2. Applications for a license shall be in writing and ~~upon forms provided for this purpose~~ made in the form and manner prescribed by the division.

3. An applicant at the time of making an application shall pay to the division a nonrefundable \$300 fee for investigating the application and a \$500 annual license fee for the period terminating on the last day of the current calendar year. If the cost of the investigation exceeds \$300, the applicant shall upon demand of the division pay to the division the amount by which the cost of the investigation exceeds the nonrefundable fee.

**SECTION 11.** 138.09 (1m) (b) 1. (intro.) of the statutes is amended to read:

**SENATE BILL 668****SECTION 11**

138.09 (1m) (b) 1. (intro.) Except as provided in par. (c), an application under par. (a) 2. for a license shall contain the following:

**SECTION 12.** 138.09 (1m) (b) 2. c. of the statutes is created to read:

138.09 (1m) (b) 2. c. The division may disclose information to the nationwide multistate licensing system and registry as provided in s. 224.35.

**SECTION 13.** 138.09 (1m) (d) and (e) of the statutes are created to read:

138.09 (1m) (d) The division shall utilize the nationwide multistate licensing system and registry, and the provisions of s. 224.35 shall apply, with respect to applicants and licensees under this section.

(e) An applicant or licensee under this section shall register with, and maintain a valid unique identifier issued by, the nationwide multistate licensing system and registry.

**SECTION 14.** 138.09 (2) of the statutes is amended to read:

138.09 (2) The division may also require the applicant to file with the division, and to maintain in force, a bond in which the applicant shall be the obligor, in a sum not to exceed \$5,000 with one or more corporate sureties licensed to do business in Wisconsin, whose liability as such sureties shall not exceed the sum of \$5,000 in the aggregate, to be approved by the division and filed in a form and manner acceptable to the division, and such bond shall run to the state of Wisconsin for the use of the state and of any person or persons who may have a cause of action against the obligor of the bond under the provisions of this section. Such bonds shall be conditioned that the obligor will conform to and abide by each and every provision of this section, and will pay to the state or to any person or persons any

**SENATE BILL 668****SECTION 14**

and all moneys that may become due or owing to the state or to such person or persons from the obligor under and by virtue of the provisions of this chapter.

**SECTION 15.** 138.09 (3) (b) of the statutes is repealed and recreated to read:

138.09 (3) (b) A license may be renewed or reinstated as provided in s. 224.35 (7). A license that is not renewed or reinstated by the end of the reinstatement period provided in s. 224.35 (7) shall be deemed to have expired on December 31 of the year immediately preceding the reinstatement period, unless the initial license date is between November 1 and December 31, in which instance the initial license term shall run through December 31 of the following year.

**SECTION 16.** 138.09 (3) (c) of the statutes is amended to read:

138.09 (3) (c) ~~Such~~ A license shall not be assignable and shall permit operation under it only at or from the location specified in the license ~~at which location all loans shall be consummated~~, but this provision shall not prevent the licensee from making loans under this section which are not initiated or consummated by face to face contact away from the licensed location if permitted by the division in writing or by rule or at an auction sale conducted or clerked by a licensee.

**SECTION 17.** 138.09 (3) (cm) of the statutes is created to read:

138.09 (3) (cm) Notwithstanding par. (c), a licensee may contract with a person that is not licensed under this section to service a consumer loan on behalf of the licensee. The licensee is responsible for violations of this section committed by the contracted party with respect to the servicing of that loan, except where the contracted party holds a license issued by the division that would subject it to

**SENATE BILL 668****SECTION 17**

regulatory discipline for violations of this section. The licensee's responsibility for the contracted party, as set forth in this paragraph, does not create a private right of action against the licensee.

**SECTION 18.** 138.09 (3) (d) of the statutes is amended to read:

138.09 (3) (d) A separate license shall be required for each place of business maintained by the licensee. Whenever a licensee shall change the address of its place of business to another location within the same city, village or town the licensee shall at once give written notice thereof to the division, ~~which shall replace the original license with an amended license showing the new address, provided the location meets with the requirements of par. (e) or to the nationwide multistate licensing system and registry, as directed by the division, in a form and manner acceptable to the division.~~ No change in the place of business of a licensee to a different city, village or town shall be permitted under the same license.

**SECTION 19.** 138.09 (3) (e) 1. a. and f. of the statutes are amended to read:

138.09 (3) (e) 1. a. A business engaged in making loans for business or agricultural purposes or exceeding \$25,000 in principal amount, except that all such loans having terms of 49 months or more are subject to sub. (7) (gm) ~~2. or 4.~~

f. A ~~seller of checks~~ money transmitter business under ch. 217.

**SECTION 20.** 138.09 (3) (e) 3. of the statutes is created to read:

138.09 (3) (e) 3. Any licensee operating under this section shall keep the records affecting loans made pursuant to this section separate and distinct from the records of any other business of the licensee.

**SECTION 21.** 138.09 (3) (f) of the statutes is amended to read:

**SENATE BILL 668****SECTION 21**

~~138.09 (3) (f) Every Each licensee shall make an annual report to the division for each calendar year on or before March 15 of the following year. The report shall include business transacted by the licensee under the provisions of this section and shall give all reasonable and relevant information that the division may require. The reports shall be made in the form and manner prescribed by the division. Any licensee operating under this section shall keep the records affecting loans made pursuant to this section separate and distinct from the records of any other business of the licensee and submit financial statements as provided in s. 224.35 (8).~~

**SECTION 22.** 138.09 (3) (g) of the statutes is created to read:

138.09 (3) (g) Each licensee shall keep current and accurate all material information on file with the division and the nationwide multistate licensing system and registry as provided in s. 224.35 (6).

**SECTION 23.** 138.09 (4) (a) 4. of the statutes is created to read:

138.09 (4) (a) 4. The licensee has made a material misstatement, or knowingly omitted a material fact, in an application for a license or in information furnished to the division or the nationwide multistate licensing system and registry.

**SECTION 24.** 138.09 (4) (e) of the statutes is created to read:

138.09 (4) (e) The division may report any enforcement action, any violation of this section or of an administrative rule or order, or other relevant information to the nationwide multistate licensing system and registry. Except as provided in s. 224.35 (4) (b) and (c), these reports to the nationwide multistate licensing system

**SENATE BILL 668****SECTION 24**

and registry shall be confidential and are not subject to public copying or inspection under s. 19.35 (1).

**SECTION 25.** 138.09 (6) of the statutes is amended to read:

138.09 (6) (a) ~~Except as provided in par. (b), the~~ The licensee shall keep such books and records ~~in the licensee's place of business at a licensed location, or accessible from a licensed location,~~ as in the opinion of the division will enable the division to determine whether the provisions of this chapter are being observed. Every ~~such~~ licensee shall preserve the records of final entry used in such business; ~~including cards used in the card system, if any,~~ for a period of at least 2 years after the making of any loan recorded therein.

(b) ~~A licensee may keep the books and records specified in par. (a) at a single location inside or outside of this state if the books and records are kept at a location licensed under this section.~~ If any books and records are not located within this state, the licensee, upon request of the division, shall promptly deliver such information to any location within this state specified by the division. The licensee shall organize the books and records by the ~~place of business~~ licensed location where the records originated and shall keep the books and records separate from other records for business conducted at that location. Actual costs incurred by the division to examine books and records maintained outside of this state shall be paid by the licensee.

**SECTION 26.** 138.09 (7) (b), (bm) and (bn) of the statutes are repealed.

**SECTION 27.** 138.09 (7) (c) 2. and 4. of the statutes are amended to read:

138.09 (7) (c) 2. For the purpose of computing interest under this section,

**SENATE BILL 668****SECTION 27**

~~whether at the maximum rate or less,~~ a day shall be considered one-thirtieth of a month when such computation is made for a fraction of a month. Loan contracts providing for installments payable at monthly intervals may provide for a first period between the date of the contract and the first installment due date of not more than 45 days and not less than 15 days. Where the first period is greater or lesser than one month, interest may be charged only for each day in the first period, at a rate not to exceed one-thirtieth of the interest which would be applicable to a first installment period of one month, but such first period may be considered a monthly interval for purposes of determining rebates. Where the first period is greater than one month, any additional interest charge shall be earned and may be added to and collected at the time of the first installment payment.

4. If 2 installments or parts thereof of a precomputed loan are not paid on or before the 10th day after their scheduled or deferred due dates, a licensee may elect to convert the loan from a precomputed loan to one in which the interest is computed on unpaid balances actually outstanding. In this event the licensee shall make a rebate pursuant to the provisions on rebate upon prepayment as of the due date of an unpaid installment, and thereafter may charge interest from the due date as provided in subd. 3. ~~or by par. (b) 2.~~ and no further delinquency or deferral charges shall be made. The rate of interest may equal but not exceed the annual percentage rate of finance charge which was disclosed to the borrower when the loan was made. The rate of interest shall be computed on actual unpaid balances of the contract as reduced by the rebate for the time that such balances are actually

**SENATE BILL 668****SECTION 27**

outstanding from the due date as of which the rebate was made until the contract is fully paid.

**SECTION 28.** 138.09 (7) (e) 2. of the statutes is repealed.

**SECTION 29.** 138.09 (7) (e) 3. of the statutes is amended to read:

138.09 (7) (e) 3. Notwithstanding ~~subds. subd. 1. and 2.~~, delinquency charges on precomputed consumer loans shall be governed by s. 422.203.

**SECTION 30.** 138.09 (7) (g) (intro.) of the statutes is amended to read:

138.09 (7) (g) (intro.) ~~Except as provided in par. (gm), upon~~ Upon prepayment in full by cash, renewal, refinancing or otherwise, the borrower shall be entitled to a rebate of the unearned interest as provided in this paragraph. If the combined rebate of interest and credit insurance premiums otherwise required is less than \$1, no rebate need be made. The refunds shall be determined as follows:

**SECTION 31.** 138.09 (7) (gm) 1. and 2. of the statutes are repealed.

**SECTION 32.** 138.09 (7) (k) of the statutes is amended to read:

138.09 (7) (k) All consumer loans ~~as defined in s. 421.301 (12)~~ shall be governed by chs. 421 to 427, but to the extent that chs. 421 to 427 are inconsistent with this section, this section shall govern.

**SECTION 33.** 138.12 (1) (cm) and (dm) of the statutes are created to read:

138.12 (1) (cm) “Nationwide multistate licensing system and registry” has the meaning given in s. 224.35 (1g) (b).

(dm) “Unique identifier” has the meaning given in s. 224.35 (1g) (e).

**SECTION 34.** 138.12 (3) (b) of the statutes is amended to read:

138.12 (3) (b) A license issued under this section expires on December 31 of



**SENATE BILL 668****SECTION 34**

the calendar year in which the initial license term began, unless the initial license date is between November 1 and December 31, in which instance the initial license term shall run through December 31 of the following year. The annual license fee is \$500 and shall be paid to the division in a form and manner acceptable to the division. Licenses may be renewed ~~May 1 of each year upon payment of the annual fee or reinstated as provided in s. 224.35 (7).~~

**SECTION 35.** 138.12 (3) (c) of the statutes is repealed and recreated to read:

138.12 (3) (c) A licensee shall make an annual report and submit financial statements as provided in s. 224.35 (8).

**SECTION 36.** 138.12 (3) (d) 2. c. of the statutes is created to read:

138.12 (3) (d) 2. c. The division may disclose information to the nationwide multistate licensing system and registry as provided in s. 224.35.

**SECTION 37.** 138.12 (3) (f), (g) and (h) of the statutes are created to read:

138.12 (3) (f) The division shall utilize the nationwide multistate licensing system and registry, and the provisions of s. 224.35 shall apply, with respect to applicants and licensees under this section.

(g) An applicant or licensee under this section shall register with, and maintain a valid unique identifier issued by, the nationwide multistate licensing system and registry.

(h) Each licensee shall keep current and accurate all material information on file with the division and the nationwide multistate licensing system and registry as provided in s. 224.35 (6).

**SECTION 38.** 138.12 (4) (am) 1. of the statutes is amended to read:

**SENATE BILL 668****SECTION 38**

138.12 (4) (am) 1. An applicant shall pay to the division a nonrefundable \$300 license investigation fee and a \$500 annual license fee for the period ending on the next ~~April 30~~ December 31.

**SECTION 39.** 138.12 (5) (a) 2. of the statutes is repealed and recreated to read:

138.12 (5) (a) 2. The licensee made a material misstatement, or knowingly omitted a material fact, in an application for a license or in information furnished to the division or the nationwide multistate licensing system and registry.

**SECTION 40.** 138.12 (5) (b) of the statutes is amended to read:

138.12 (5) (b) Before the division revokes, suspends or refuses to renew the license of any premium finance company on any ground other than failure to timely renew or reinstate the license as provided in s. 224.35 (7), the division shall give the company an opportunity to be fully heard and to introduce evidence in the company's behalf. In lieu of revoking or suspending the license for any of the causes enumerated in this subsection, after hearing, the division may subject the premium finance company to a penalty of not more than \$200 for each offense when in the division's judgment the division finds that the public interest would not be harmed by the continued operation of such company. The amount of any penalty under this paragraph shall be paid by the company to the division for the use of the state. At any hearing under this subsection, the division may administer oaths to witnesses. Anyone testifying falsely, after having been administered the oath, shall be subject to the penalty of perjury.

**SECTION 41.** 138.12 (5r) of the statutes is created to read:

138.12 (5r) REPORTING VIOLATIONS. The division may report any enforcement

**SENATE BILL 668****SECTION 41**

action, any violation of this section or of an administrative rule or order, or other relevant information to the nationwide multistate licensing system and registry. Except as provided in s. 224.35 (4) (b) and (c), these reports to the nationwide multistate licensing system and registry shall be confidential and are not subject to public copying or inspection under s. 19.35 (1).

**SECTION 42.** 138.12 (14) of the statutes is repealed.

**SECTION 43.** 138.14 (1) (br), (jm) and (m) of the statutes are created to read:

138.14 (1) (br) “Customer identification number” means a unique number assigned to a customer in a manner specified by the division, or by the database provider acting at the direction of the division.

(jm) “Nationwide multistate licensing system and registry” has the meaning given in s. 224.35 (1g) (b).

(m) “Unique identifier” has the meaning given in s. 224.35 (1g) (e).

**SECTION 44.** 138.14 (4) (a) 1. (intro.) of the statutes is amended to read:

138.14 (4) (a) 1. (intro.) ~~Application~~ Subject to subd. 1g., application for licenses under sub. (5) shall be made to the division in writing in the form and manner prescribed by the division and shall include all of the following:

**SECTION 45.** 138.14 (4) (a) 1g., 1m. and 1r. of the statutes are created to read:

138.14 (4) (a) 1g. The division shall utilize the nationwide multistate licensing system and registry, and the provisions of s. 224.35 shall apply, with respect to applicants and licensees under this section.

1m. An applicant or licensee under this section shall register with, and

**SENATE BILL 668****SECTION 45**

maintain a valid unique identifier issued by, the nationwide multistate licensing system and registry.

1r. Each licensee shall keep current and accurate all material information on file with the division and the nationwide multistate licensing system and registry as provided in s. 224.35 (6).

**SECTION 46.** 138.14 (4) (a) 2. c. of the statutes is created to read:

138.14 (4) (a) 2. c. The division may disclose information to the nationwide multistate licensing system and registry as provided in s. 224.35.

**SECTION 47.** 138.14 (5) (c) of the statutes is repealed and recreated to read:

138.14 (5) (c) A license may be renewed or reinstated as provided in s. 224.35 (7). A license that is not renewed or reinstated by the end of the reinstatement period provided in s. 224.35 (7) shall be deemed to have expired on December 31 of the year immediately preceding the reinstatement period, unless the initial license date is between November 1 and December 31, in which instance the initial license term shall run through December 31 of the following year.

**SECTION 48.** 138.14 (6) (a) of the statutes is amended to read:

138.14 (6) (a) Whenever a licensee changes the address of its place of business to another location within the same city, village, or town, the licensee shall give written notice thereof, in a form and manner prescribed by the division, to the division within 10 business days of the relocation ~~and the division shall replace the original license with an amended license showing the new address. If so directed by the division, the licensee shall provide any notice required under this subsection to the nationwide multistate licensing system and registry as provided in s. 224.35.~~

**SENATE BILL 668****SECTION 48**

No change in the place of business of a licensee to a different city, village, or town is permitted under the same license.

**SECTION 49.** 138.14 (6) (b) 1. b. of the statutes is amended to read:

138.14 (6) (b) 1. b. A ~~seller of checks~~ money transmitter business under ch. 217.

**SECTION 50.** 138.14 (7) (d) of the statutes is amended to read:

138.14 (7) (d) A licensee shall make an annual report ~~to the division for each calendar year on or before March 15 of the following year. The report shall include business transacted by the licensee under this section and shall give all reasonable and relevant information that the division may require, including the information required for the division's reports under par. (e). The reports shall be made in the form and manner prescribed by the division and~~ submit financial statements as provided in s. 224.35 (8).

**SECTION 51.** 138.14 (8) (c) of the statutes is amended to read:

138.14 (8) (c) The division shall have the same ~~power to conduct hearings, take testimony, and secure evidence as is provided in ss. 217.17 and 217.18~~ powers granted under s. 217.11.

**SECTION 52.** 138.14 (9) (a) 4. of the statutes is amended to read:

138.14 (9) (a) 4. That the licensee made a material misstatement, or knowingly omitted a material fact, in an application for a license or in information furnished to the division or the nationwide multistate licensing system and registry.

**SECTION 53.** 138.14 (14) (c) 1. of the statutes is amended to read:

**SENATE BILL 668****SECTION 53**

138.14 (14) (c) 1. Allow a licensee accessing the database to check a ~~customer's unique identification number that is assigned to the customer in a manner specified by the division~~ customer identification number. A customer's ~~unique~~ customer identification number may not be based on the customer's social security number.

**SECTION 54.** 138.14 (14) (m) of the statutes is amended to read:

138.14 (14) (m) Before entering into a payday loan, a licensee shall submit to the database provider the customer's name; ~~unique~~ customer identification number ~~that is assigned in a manner specified by the division~~; address; driver license number or other method of state identification; the amount of the transaction; the customer's check number, if applicable; the date of the transaction; the maturity date of the loan; and any other information reasonably required by the division, in a format approved by the division.

**SECTION 55.** 138.14 (15) (title) of the statutes is amended to read:

138.14 (15) (title) PENALTIES; REPORTING VIOLATIONS.

**SECTION 56.** 138.14 (15) (c) of the statutes is created to read:

138.14 (15) (c) The division may report any enforcement action, any violation of this section or of an administrative rule or order, or other relevant information to the nationwide multistate licensing system and registry. Except as provided in s. 224.35 (4) (b) and (c), these reports to the nationwide multistate licensing system and registry shall be confidential and are not subject to public copying or inspection under s. 19.35 (1).

**SECTION 57.** 186.113 (22) (title) of the statutes is amended to read:

**SENATE BILL 668****SECTION 57**

186.113 **(22)** (title) COMMUNITY CURRENCY EXCHANGE AND ~~SELLER OF CHECKS~~  
MONEY TRANSMITTER.

**SECTION 58.** 214.04 (20) of the statutes is amended to read:

214.04 **(20)** Upon receiving approval from the division, to act as an authorized agent for its customers in the business and functions under ch. 217. A savings bank that applies to function as a ~~seller of checks~~ money transmitter shall meet the application requirements under ch. 217. The division may not charge a license or investigation fee for an application under this subsection. The ~~seller of checks~~ money transmitter function of a savings bank shall be under the jurisdiction and supervision of the division. The division shall enforce ch. 217 as it applies to savings banks. The division shall determine what records shall be maintained and shall require the segregation of funds that are necessary for a savings bank to operate as a ~~seller of checks~~ money transmitter under this subsection and ch. 217.

**SECTION 59.** 215.13 (41) (title) of the statutes is amended to read:

215.13 **(41)** (title) ~~SELLER OF CHECKS~~ MONEY TRANSMITTER.

**SECTION 60.** Chapter 217 of the statutes is repealed and recreated to read:

**CHAPTER 217****MONEY TRANSMITTERS**

**217.01 Short title.** This chapter may be cited as the “Model Money Transmission Modernization Law.”

**217.02 Definitions.** In this chapter:

(1) “Acting in concert” means persons knowingly acting together with a

**SENATE BILL 668****SECTION 60**

common goal of jointly acquiring control of a licensee, whether or not pursuant to an express agreement.

(2) “Authorized delegate” means a person a licensee designates to engage in money transmission on behalf of the licensee.

(3) “Average daily money transmission liability” means the amount of a licensee’s outstanding money transmission obligations at the end of each day in a given period of time, added together, and divided by the total number of days in the given period of time. For purposes of calculating average daily money transmission liability under this chapter for any licensee required to do so, the given period of time shall be the quarters ending March 31, June 30, September 30, and December 31.

(4) “Bank Secrecy Act” means the Bank Secrecy Act, 31 USC 5311 et seq., and its implementing regulations.

(5) “Closed loop stored value” means stored value that is redeemable by the issuer only for goods or services provided by the issuer or its affiliate or franchisees of the issuer or its affiliate, except to the extent required by applicable law to be redeemable in cash for its cash value.

(6) (a) “Control” means any of the following:

1. The power to vote, directly or indirectly, at least 25 percent of the outstanding voting shares or voting interests of a licensee or person in control of a licensee.

2. The power to elect or appoint a majority of key individuals or executive



**SENATE BILL 668****SECTION 60**

officers, managers, directors, trustees, or other persons exercising managerial authority of a licensee or person in control of a licensee.

3. The power to exercise, directly or indirectly, a controlling influence over the management or policies of a licensee or person in control of a licensee.

(b) A person is presumed to exercise a controlling influence within the meaning of par. (a) 3. if the person holds the power to vote, directly or indirectly, at least 10 percent of the outstanding voting shares or voting interests of a licensee or person in control of a licensee. A person presumed to exercise a controlling influence under this paragraph may rebut the presumption of control by showing that the person is a passive investor.

(c) For purposes of determining the percentage of a person controlled by any other person, the person's interest shall be aggregated with the interest of any other immediate family member, including the person's spouse, parents, children, siblings, mothers-in-law, fathers-in-law, sons-in-law, daughters-in-law, brothers-in-law, sisters-in-law, and any other person who shares the person's home.

(7) "Division" means the division of banking.

(8) "Eligible rating" means a credit rating of any of the 3 highest rating categories provided by an eligible rating service, whereby each category may include rating category modifiers such as "plus" or "minus" for S&P, or the equivalent for any other eligible rating service. Long-term credit ratings are deemed eligible if the rating is equal to A- or higher by S&P, or the equivalent from any other eligible rating service. Short-term credit ratings are deemed eligible if the rating is equal to or higher than A-2 or SP-2 by S&P, or the equivalent from any

**SENATE BILL 668****SECTION 60**

other eligible rating service. If ratings differ among eligible rating services, the highest rating applies when determining whether a security bears an eligible rating.

(9) “Eligible rating service” means any nationally recognized statistical rating organization as defined by the U.S. Securities and Exchange Commission, and any other organization designated by the division.

(10) “Federally insured depository financial institution” means a bank, credit union, savings and loan association, trust company, savings association, savings bank, industrial bank, or industrial loan company organized under the laws of the United States or any state of the United States, when such bank, credit union, savings and loan association, trust company, savings association, savings bank, industrial bank, or industrial loan company has federally insured deposits.

(11) “In this state” includes, with respect to a money transmission transaction, all of the following:

(a) A transaction requested in person at a physical location within the geographic boundaries of this state.

(b) A transaction requested by telephone or electronic means by a resident of this state, if information provided by the person requesting the transaction, or other records of the provider of money transmission, indicate that the person’s physical address or principal place of business is located within the geographic boundaries of this state.

(12) “Key individual” means any individual ultimately responsible for

**SENATE BILL 668****SECTION 60**

establishing or directing policies and procedures of a licensee, such as an executive officer, manager, director, or trustee.

(13) “Licensee” means a person licensed under this chapter.

(14) “Material litigation” means litigation that, according to U.S. generally accepted accounting principles, is significant to a person’s financial health and would be required to be disclosed in the person’s annual audited financial statements, report to shareholders, or similar records.

(15) “Monetary value” means a medium of exchange, whether or not redeemable in money.

(16) “Money” means a medium of exchange that is authorized or adopted by the United States or a foreign government. “Money” includes a monetary unit of account established by an intergovernmental organization or by agreement between 2 or more governments.

(17) (a) “Money transmission” means any of the following:

1. Selling or issuing payment instruments to a person located in this state.
2. Selling or issuing stored value to a person located in this state.
3. Receiving money for transmission from a person located in this state.

(b) “Money transmission” includes payroll processing services.

(18) “MSB-accredited state” means a state that has an agency that is accredited by the Conference of State Bank Supervisors and Money Transmitter Regulators Association for money transmission licensing and supervision.

(19) “Multistate licensing process” means any agreement among state regulators relating to coordinated processing of applications for money

**SENATE BILL 668****SECTION 60**

transmission licenses, applications for the acquisition of control of a licensee, control determinations, or notice and information requirements for a change of key individuals.

(20) “Nationwide multistate licensing system and registry” has the meaning given in s. 224.35 (1g) (b).

(21) (a) “Outstanding money transmission obligations” includes all of the following:

1. Any payment instrument or stored value issued or sold by a licensee to a person located in the United States or reported as sold by an authorized delegate of the licensee to a person that is located in the United States that has not yet been paid or refunded by or for the licensee, or reported and delivered to the secretary of revenue as provided under ch. 177.

2. Any money received for transmission by a licensee or an authorized delegate in the United States from a person located in the United States that has not been received by the payee or refunded to the sender, or escheated in accordance with applicable abandoned property laws.

(b) For purposes of this subsection, “in the United States” includes any state, territory, or possession of the United States, any U.S. military installation that is located in a foreign country, the District of Columbia, and the Commonwealth of Puerto Rico.

(22) (a) “Passive investor” means a person who meets all of the following criteria:

1. The person does not have the power to elect a majority of key individuals or

**SENATE BILL 668****SECTION 60**

executive officers, managers, directors, trustees, or other persons exercising managerial authority of a person in control of a licensee.

2. The person is not employed by, and does not have any managerial duties of, a licensee or a person in control of a licensee.

3. The person does not have the power to exercise, either directly or indirectly, a controlling influence over the management or policies of a licensee or person in control of a licensee.

(b) A passive investor may demonstrate satisfaction of the criteria of par. (a) by completing an attestation or other document, in a form and manner prescribed by the division, confirming that each of those criteria is met.

**(23)** “Payment instrument” means a written or electronic check, draft, money order, traveler’s check, or other written or electronic instrument for the transmission or payment of money or monetary value, whether or not negotiable. “Payment instrument” does not include stored value or any instrument that is redeemable by the issuer only for goods or services provided by the issuer or its affiliate or franchisees of the issuer or its affiliate, except to the extent required by applicable law to be redeemable in cash for its cash value. “Payment instrument” also does not include any instrument that is not sold to the public and is issued and distributed as part of a loyalty, rewards, or promotional program.

**(24)** “Payroll processing services” means receiving money for transmission pursuant to a contract with a person to deliver wages or salaries, make payment of payroll taxes to state and federal agencies, make payments relating to employee benefit plans, or make distributions of other authorized deductions from wages or

**SENATE BILL 668****SECTION 60**

salaries. “Payroll processing services” does not include an employer performing payroll processing services on its own behalf or on behalf of its affiliate, or a professional employer organization subject to regulation under ch. 202.

(25) “Person” includes individuals, general partnerships, limited partnerships, limited liability companies, corporations, trusts, associations, joint stock corporations, and other bodies politic or corporate.

(26) “Receiving money for transmission” or “money received for transmission” means receiving money or monetary value in the United States for transmission within or outside the United States by electronic or other means.

(27) “Stored value” means monetary value representing a claim against the issuer evidenced by an electronic or digital record, and that is intended and accepted for use as a means of redemption for money or monetary value or payment for goods or services. “Stored value” includes prepaid access, as defined in 31 CFR 1010.100. Notwithstanding the foregoing, “stored value” does not include a payment instrument or closed loop stored value, or stored value not sold to the public but issued and distributed as part of a loyalty, rewards, or promotional program.

(28) “Tangible net worth” means the aggregate assets of a licensee excluding all intangible assets, less liabilities, as determined in accordance with U.S. generally accepted accounting principles.

(29) “Unique identifier” has the meaning given in s. 224.35 (1g) (e).

**217.03 Exemptions.** (1) This chapter does not apply to any of the following:

(a) An operator of a payment system to the extent that it provides processing,

**SENATE BILL 668****SECTION 60**

clearing, or settlement services, between or among persons exempted by this section or licensees, in connection with wire transfers, credit card transactions, debit card transactions, stored-value transactions, automated clearing house transfers, or similar funds transfers.

(b) A person appointed as an agent of a payee to collect and process a payment from a payor to the payee for goods or services, other than money transmission itself, provided to the payor by the payee, if all the following are true:

1. There exists a written agreement between the payee and the agent directing the agent to collect and process payments from payors on the payee's behalf.

2. The payee holds the agent out to the public as accepting payments for goods or services on the payee's behalf.

3. Payment for the goods and services is treated as received by the payee upon receipt by the agent, so that the payor's obligation is extinguished and there is no risk of loss to the payor if the agent fails to remit the funds to the payee.

(c) A person who acts as an intermediary by processing payments between an entity that has directly incurred an outstanding money transmission obligation to a sender and the sender's designated recipient, if all the following are true:

1. The entity is licensed, or is exempt from licensing requirements, under this chapter.

2. The entity provides a receipt, electronic record, or other written confirmation to the sender identifying the entity as the provider of money transmission in the transaction.

**SENATE BILL 668****SECTION 60**

3. The entity bears sole responsibility to satisfy the outstanding money transmission obligation to the sender, including the obligation to make the sender whole in connection with any failure to transmit the funds to the sender's designated recipient.

(d) The United States or a department, agency, or instrumentality thereof, or its agent.

(e) Money transmission by the U.S. postal service or an agent of the U.S. postal service.

(f) A state, county, city, or any other governmental agency or governmental subdivision or instrumentality of a state, or its agent.

(g) A federally insured depository financial institution, bank holding company, office of an international banking corporation, foreign bank that establishes a federal branch pursuant to the International Bank Act, 12 USC 3102, corporation organized pursuant to the Bank Service Corporation Act, 12 USC 1861 to 1867, or corporation organized under the Edge Act, 12 USC 611 to 633.

(h) Electronic funds transfer of governmental benefits for a federal, state, county, or governmental agency by a contractor on behalf of the United States or a department, agency, or instrumentality thereof, or on behalf of a state or governmental subdivision, agency, or instrumentality thereof.

(i) A board of trade designated as a contract market under the federal Commodity Exchange Act, 7 USC 1 to 25, or a person that, in the ordinary course of business, provides clearance and settlement services for a board of trade to the extent of its operation as or for such a board.



**SENATE BILL 668****SECTION 60**

(j) A registered futures commission merchant under the federal commodities laws to the extent of its operation as such a merchant.

(k) A person registered as a securities broker-dealer under federal or state securities laws to the extent of its operation as such a broker-dealer.

(L) An individual employed by a licensee, authorized delegate, or any person exempted from the licensing requirements of this chapter when acting within the scope of employment and under the supervision of the licensee, authorized delegate, or exempted person as an employee and not as an independent contractor.

(m) A person expressly appointed as a 3rd-party service provider to or agent of an entity exempt under par. (g), solely to the extent that all of the following are true:

1. The service provider or agent is engaging in money transmission on behalf of and pursuant to a written agreement with the exempt entity that sets forth the specific functions that the service provider or agent is to perform.

2. The exempt entity assumes all risk of loss and all legal responsibility for satisfying the outstanding money transmission obligations owed to a purchaser or holder of the outstanding money transmission obligations upon receipt of the purchaser's or holder's money or monetary value by the service provider or agent.

(n) A person exempted by written determination of the division, if the division finds the exemption to be in the public interest and that the regulation of the person is not necessary for the purposes of this chapter.

(2) The division may require that any person claiming to be exempt from

**SENATE BILL 668****SECTION 60**

licensing requirements under this chapter provide information and documentation to the division demonstrating that the person qualifies for any claimed exemption.

**217.04 Participation in the nationwide multistate licensing system and registry; networked supervision; confidentiality.** (1) PARTICIPATION IN THE NATIONWIDE MULTISTATE LICENSING SYSTEM AND REGISTRY. The division shall utilize the nationwide multistate licensing system and registry, and the provisions of s. 224.35 shall apply, with respect to applicants and licensees under this chapter. An applicant or licensee under this chapter shall register with, and maintain a valid unique identifier issued by, the nationwide multistate licensing system and registry.

(2) NETWORKED SUPERVISION. To efficiently and effectively administer and enforce this chapter and to minimize regulatory burden, the division may do any of the following:

(a) Participate in multistate supervisory processes established between states and coordinated through the Conference of State Bank Supervisors, Money Transmitter Regulators Association, and affiliates and successors thereof for all licensees that hold licenses in this state and other states.

(b) Enter into agreements or relationships with other government officials or federal and state regulatory agencies and regulatory associations, including organizations the membership of which is made up of state or federal governmental agencies, to standardize methods or procedures or share resources, records or related information obtained under this chapter.

(c) Enter into agreements or relationships with the nationwide multistate

**SENATE BILL 668****SECTION 60**

licensing system and registry, or other entities designated by the nationwide multistate licensing system and registry, to collect and maintain records, coordinate multistate licensing processes and supervision processes, process fees, and facilitate communication with licensees or other persons subject to this chapter.

(d) Utilize nationwide multistate licensing system and registry forms, processes, and functionalities in accordance with this chapter.

(e) Waive or modify any requirement, and establish new requirements by rule or order, as reasonably necessary to participate in the nationwide multistate licensing system and registry.

(f) Accept a licensing, examination, or investigation report made by another state or federal government agency or official, or a report prepared by an independent accounting firm.

(g) Accept the investigation results or control determination of another state, if the other state has sufficient staffing and expertise and meets minimum standards.

(h) Conduct examinations in conjunction with examinations conducted by representatives of other state agencies or agencies of another state or of the federal government.

(i) Utilize multistate record production standards and examination procedures when such standards and procedures will reasonably achieve the purposes of this chapter.

(j) Participate in nationwide protocols for licensing cooperation and

**SENATE BILL 668****SECTION 60**

coordination among state regulators if these protocols are consistent with this chapter.

(k) Implement this chapter in a manner that facilitates uniformity with respect to licensing, supervision, reporting, and regulation of licensees that are licensed in multiple jurisdictions.

**(3) CONFIDENTIALITY.** (a) Section 220.06 applies to this chapter.

(b) The division may not disclose information received under s. 217.05 (3) (b)

2. to any person except as follows:

1. The division may disclose the applicant's social security number or federal employer identification number to the department of revenue for the sole purpose of requesting certifications under s. 73.0301 and to the department of workforce development for the sole purpose of requesting certifications under s. 108.227.

2. The division may disclose the applicant's social security number to the department of children and families in accordance with a memorandum of understanding under s. 49.857.

3. The division may disclose information to the nationwide multistate licensing system and registry as provided in s. 224.35.

**217.05 License requirements.** (1) **LICENSE REQUIRED.** A person may not engage in the business of money transmission or advertise, solicit, or hold itself out as providing money transmission unless the person is licensed under this chapter. This subsection does not apply to an authorized delegate of a person licensed under this chapter acting within the scope of authority conferred by a written contract

**SENATE BILL 668****SECTION 60**

with the licensee, or to a person who is exempt pursuant to s. 217.03 and does not engage in money transmission outside the scope of the exemption.

(2) LICENSE NOT TRANSFERABLE. A license issued under this section is not transferable or assignable.

(3) APPLICATION FOR LICENSE. (a) An applicant for a license shall apply in a form and manner prescribed by the division and submit a \$1,000 nonrefundable application fee.

(b) The applicant shall provide all of the following information to the division:

1. The legal name and residential and business addresses of the applicant and any fictitious or trade name used by the applicant in conducting its business.

2. The applicant's federal employer identification number or social security number, as applicable. If an applicant who is an individual does not have a social security number, the applicant, as a condition of applying for or applying to renew a license, shall submit a statement made or subscribed under oath or affirmation to the division that the applicant does not have a social security number. The form of the statement shall be prescribed by the department of children and families.

3. A list of any criminal convictions of the applicant and any material litigation in which the applicant has been involved in the 10-year period next preceding the submission of the application.

4. A description of any money transmission previously provided by the applicant and the money transmission that the applicant seeks to provide in this state.

5. A list of the applicant's proposed authorized delegates and the locations in

**SENATE BILL 668****SECTION 60**

this state where the applicant and its authorized delegates propose to engage in money transmission.

6. A list of other states in which the applicant is licensed to engage in money transmission and any license revocations, suspensions, or other disciplinary action taken against the applicant in another state.

7. Information concerning any bankruptcy or receivership proceedings affecting the applicant or a person in control of the applicant.

8. A sample form of contract for authorized delegates, if applicable.

9. A sample form of each payment instrument or stored value, as applicable.

10. The name and address of any federally insured depository financial institution through which the applicant plans to conduct money transmission.

11. A copy of audited financial statements of the applicant for the most recent fiscal year and for the 2-year period next preceding the submission of the application or, if acceptable to the division, certified unaudited financial statements for the most recent fiscal year or another period acceptable to the division.

12. A certified copy of unaudited financial statements of the applicant for the most recent fiscal quarter.

13. A copy of the surety bond or other form of security required by s. 217.10 (2).

14. Any other information the division or the nationwide multistate licensing system and registry reasonably requires with respect to the applicant.

(c) If the applicant is a corporation, limited liability company, partnership, or

**SENATE BILL 668****SECTION 60**

other legal entity, the applicant shall provide all of the following information to the division, in addition to the information required under par. (b):

1. The date of the applicant's incorporation or formation and state or country of incorporation or formation.

2. A certificate of good standing from the state or country in which the applicant is incorporated or formed, if applicable.

3. A brief description of the structure or organization of the applicant, including each parent or subsidiary of the applicant and whether each parent or subsidiary is publicly traded.

4. The legal name, any fictitious or trade name, all business and residential addresses, and the employment, as applicable, in the 10-year period next preceding the submission of the application, of each key individual and person in control of the applicant.

5. A list of any criminal convictions and material litigation in which a person in control of the applicant that is not an individual has been involved in the 10-year period next preceding the submission of the application.

6. If the applicant is a publicly traded corporation, a copy of the most recent report filed with the U.S. Securities and Exchange Commission under section 13 of the Securities Exchange Act of 1934, 15 USC 78m.

7. If the applicant is a wholly owned subsidiary of a publicly traded corporation, one of the following as applicable:

- a. If the parent corporation is publicly traded in the United States, a copy of the parent corporation's audited financial statements for the most recent fiscal year

**SENATE BILL 668****SECTION 60**

or a copy of the parent corporation's most recent report filed under section 13 of the Securities Exchange Act of 1934, 15 USC 78m.

b. If the parent corporation is publicly traded outside the United States, a copy of similar documentation filed with the regulator of the parent corporation's domicile outside the United States.

8. The name and address of the applicant's registered agent in this state.

(d) The division may waive one or more requirements of par. (b) or (c) or permit an applicant to submit other information in lieu of the required information.

(4) INFORMATION REQUIREMENTS FOR CERTAIN INDIVIDUALS. (a) Any individual in control of a licensee or applicant, any individual that seeks to acquire control of a licensee, and each key individual shall provide all of the following items to the division through the nationwide multistate licensing system and registry as provided in s. 224.35 (2):

1. The individual's fingerprints for submission to the federal bureau of investigation and the division for purposes of a national criminal history background check unless the person currently resides outside of the United States and has resided outside the United States for the last 10 years.

2. Personal history and experience in a form and manner prescribed by the division, to include all of the following:

a. An independent credit report from a consumer reporting agency. This requirement shall be waived if the individual does not have a social security number.

b. Information related to any criminal convictions or pending charges.



**SENATE BILL 668****SECTION 60**

c. Information related to any regulatory or administrative action and any civil litigation involving claims of fraud, misrepresentation, conversion, mismanagement of funds, breach of fiduciary duty, or breach of contract.

3. Any other information the division or the nationwide multistate licensing system and registry reasonably requires with respect to the individual.

(b) If the individual has resided outside the United States at any time in the last 10 years, the individual shall also provide an investigative background report prepared by an independent search firm that meets all of the following requirements:

1. The search firm has sufficient knowledge and resources and employs accepted and reasonable methodologies in conducting its research for the background report.

2. The search firm is not affiliated with, and does not have an interest with, the individual it is researching.

3. The background report is written in the English language and contains, at a minimum, all of the following information:

a. If available in the individual's current jurisdiction of residency, a comprehensive credit report, or any equivalent information obtained or generated by the independent search firm to accomplish such report, including a search of the court data in the countries, provinces, states, cities, towns, and contiguous areas where the individual resided and worked.

b. Criminal records information for the past 10 years, including felonies, misdemeanors, or similar convictions for violations of law in the countries,

**SENATE BILL 668****SECTION 60**

provinces, states, cities, towns, and contiguous areas where the individual resided and worked.

c. Employment history.

d. Media history, including an electronic search of national and local publications, wire services, and business applications.

e. Financial services-related regulatory history, including money transmission, securities, banking, insurance, and mortgage-related industries.

(5) ISSUANCE OF LICENSE. (a) When an application for an original license under this section appears to include all the items and address all the matters that are required, the application is complete. The division shall promptly notify the applicant in a record of the date on which the application is determined to be complete.

(b) If an applicant fails to complete the application for a new license or for a change in control of a license within 60 days after the division provides written notice that the application is incomplete, the application is deemed abandoned and the application fee shall not be refunded. An applicant whose application is deemed abandoned under this paragraph may reapply as provided in this section.

(c) A determination by the division that an application is complete and is accepted for processing means only that the application, on its face, appears to include all of the items, including the criminal background check response from the federal bureau of investigation, and address all of the matters that are required, and is not an assessment of the substance of the application or of the sufficiency of the information provided.

**SENATE BILL 668****SECTION 60**

(d) When an application is filed and considered complete under this section, the division shall investigate the applicant's financial condition and responsibility, financial and business experience, character, and general fitness. The division may conduct an on-site investigation of the applicant, the reasonable cost of which the applicant shall pay. If the applicant utilizes a multistate licensing process, the division may accept the investigation results of another state.

(e) The division shall issue a license to an applicant under this section if the division finds all of the following:

1. The applicant has satisfied all applicable requirements of this section.
2. The applicant's financial statements demonstrate a sufficient net worth to meet the requirements of s. 217.10 (1).
3. The applicant has submitted a surety bond or other permitted form of security that meets the requirements s. 217.10 (2).
4. The financial condition and responsibility, financial and business experience, competence, character, and general fitness of the applicant, and the competence, experience, character, and general fitness of the key individuals and persons in control of the applicant, indicate that it is in the interest of the public to permit the applicant to engage in money transmission.
5. The applicant has not been certified under s. 73.0301 by the department of revenue to be liable for delinquent taxes.
6. The applicant has not been certified under s. 108.227 by the department of workforce development to be liable for delinquent unemployment insurance contributions.

**SENATE BILL 668****SECTION 60**

7. If the applicant is an individual, the applicant has not failed to comply, after appropriate notice, with a subpoena or warrant issued by the department of children and families or a county child support agency under s. 59.53 (5) and related to paternity or child support proceedings and is not delinquent in making court-ordered payments of child or family support, maintenance, birth expenses, medical expenses or other expenses related to the support of a child or former spouse, as provided in a memorandum of understanding entered into under s. 49.857.

(f) The division shall approve or deny an application within 120 days after the application's completion date. The division may for good cause extend the review period. Unless the review period has been extended, an application that is not approved or denied within 120 days after the completion date is deemed approved.

(g) The division shall issue a formal written notice of the denial of a license application within 30 days of the decision to deny the application. The division shall set forth in the notice of denial the specific reasons for the denial of the application. An applicant whose application is denied by the division under this section may request a hearing under s. 227.44 within 30 days after the date of denial. The division may appoint a hearing examiner under s. 227.46 to conduct the hearing.

(h) The initial license term shall begin on the day the application is approved. The license shall expire on December 31 of the year in which the license term began, unless the initial license date is between November 1 and December 31, in which instance the initial license term shall run through December 31 of the following year.

**SENATE BILL 668****SECTION 60**

**(6) RENEWAL OF LICENSE AND ANNUAL FEE.** (a) A license may be renewed or reinstated as provided in s. 224.35 (7).

(b) No more than 60 days before license expiration, a licensee shall pay an annual renewal fee on the basis of its volume of money transmission in this state, as follows:

1. For a volume of \$10,000,000 or less of money transmitted in the prior calendar year, \$500.

2. For a volume of \$10,000,001 to \$100,000,000 of money transmitted in the prior calendar year, \$1,000.

3. For a volume of \$100,000,001 to \$1,000,000,000 of money transmitted in the prior calendar year, \$2,000.

4. For a volume greater than \$1,000,000,000 of money transmitted in the prior calendar year, \$4,000.

**(7) REVOCATION, SUSPENSION, OR REFUSAL TO RENEW A LICENSE.** (a) The division may, after a complaint, notice, and hearing, deny an application or suspend, revoke, or refuse to renew a license issued under this section if the division finds any of the following:

1. The applicant or licensee failed to comply with an order of the division, any provision of this chapter or rule promulgated under this chapter, or any other state or federal law applicable to money transmission.

2. The applicant or licensee failed to cooperate with an investigation, examination, or other request for information by the division.

**SENATE BILL 668****SECTION 60**

3. The applicant or licensee engaged in unsafe or unsound practices in connection with the business of money transmission.

4. The applicant or licensee made a material misstatement, or knowingly omitted a material fact, in an application for a license or in information furnished to the division or the nationwide multistate licensing system and registry.

5. The applicant or licensee engaged in any fraudulent or deceptive conduct or gross negligence relating to the business of money transmission.

6. A federal or state administrative order has been entered against the applicant or licensee for violation of any rule or regulation applicable to the conduct of the person's money transmission business.

7. The licensee no longer meets a requirement for initial granting of a license.

8. The licensee is financially unable to perform the licensee's obligations or has willfully failed without reasonable cause to provide for payment of obligations.

9. The licensee failed to employ reasonable measures to ensure that an authorized delegate complies with all orders of the division, this chapter, and all rules promulgated under this chapter, and all other applicable state or federal law.

10. The financial responsibility, character, reputation, experience, and general fitness of the applicant or licensee, or a key individual or person in control thereof, indicate that it is not in the public interest to permit the applicant or licensee to provide money transmission in this state.

11. The licensee failed to remove an authorized delegate after receiving notice from the division that the authorized delegate has failed to comply with an order of

**SENATE BILL 668****SECTION 60**

the division, any provision of this chapter, any rule promulgated under this chapter, or any other applicable state or federal law.

(b) The division shall restrict or suspend a license issued to an individual if the individual fails to comply, after appropriate notice, with a subpoena or warrant issued by the department of children and families or a county child support agency under s. 59.53 (5) and related to paternity or child support proceedings or is delinquent in making court-ordered payments of child or family support, maintenance, birth expenses, medical expenses, or other expenses related to the support of a child or former spouse, as provided in a memorandum of understanding entered into under s. 49.857. A licensee whose license is restricted or suspended under this paragraph is entitled to a notice and hearing only as provided in a memorandum of understanding entered into under s. 49.857 and is not entitled to any other notice or hearing under this chapter.

(c) The division shall revoke any license issued under this section if the department of revenue certifies under s. 73.0301 that the licensee is liable for delinquent taxes. A licensee whose license is revoked under this paragraph for delinquent taxes is entitled to a notice under s. 73.0301 (2) (b) 1. b. and hearing under s. 73.0301 (5) (a) but is not entitled to any other notice or hearing under this chapter.

(d) The division shall revoke any license issued under this section if the department of workforce development certifies under s. 108.227 that the licensee is liable for delinquent unemployment insurance contributions. A licensee whose license is revoked under this paragraph for delinquent unemployment insurance

**SENATE BILL 668****SECTION 60**

contributions is entitled to a notice under s. 108.227 (2) (b) 1. b. and hearing under s. 108.227 (5) (a) but is not entitled to any other notice or hearing under this chapter.

**217.06 Acquisition of control; change of key individual. (1) ACQUISITION OF CONTROL.** (a) Any person, or group of persons acting in concert, seeking to acquire control of a licensee shall obtain the written approval of the division prior to acquiring control. An individual is not deemed to acquire control of a licensee and is not subject to the requirements under this subsection when that individual becomes a key individual in the ordinary course of business.

(b) A person, or group of persons acting in concert, seeking to acquire control of a licensee shall, in cooperation with the licensee, submit an application in a form and manner prescribed by the division. The application shall include the information required by s. 217.05 (4) for any new key individuals who have not previously completed the requirements of s. 217.05 (4) for a licensee. Upon request, the division may permit an applicant under this section to submit information required in the application without using the nationwide multistate licensing system and registry.

(c) When an application under this subsection appears to include all the items and address all the matters that are required, the application is complete. The division shall promptly notify the applicant in a record of the date on which the application is determined to be complete.

(d) A determination by the division that an application is complete and is accepted for processing means only that the application, on its face, appears to



**SENATE BILL 668****SECTION 60**

include all the items and address all the matters that are required, and is not an assessment of the substance of the application or of the sufficiency of the information provided.

(e) When an application is filed and considered complete under this subsection, the division shall investigate the financial condition and responsibility, financial and business experience, character, and general fitness of the person, or group of persons acting in concert, seeking to acquire control. If the applicant utilizes a multistate licensing process, the division may accept the investigation results of another state.

(f) The division shall approve an acquisition of control under this subsection if the division finds all of the following:

1. The applicant has satisfied all applicable requirements of this subsection.
2. The financial condition and responsibility, financial and business experience, competence, character, and general fitness of the person, or group of persons acting in concert, seeking to acquire control, and the competence, experience, character, and general fitness of the key individuals and persons who would be in control of the licensee after the acquisition of control, indicate that it is in the interest of the public to permit the person, or group of persons acting in concert, to control the licensee.

(g) The division shall approve or deny the application within 60 days after the completion date. The division may for good cause extend the review period. Unless the review period has been extended, an application that is not approved or denied within 60 days after the completion date is deemed approved.

**SENATE BILL 668****SECTION 60**

(h) The division shall issue a formal written notice of the denial of a license application within 30 days of the decision to deny the application. The division shall set forth in the notice of denial the specific reasons for the denial of the application. An applicant whose application is denied by the division under this section may request a hearing under s. 227.44 within 30 days after the date of denial. The division may appoint a hearing examiner under s. 227.46 to conduct the hearing.

(i) The requirements of pars. (a) and (b) do not apply to any of the following:

1. A person who acts as a proxy for the sole purpose of voting at a designated meeting of the shareholders or holders of voting shares or voting interests of a licensee or a person in control of a licensee.

2. A person who acquires control of a licensee by devise or descent.

3. A person who acquires control of a licensee as a personal representative, custodian, guardian, conservator, or trustee, or as an officer appointed by a court of competent jurisdiction or by operation of law.

4. A person who is exempt under s. 217.03 (1) (g).

5. A person exempted from the requirements of this section by written determination of the division, if the division finds this exemption to be in the public interest.

6. A public offering of securities of a licensee or a person in control of a licensee.

7. An internal reorganization of a person in control of the licensee if the ultimate person in control of the licensee remains the same.

**SENATE BILL 668****SECTION 60**

8. A person who has complied with and received approval to engage in money transmission under this chapter or was identified as a person in control in a prior application filed with and approved by the division or by an MSB-accredited state pursuant to a multistate licensing process, if all the following conditions are satisfied:

a. The person has not had a license revoked or suspended, and has not controlled a licensee that has had a license revoked or suspended while the person was in control of the licensee, within the previous 5 years.

b. If the person is a licensee, the person is well-managed and received at least a satisfactory rating for compliance at its most recent examination by an MSB-accredited state, if a rating was given.

c. The licensee to be acquired and the person acquiring control, if the person acquiring control is a licensee, are each projected to meet the requirements of s. 217.10 after the acquisition of control is completed.

d. The licensee to be acquired and the person acquiring control, if the person acquiring control is a licensee, will not implement any material changes to their respective business plans as a result of the acquisition of control.

e. The person acquiring control, in cooperation with the licensee, provides notice of the acquisition and attests to the conditions of subd. 8. a. to d. in a form and manner prescribed by the division. If the notice is not disapproved within 30 days after the date on which the notice was determined by the division to be complete, the notice is deemed approved.

(j) A person who is exempt from the requirements of pars. (a) and (b) pursuant

**SENATE BILL 668****SECTION 60**

to par. (i) 2., 3., 4., 6., or 7. shall, in cooperation with the licensee, notify the division within 15 days after the acquisition of control. Notice shall be provided by updating the licensee's record through the nationwide multistate licensing system and registry or in any other manner acceptable to the division.

(k) Before filing an application for approval to acquire control of a licensee, a person may request in writing a determination from the division as to whether the person would be considered a person in control of a licensee upon consummation of a proposed transaction. If the division determines that the person would not be a person in control of a licensee, the person is not subject to the requirements of pars. (a) and (b).

**(2) CHANGE OF KEY INDIVIDUALS.** (a) Upon adding or replacing any key individual, a licensee shall do all of the following:

1. No later than 15 days after the effective date of the key individual's appointment, provide notice of the change in a manner acceptable to the division.

2. No later than 45 days after the effective date of the individual's appointment, provide the information required by s. 217.05 (4).

(b) The division may issue a notice of disapproval of a key individual if it finds that the competence, experience, character, or integrity of the individual indicates that it is not in the interest of the public or the customers of the licensee to permit the individual to be a key individual of the licensee. The notice of disapproval shall contain a statement of the basis for disapproval. An applicant whose application is denied by the division under this subsection may request a hearing under s. 227.44

**SENATE BILL 668****SECTION 60**

within 30 days after the date of denial. The division may appoint a hearing examiner under s. 227.46 to conduct the hearing.

(c) If the notice of the change is not disapproved within 90 days after the date on which the requirements of par. (a) were determined to be complete, the key individual is deemed approved.

**217.07 Reporting and records. (1) REPORT OF CONDITION.** Each licensee shall submit a report of condition no later than 45 days after the end of each calendar quarter, unless a longer period is authorized by the division. The report of condition shall include all of the following:

(a) Financial information at the licensee level.

(b) Nationwide and state-specific money transmission transaction information in every jurisdiction in the United States in which the licensee is licensed to engage in money transmission.

(c) A permissible investments report.

(d) Transaction destination country reporting for money received for transmission, if applicable. This requirement applies only to a report of condition submitted within 45 days of the end of the 4th calendar quarter.

(e) Any other information the division reasonably requires with respect to the licensee.

**(2) AUDITED FINANCIALS.** (a) Each licensee shall submit audited financial information no later than 90 days after the end of each fiscal year, unless a longer period is authorized by the division. The submission shall include an audited financial statement of the licensee for the fiscal year prepared in accordance with

**SENATE BILL 668****SECTION 60**

U.S. generally accepted accounting principles, together with any other information the division may reasonably require with respect to the licensee.

(b) The audited financial statement shall be prepared by an independent certified public accountant or independent public accountant satisfactory to the division and shall be accompanied by a certificate of opinion that is satisfactory to the division. If the certificate of opinion is qualified, the division may order the licensee to take any action the division finds necessary to enable the independent certified public accountant or independent public accountant to remove the qualification.

**(3) REPORT OF AUTHORIZED DELEGATES.** Each licensee shall submit a report of authorized delegates no later than 45 days after the end of each calendar quarter, unless a longer period is authorized by the division. The report of authorized delegates shall include all of the following, if applicable:

(a) Contact information for each authorized delegate of the licensee, including each authorized delegate's legal name, any fictitious or trade name, employer identification number, principal provider identifier, physical address, mailing address, primary contact person, telephone number, email address, start date as the licensee's authorized delegate, and end date, if any.

(b) Information concerning each authorized delegate's business in other states, including whether any court or regulatory authority has prohibited the authorized delegate from acting as an authorized delegate in any jurisdiction.

(c) Any other information the division reasonably requires with respect to the licensee's authorized delegates.

**SENATE BILL 668****SECTION 60**

(4) REPORTS OF CERTAIN EVENTS. (a) A licensee shall file a report with the division within one business day after the licensee has reason to know of the occurrence of any of the following events:

1. The filing of a petition by or against the licensee under the U.S. Bankruptcy Code, 11 USC 101 to 110, for bankruptcy or reorganization.

2. The filing of a petition by or against the licensee for receivership, the commencement of any other judicial or administrative proceeding for its dissolution or reorganization, or the making of a general assignment for the benefit of its creditors.

3. The commencement of a proceeding to revoke or suspend its license in a state or country in which the licensee engages in business or is licensed.

(b) A licensee shall file a report with the division within 3 business days after the licensee has reason to know that the licensee or a key individual, person in control, or authorized delegate of the licensee has been charged with or convicted of a felony.

(5) BANK SECRECY ACT REPORTS. A licensee and an authorized delegate shall comply with all federal currency reporting, record keeping, and suspicious activity reporting requirements as set forth in the Bank Secrecy Act and other federal and state laws pertaining to money laundering.

(6) RECORDS. (a) A licensee shall maintain all of the following records for at least 3 years:

1. A record of each outstanding money transmission obligation sold.

**SENATE BILL 668****SECTION 60**

2. A general ledger posted at least monthly containing all asset, liability, capital, income, and expense accounts.

3. Bank statements and bank reconciliation records.

4. Records of outstanding money transmission obligations.

5. Records of each money transmission obligation paid within the 3-year period.

6. A list of the last-known names and addresses of all the licensee's authorized delegates.

7. Any other records the division requires to be maintained by order or rule.

(b) Upon written request of the division to inspect any record specified in par. (a), the licensee shall promptly make the record available to the division. A licensee shall maintain the records specified in par. (a) in a location and manner that ensures the licensee can make the records available to the division no later than 7 business days after the division's written request.

**217.08 Authorized delegates.** (1) Before a licensee is authorized to conduct business through an authorized delegate or allows a person to act as the licensee's authorized delegate, the licensee shall do all of the following:

(a) Adopt, and update as necessary, written policies and procedures reasonably designed to ensure that the licensee's authorized delegates comply with applicable state and federal law.

(b) Conduct a reasonable risk-based background investigation sufficient for the licensee to determine whether the authorized delegate has complied and will likely comply with applicable state and federal law.



**SENATE BILL 668****SECTION 60**

(c) Enter into a signed written agreement that does all of the following:

1. Appoints the authorized delegate for the licensee with the authority to conduct money transmission on behalf of the licensee.

2. Sets forth the nature and scope of the relationship between the licensee and the authorized delegate and the respective rights and responsibilities of the parties.

3. Requires the authorized delegate to fully comply with all applicable state and federal laws, rules, and regulations pertaining to money transmission, including relevant provisions of the Bank Secrecy Act and federal and state laws pertaining to money laundering.

4. Requires the authorized delegate to remit and handle money and monetary value in accordance with the terms of the agreement.

5. Imposes a trust for the benefit of the licensee on money and monetary value net of fees received for money transmission.

6. Requires the authorized delegate to prepare and maintain records as required by this chapter and applicable rules.

7. States the authorized delegate's consent to examination or investigation by the division.

8. States that the licensee is subject to regulation by the division, and that, as part of that regulation, the division may suspend or revoke an authorized delegate designation or require the licensee to terminate an authorized delegate designation.

9. Acknowledges the authorized delegate's receipt of the written policies and procedures required under par. (a).

(2) An authorized delegate of a licensee holds in trust for the benefit of the

**SENATE BILL 668****SECTION 60**

licensee all money net of fees received from money transmission. If any authorized delegate commingles any funds received from money transmission with any other funds or property owned or controlled by the authorized delegate, all commingled funds and other property shall be considered held in trust in favor of the licensee in an amount equal to the amount of money net of fees received from money transmission.

(3) An authorized delegate may not use a subdelegate to conduct money transmission on behalf of a licensee.

(4) A person shall not engage in the business of money transmission on behalf of a person not licensed under this chapter or not exempt pursuant to s. 217.03. A person violating this subsection shall be jointly and severally liable with the unlicensed and nonexempt person for engaging in the business of money transmission without a license.

(5) If a licensee's license is suspended, revoked, surrendered, or expired, the licensee shall, within 5 business days, provide documentation to the division that the licensee has notified all applicable authorized delegates of the licensee of the suspension, revocation, surrender, or expiration of the license. Upon receiving notice of the suspension, revocation, surrender, or expiration of a license, an authorized delegate shall immediately cease to provide money transmission as an authorized delegate of the applicable licensee.

(6) The division may, by written order, suspend or revoke the designation of an authorized delegate if the division finds any of the following:

(a) The authorized delegate failed to comply with an order of the division, any

**SENATE BILL 668****SECTION 60**

provision of this chapter, any rule promulgated under this chapter, or any other state or federal law applicable to money transmission.

(b) The authorized delegate failed to cooperate with an investigation, examination, or other request for information by the division.

(c) The authorized delegate engaged in unsafe or unsound practices in connection with the business of money transmission.

(d) The authorized delegate made a material misstatement, or knowingly omitted a material fact, in an application for a license or in information furnished to the division or the nationwide multistate licensing system and registry.

(e) The authorized delegate engaged in any fraudulent or deceptive conduct or gross negligence relating to the business of money transmission.

(f) A federal or state administrative order has been entered against the authorized delegate for violation of any rule or regulation applicable to the conduct of the person's money transmission business.

(g) The financial responsibility, character, reputation, experience, and general fitness of the authorized delegate indicate that it is not in the public interest to permit the applicant or licensee to provide money transmission in this state.

**217.09 Timely transmission; refunds; receipts and other disclosures.**

(1) **TIMELY TRANSMISSION.** A licensee shall forward all money received for transmission in accordance with the terms of the agreement between the licensee and the sender, unless the licensee has a reasonable belief, or a reasonable basis to believe, that the sender is a victim of fraud or that the transaction relates to a crime or violation of law, rule, or regulation. If a licensee fails to forward money received

**SENATE BILL 668****SECTION 60**

for transmission in accordance with this subsection, the licensee shall state the reason for the failure in response to any inquiries by the sender unless providing the response would violate applicable state or federal law.

(2) REFUNDS. (a) Except as provided in par. (b), a licensee shall refund to the sender any money received for transmission within 10 days of receipt of the sender's written request for a refund.

(b) Paragraph (a) does not apply if any of the following circumstances exist:

1. The money was forwarded within 10 days of the date on which the money was received for transmission.

2. Instructions were given committing an equivalent amount of money to the person designated by the sender within 10 days of the date on which the money was received for transmission.

3. The agreement between the licensee and the sender instructs the licensee to forward the money at a time that is beyond 10 days of the date on which the money was received for transmission. If funds have not yet been forwarded in accordance with the terms of the agreement between the licensee and the sender, the licensee shall issue a refund in accordance with the other provisions of this section.

4. The refund request concerns a transaction that the licensee has not completed because the licensee has a reasonable belief, or a reasonable basis to believe, that the sender is a victim of fraud or that the transaction relates to a crime or violation of law, rule, or regulation.

5. The refund request does not include sufficient information to enable the

**SENATE BILL 668****SECTION 60**

licensee to identify the sender or, in the event the sender has multiple transactions outstanding, the particular transaction to be refunded.

6. The money received for transmission is subject to the federal remittance rule, 12 CFR 1005, subpart B.

7. The money was received for transmission pursuant to a written agreement between the licensee and payee to process payments for goods or services provided by the payee.

(3) RECEIPTS. (a) Except as provided in par. (b), a licensee or its authorized delegate shall provide the sender a receipt for money received for transmission. The receipt shall be in English and in the language principally used by the licensee or authorized delegate to advertise, solicit, or negotiate transactions conducted in person, electronically, or by phone, if other than English, and shall include all the following information, as applicable:

1. The name of the sender.
  2. The name of the designated recipient.
  3. The date of the transaction.
  4. The unique transaction or identification number.
  5. The licensee's name, business address, and customer service telephone number.
  6. The amount of the transaction in U.S. dollars.
  7. Any fee charged by the licensee to the sender for the transaction.
  8. Any taxes collected by the licensee from the sender for the transaction.
- (b) Paragraph (a) does not apply if any of the following circumstances exist:

**SENATE BILL 668****SECTION 60**

1. The money received for transmission is subject to the federal remittance rule, 12 CFR 1005, subpart B.

2. The money received for transmission is not primarily for personal, family, or household purposes.

3. The money is received for transmission pursuant to a written agreement between the licensee and payee to process payments for goods or services provided by the payee.

4. The money is received for transmission in the performance of payroll processing services.

(4) DISCLOSURES FOR PAYROLL PROCESSING SERVICES. A licensee that provides payroll processing services shall make paystubs or equivalent documentation available to employees and shall issue reports to clients detailing client payroll obligations in advance of the payroll funds being deducted from an account. These requirements do not apply if the licensee's client designates the intended recipients to the licensee and is responsible for providing the disclosures required by this paragraph.

**217.10 Prudential standards. (1) NET WORTH.** A licensee shall maintain at all times a tangible net worth in excess of the greater of \$100,000 or the sum of the following: 3 percent of the licensee's first \$100,000,000 in total assets, plus 2 percent of any additional assets up to \$1,000,000,000, plus 0.5 percent of any additional assets over \$1,000,000,000. The division may exempt an applicant or licensee from this requirement, in whole or in part, if the division finds the exemption to be in the public interest.

**SENATE BILL 668****SECTION 60**

(2) SURETY BOND. A licensee shall at all times maintain a surety bond or other form of security acceptable to the division. The minimum required amount of the security shall be the greater of \$100,000 or an amount equal to 100 percent of the licensee's average daily money transmission liability in this state calculated for the most recently completed 3-month period, up to \$500,000. A licensee that maintains security of at least \$500,000 is not required to calculate its average daily money transmission liability in this state.

(3) PERMISSIBLE INVESTMENTS. (a) A licensee shall maintain at all times permissible investments that have a market value computed in accordance with U.S. generally accepted accounting principles of not less than the aggregate amount of all of the licensee's outstanding money transmission obligations.

(b) The following are permissible investments for purposes of par. (a):

1. Cash, including demand deposits, savings deposits, and funds in such accounts held for the benefit of the licensee's customers, maintained in a federally insured depository financial institution.

2. Cash equivalents, including automated clearing house items in transit to the licensee, automated clearing house items or international wires in transit to a payee, cash in transit via armored car, cash in smart safes, cash in licensee-owned locations, debit card or credit card-funded transmission receivables owed by any bank, and money market mutual funds rated "AAA" by S&P, or the equivalent from any eligible rating service.

3. Certificates of deposit or senior debt obligations of a federally insured depository financial institution.

**SENATE BILL 668****SECTION 60**

4. An obligation of the United States or a commission, agency, or instrumentality thereof.

5. An obligation of a state or a governmental subdivision, agency, or instrumentality thereof.

6. An obligation that is guaranteed fully as to principal and interest by the United States.

7. The amount of the security provided under sub. (2) that exceeds the average daily money transmission liability in this state.

8. The full drawable amount of a standby letter of credit that meets all the following requirements:

a. It is irrevocable, unconditional, and unqualified.

b. It is issued by a federally insured depository financial institution; a foreign bank authorized under federal law to maintain a federal agency or federal branch office in a state; or a foreign bank that is authorized under the law of a state to maintain a branch that is regulated, supervised, and examined by federal or state authorities having regulatory authority over banks, credit unions, and trust companies if the foreign bank or its parent company bears an eligible rating.

c. It identifies the division or its agent as the stated beneficiary.

d. It states an issue date and expiration date.

e. It automatically extends for one year, without a written amendment, upon each expiration date unless the issuer of the letter of credit notifies the division at least 60 days prior to any expiration date that the irrevocable letter of credit will not



**SENATE BILL 668****SECTION 60**

be extended. Notice shall be provided by certified or registered mail or courier mail or other receipted means.

f. It provides that the issuer of the letter of credit will honor, at sight, a presentation made by the beneficiary to the issuer of the original letter of credit and any amendments thereto.

g. It provides that the issuer of the letter of credit will honor, at sight, a written statement by the beneficiary that a petition for bankruptcy, reorganization, receivership, or dissolution has been filed by or against the licensee; the licensee's assets have been seized pursuant to an emergency order issued on the ground that the licensee is, or is at risk of becoming, insolvent; or the beneficiary has received notice of expiration or nonextension of a letter of credit and the licensee failed to demonstrate to the satisfaction of the beneficiary that the licensee will maintain the minimum permissible investments required in par. (a) upon the expiration or nonextension of the letter of credit.

h. It stipulates that the beneficiary may obtain funds up to the amount of the letter of credit no later than 7 days after presenting a written statement by the beneficiary that any of the events specified in subd. 8. g. has occurred.

i. It does not reference other agreements or provide for any security interest in the licensee.

9. Receivables payable to a licensee from its authorized delegates in the ordinary course of business that are less than 7 days old, subject to the following limitations:

a. Receivables payable to a licensee from its authorized delegates may not

**SENATE BILL 668****SECTION 60**

exceed 50 percent of the aggregate value of the licensee's total permissible investments.

b. Receivables payable to a licensee from a single authorized delegate may not exceed 10 percent of the aggregate value of the licensee's total permissible investments.

10. a. Subject to the limitations in subd. 10. b., a short-term investment of 6 months or less that bears an eligible rating; commercial paper that bears an eligible rating; a bill, note, bond, or debenture that bears an eligible rating; a U.S. tri-party repurchase agreement collateralized at 100 percent or more with federal government or agency securities, municipal bonds, or other securities that bear an eligible rating; a money market mutual fund rated less than "AAA" and equal to or higher than "A-" by S&P, or the equivalent from any other eligible rating service; or a mutual fund or other investment fund composed exclusively of the investments listed in subds. 1. to 6.

b. The investments specified in subd. 10. a. may not in the aggregate exceed 50 percent of the aggregate value of the licensee's total permissible investments. No single category of investment under subd. 10. a. may exceed 20 percent of the aggregate value of the licensee's total permissible investments. The division may limit the extent to which a specific investment maintained by a licensee within a class of permissible investments may be considered a permissible investment.

11. Cash, including demand deposits, savings deposits, and funds in such accounts held for the benefit of the licensee's customers, maintained at a foreign depository institution, subject to the following limitations:

**SENATE BILL 668****SECTION 60**

a. The licensee must have obtained at least a satisfactory rating in its most recent examination under this chapter.

b. The foreign depository institution must bear an eligible rating, be registered under the Foreign Account Tax Compliance Act, and not be located in a country that is subject to sanctions from the office of foreign assets control in the U.S. treasury department or designated a high-risk or noncooperative jurisdiction by the Financial Action Task Force established at the G7 summit in Paris on July 14, 1989.

c. Cash maintained at a foreign depository institution may not exceed 10 percent of the aggregate value of the licensee's total permissible investments.

12. Any other investment authorized as a permissible investment by rule or written determination of the division.

(c) Permissible investments, even if commingled with other assets of the licensee, are held in trust for the benefit of the purchasers and holders of the licensee's outstanding money transmission obligations on an equitable basis in the event of insolvency, the filing of a petition by or against the licensee for bankruptcy or reorganization, the filing of a petition by or against the licensee for receivership, the commencement of any other judicial or administrative proceeding for the licensee's dissolution or reorganization, or an action by a creditor against the licensee who is not a beneficiary of the trust. Permissible investments held in trust pursuant to this section are not subject to attachment, levy of execution, or sequestration, except for a beneficiary of the trust. Any statutory trust established

**SENATE BILL 668****SECTION 60**

hereunder shall be terminated upon extinguishment of all the licensee's outstanding money transmission obligations.

(d) Following the issuance of a notice of expiration or nonextension of a letter of credit under par. (b) 8. e., and no later than 15 days prior to the expiration date of the letter of credit, the licensee shall demonstrate to the satisfaction of the division that the licensee will continue to comply with sub. (1) after the letter of credit expires. If the licensee fails to do so, the division may draw on the letter of credit up to an amount necessary to meet the licensee's requirements under sub. (1), which shall be offset against the licensee's outstanding money transmission obligations. The drawn funds shall be held in trust by the division or its agent for the benefit of the purchasers and holders of the licensee's outstanding money transmission obligations.

**217.11 Powers of the division.** In addition to the powers granted in other sections of this chapter or other applicable law, the division may do any of the following:

(1) Investigate, at any time, the business and examine the books, accounts, records, and files used in the business of every licensee or authorized delegate of a licensee. The cost of each examination shall be paid by each licensee so examined within 30 days after demand by the division.

(2) Issue subpoenas and take testimony of any person in relation to any matter within the division's powers and require the person to produce records regarding any matter related to the condition or business of a person engaged in activity regulated under this chapter.

**SENATE BILL 668****SECTION 60**

(3) Require any person to provide written reports or answers to questions, in a form and manner acceptable to the division, concerning any matter related to the condition or business of a person engaged in activity regulated under this chapter.

(4) Use, contract for, or employ analytical systems, methods, or software to examine or investigate any person subject to this chapter.

(5) Accept an audit report made by an independent certified public accountant or other qualified 3rd-party auditor for an applicant or licensee and incorporate the audit report in any report of examination or investigation.

(6) Promulgate rules or issue orders to administer, enforce, or carry out the purposes of this chapter, including such rules or orders as may be necessary to protect the public from oppressive or deceptive practices of licensees and to prevent evasions of this chapter.

(7) Take possession of any insolvent licensee under the circumstances and utilizing the procedures prescribed in s. 218.04 (9m), so far as applicable.

(8) Enter into a consent order at any time with a person to resolve a matter arising under this chapter or any rule promulgated under this chapter.

**SECTION 61.** 218.0101 (24m) and (37m) of the statutes are created to read:

218.0101 **(24m)** “Nationwide multistate licensing system and registry” has the meaning given in s. 224.35 (1g) (b).

**(37m)** “Unique identifier” has the meaning given in s. 224.35 (1g) (e).

**SECTION 62.** 218.0111 (2) of the statutes is amended to read:

218.0111 **(2)** Either licensor under sub. (1) shall, upon request, furnish the other licensor with any information it may have, including such information as may

**SENATE BILL 668****SECTION 62**

be available to the division of banking through the nationwide multistate licensing system and registry, in respect to any licensee or applicant for license or any transaction in which such a licensee or applicant may be a party or be interested. No license shall be issued under s. 218.0114 (14) (a) and (g) until both licensors have approved the application. The suspension or revocation of either the license issued under s. 218.0114 (14) (a) or (g) shall automatically suspend or revoke the other license. Any suspension or revocation shall be certified by the licensor ordering it to the other licensor.

**SECTION 63.** 218.0114 (4) of the statutes is renumbered 218.0114 (4) (a) and amended to read:

218.0114 (4) (a) Application for a license under this section shall be made to the licensor, at such time, in such form and with such information as the licensor shall require and shall be accompanied by the required fees. The division of banking shall utilize the nationwide multistate licensing system and registry, and the provisions of s. 224.35 shall apply, with respect to sales finance company applicants and licensees, other than motor vehicle dealers.

(b) An applicant for a sales finance company license, other than a motor vehicle dealer, shall pay to the division of banking a nonrefundable \$300 investigation fee in addition to the license fee under sub. (16). If the cost of an investigation exceeds \$300, the applicant shall, upon demand of the division of banking, pay the amount by which the cost of the investigation exceeds the nonrefundable fee. A licensee is not required to pay an investigation fee for the renewal of a license.

**SENATE BILL 668****SECTION 63**

(c) The licensor may require the applicant to provide information relating to any pertinent matter that is commensurate with the safeguarding of the public interest in the locality in which the applicant proposes to engage in business, except that information relating to the applicant's solvency and financial standing may not be required for motor vehicle dealers except as provided in sub. (20) (a). The information provided may be considered by the licensor in determining the fitness of the applicant to engage in business as set forth in ss. 218.0101 to 218.0163.

**SECTION 64.** 218.0114 (4g) and (4m) of the statutes are created to read:

218.0114 **(4g)** A sales finance company, other than a motor vehicle dealer, shall keep current and accurate all material information on file with the division of banking and the nationwide multistate licensing system and registry as provided in s. 224.35 (6).

**(4m)** A sales finance company, other than a motor vehicle dealer, shall submit financial statements as provided in s. 224.35 (8).

**SECTION 65.** 218.0114 (5) (b) of the statutes is amended to read:

218.0114 **(5)** (b) A sales finance company or an applicant for a sales finance company license shall provide and maintain in force a bond or irrevocable letter of credit ~~of~~ in a form acceptable to the division of banking in an amount that is not less than \$25,000 issued by a surety company licensed to do business in this state ~~or a federally insured financial institution, as defined in s. 705.01 (3).~~ The bond or letter of credit shall be payable to the state of Wisconsin for the use of the state and of any person who sustains a loss because of an act of a sales finance company that

**SENATE BILL 668****SECTION 65**

constitutes grounds for the suspension or revocation of a license under ss. 218.0101 to 218.0163.

**SECTION 66.** 218.0114 (13) (a) of the statutes is amended to read:

218.0114 (13) (a) ~~Licenses~~ A license described in sub. (16) ~~expire~~ expires on December 31 of the calendar year ~~for which the licenses are granted in which the~~ initial license term began, unless the initial license date is between November 1 and December 31, in which instance the initial license term shall run through December 31 of the following year. A license may be renewed or reinstated as provided in s. 224.35 (7).

**SECTION 67.** 218.0114 (17) of the statutes is renumbered 218.0114 (17) (a) and amended to read:

218.0114 (17) (a) The licenses of dealers, manufacturers, factory branches, distributors, and distributor branches ~~and sales finance companies~~ shall specify the location of the office or branch and must be conspicuously displayed at that location. In case the location of the office or branch is changed, the licensor shall endorse the change of location on the license, without charge, if the new location is within the same municipality as the previous location. A change of location to another municipality shall require a new license, ~~except for sales finance companies.~~

**SECTION 68.** 218.0114 (17) (b) of the statutes is created to read:

218.0114 (17) (b) A sales finance company, other than a motor vehicle dealer, shall give written notice to the division of banking, in a form and manner acceptable to the division of banking, within 10 days of any change of location of the office or branch specified in the license.



**SENATE BILL 668****SECTION 69**

**SECTION 69.** 218.0114 (20) (c) of the statutes is amended to read:

218.0114 **(20)** (c) An applicant or licensee furnishing information under par. (a) may designate the information as a trade secret, as defined in s. 134.90 (1) (c), or as confidential business information. The licensor shall notify the applicant or licensee providing the information 15 days before any information designated as a trade secret or as confidential business information is disclosed to the legislature, a state agency, as defined in s. 13.62 (2), a local governmental unit, as defined in s. 605.01 (1), or any other person. The applicant or licensee furnishing the information may seek a court order limiting or prohibiting the disclosure, in which case the court shall weigh the need for confidentiality of the information against the public interest in the disclosure. A designation under this paragraph does not prohibit the disclosure of a person's name or address, of the name or address of a person's employer or of financial information that relates to a person when requested under s. 49.22 (2m) by the department of children and families or a county child support agency under s. 59.53 (5). A designation under this paragraph does not prohibit the disclosure of sales finance company application information to the nationwide multistate licensing system and registry, but, except as provided in s. 224.35 (4) (b) and (c), this information shall remain confidential and is not subject to public copying or inspection under s. 19.35 (1).

**SECTION 70.** 218.0114 (21g) (b) 3. of the statutes is created to read:

218.0114 **(21g)** (b) 3. The division of banking may disclose information to the nationwide multistate licensing system and registry as provided in s. 224.35.

**SECTION 71.** 218.0114 (25) of the statutes is created to read:

**SENATE BILL 668****SECTION 71**

218.0114 (25) A sales finance company, other than a motor vehicle dealer, shall register with, and maintain a valid unique identifier issued by, the nationwide multistate licensing system and registry.

**SECTION 72.** 218.0116 (1) (am) of the statutes is amended to read:

218.0116 (1) (am) ~~Material~~ Making a material misstatement, or knowingly omitting a material fact, in an application for a license or, in the case of a sales finance company other than a motor vehicle dealer, in information furnished to the nationwide multistate licensing system and registry.

**SECTION 73.** 218.0161 (title) of the statutes is amended to read:

**218.0161 (title) Penalties; reporting violations.**

**SECTION 74.** 218.0161 of the statutes is renumbered 218.0161 (1).

**SECTION 75.** 218.0161 (2) of the statutes is created to read:

218.0161 (2) The division of banking may report any enforcement action, any violation of this chapter or of an administrative rule or order, or other relevant information to the nationwide multistate licensing system and registry. Except as provided in s. 224.35 (4) (b) and (c), these reports to the nationwide multistate licensing system and registry shall be confidential and are not subject to public copying or inspection under s. 19.35 (1).

**SECTION 76.** 218.0162 of the statutes is amended to read:

**218.0162 Commencement of action.** Upon the request of the licensor, the department of justice or the district attorney may commence an action in the name of the state to recover a forfeiture under s. 218.0161. An action under s. 218.0161

**SENATE BILL 668****SECTION 76**

(1) shall be commenced within 3 years after the occurrence of the unlawful act or practice which is the subject of the action.

**SECTION 77.** 218.02 (1) (e) and (f) of the statutes are created to read:

218.02 (1) (e) “Nationwide multistate licensing system and registry” has the meaning given in s. 224.35 (1g) (b).

(f) “Unique identifier” has the meaning given in s. 224.35 (1g) (e).

**SECTION 78.** 218.02 (2) (a) 1. (intro.) of the statutes is amended to read:

218.02 (2) (a) 1. (intro.) Each adjustment service company shall apply to the division for a license to engage in such business. Application for a separate license for each office of a company to be operated under this section shall be made ~~to the division in writing, under oath,~~ in a form ~~to be prescribed by~~ and manner acceptable ~~to the division.~~ The division may issue more than one license to the same licensee. Except as provided in subd. 3., an application for a license under this section shall include the following:

**SECTION 79.** 218.02 (2) (a) 2. c. of the statutes is created to read:

218.02 (2) (a) 2. c. The division may disclose information to the nationwide multistate licensing system and registry as provided in s. 224.35.

**SECTION 80.** 218.02 (2) (d), (e) and (f) of the statutes are created to read:

218.02 (2) (d) The division shall utilize the nationwide multistate licensing system and registry, and the provisions of s. 224.35 shall apply, with respect to applicants and licensees under this section.

(e) An applicant or licensee under this section shall register with, and

**SENATE BILL 668****SECTION 80**

maintain a valid unique identifier issued by, the nationwide multistate licensing system and registry.

(f) Each licensee shall keep current and accurate all material information on file with the division and the nationwide multistate licensing system and registry as provided in s. 224.35 (6).

**SECTION 81.** 218.02 (5) (a) and (b) of the statutes are amended to read:

218.02 (5) (a) ~~Every A license issued shall state the address of the office at which the business is to be conducted, the name of the licensee, and if the licensee is a partnership, limited liability company or association, the names of the members thereof, and if a corporation the date and place of its incorporation. Such license shall be kept conspicuously posted in the office of the licensee and under this section shall not be transferable or assignable.~~

(b) Whenever a licensee shall contemplate a change of the licensee's place of business to another location within the same city, village, or town, the licensee shall give written notice thereof to the division, in a form and manner acceptable to the division, which shall attach to the license the division's authorization of such removal, specifying the date thereof and the new location. Such authorization shall be authority for the operation of such business under the same license at the specified new location. No change in the place of business of a licensee to a location outside of the original city, village, or town shall be permitted under the same license. If so directed by the division, the licensee shall provide any notice required under this subsection to the nationwide multistate licensing system and registry as provided in s. 224.35.

**SENATE BILL 668****SECTION 82**

**SECTION 82.** 218.02 (5) (c) of the statutes is repealed and recreated to read:

218.02 (5) (c) A license issued under this section expires on December 31 of the calendar year in which the initial license term began, unless the initial license date is between November 1 and December 31, in which instance the initial license term shall run through December 31 of the following year. A license may be renewed or reinstated as provided in s. 224.35 (7).

**SECTION 83.** 218.02 (6) (a) (intro.) of the statutes is amended to read:

218.02 (6) (a) (intro.) The division, after complaint, notice and ~~hearings as provided in s. 217.19~~ hearing, shall revoke any license in the following cases:

**SECTION 84.** 218.02 (6) (a) 1. of the statutes is amended to read:

218.02 (6) (a) 1. If the licensee has failed to ~~pay the annual license fee or to~~ maintain in effect the bond required under the provisions of this section;

**SECTION 85.** 218.02 (6) (a) 5. of the statutes is created to read:

218.02 (6) (a) 5. If the licensee made a material misstatement, or knowingly omitted a material fact, in an application for a license or in information furnished to the division or the nationwide multistate licensing system and registry.

**SECTION 86.** 218.02 (9) (title) of the statutes is amended to read:

218.02 (9) (title) RULES AND REPORTS; FEES; ENFORCEMENT; REPORTING VIOLATIONS.

**SECTION 87.** 218.02 (9) (a) (intro.) of the statutes is amended to read:

218.02 (9) (a) (intro.) A licensee shall make an annual report and submit financial statements as provided in s. 224.35 (8). The division may make such rules and require such further reports as the division deems necessary for the

**SENATE BILL 668****SECTION 87**

enforcement of this section. ~~Sections 217.17, 217.18 and 217.21 (1) and (2)~~ The licensee shall keep such books and records as will enable the division to determine whether licensees are in compliance with this section and any rules or orders issued thereunder. The powers granted under s. 217.11 apply to and are available for the purposes of this section. This paragraph does not apply to any of the following:

**SECTION 88.** 218.02 (9) (c) of the statutes is amended to read:

218.02 (9) (c) The division shall investigate, ascertain and determine whether this chapter or the lawful orders issued hereunder are being violated and for such purposes the division shall have all of the powers ~~conferred by ss. 217.17 and 217.18~~ granted under s. 217.11. The division shall report all violations to the district attorney of the proper county for prosecution.

**SECTION 89.** 218.02 (9) (d) of the statutes is created to read:

218.02 (9) (d) The division may report any enforcement action, any violation of this section or of an administrative rule or order, or other relevant information to the nationwide multistate licensing system and registry. Except as provided in s. 224.35 (4) (b) and (c), these reports to the nationwide multistate licensing system and registry shall be confidential and are not subject to public copying or inspection under s. 19.35 (1).

**SECTION 90.** 218.04 (1) (a) of the statutes is amended to read:

218.04 (1) (a) “Collection agency” means any person engaging in the business of collecting or receiving for payment for others of any account, bill, or other indebtedness. “Collection agency” does not include attorneys at law authorized to practice in this state and resident herein, banks, ~~express companies,~~ credit unions,

**SENATE BILL 668****SECTION 90**

health care billing companies, state savings banks, state savings and loan associations, insurers and their agents, trust companies, mortgage bankers licensed and operating under subch. III of ch. 224, district attorneys acting under s. 971.41, persons contracting with district attorneys under s. 971.41 (5), real estate brokers, and real estate salespersons.

**SECTION 91.** 218.04 (1) (b) of the statutes is renumbered 218.04 (1) (b) (intro.) and amended to read:

218.04 (1) (b) (intro.) “Collector” or “solicitor” means any person ~~employed by a collection agency to collect or receive payment or to solicit the receiving or collecting of payment~~ who, on behalf of a collection agency licensed under this section, does any of the following:

1. Collects, or attempts to collect, for others of any account, bill, or other indebtedness ~~outside of the office or the person’s home.~~

**SECTION 92.** 218.04 (1) (b) 2. and 3. of the statutes are created to read:

218.04 (1) (b) 2. Receives payment for others of any account, bill, or other indebtedness.

3. Solicits any account, bill, or other indebtedness for collection by the collection agency.

**SECTION 93.** 218.04 (1) (em) and (h) of the statutes are created to read:

218.04 (1) (em) “Nationwide multistate licensing system and registry” has the meaning given in s. 224.35 (1g) (b).

(h) “Unique identifier” has the meaning given in s. 224.35 (1g) (e).

**SECTION 94.** 218.04 (2) (a) and (b) of the statutes are amended to read:

**SENATE BILL 668****SECTION 94**

218.04 (2) (a) Except as provided in par. (b), a person may not operate as a collection agency ~~or as a collector or solicitor~~ in this state without first having obtained a license as required by this section.

(b) A nonresident of this state is not required to obtain a collection agency license if that person conducts collection ~~business~~ agency activity with state residents solely by means of interstate telecommunications or interstate mail.

**SECTION 95.** 218.04 (3) (a) 1. (intro.) of the statutes is amended to read:

218.04 (3) (a) 1. (intro.) Application for licenses under the provisions of this section shall be made to the division in writing, under oath, ~~on a form to be prescribed by~~ in a form and manner acceptable to the division. ~~All licenses shall expire on June 30 next following their date of issue.~~ Except as provided in subd. 3., an application for a license under this section shall include the following:

**SECTION 96.** 218.04 (3) (a) 1g., 1m. and 1r. of the statutes are created to read:

218.04 (3) (a) 1g. The division shall utilize the nationwide multistate licensing system and registry, and the provisions of s. 224.35 shall apply, with respect to applicants and licensees under this section.

1m. An applicant or licensee under this section shall register with, and maintain a valid unique identifier issued by, the nationwide multistate licensing system and registry.

1r. Each licensee shall keep current and accurate all material information on file with the division and the nationwide multistate licensing system and registry as provided in s. 224.35 (6).

**SECTION 97.** 218.04 (3) (a) 2. c. of the statutes is created to read:



**SENATE BILL 668****SECTION 97**

218.04 (3) (a) 2. c. The division may disclose information to the nationwide multistate licensing system and registry as provided in s. 224.35.

**SECTION 98.** 218.04 (3) (b) of the statutes is amended to read:

218.04 (3) (b) At the time of making application, every applicant for a collection agency license shall pay a nonrefundable fee of \$1,000 to the division for investigating the application, unless the applicant is already licensed under this section, and the sum of \$200 as an annual license fee for each place of business that is required to be separately licensed under sub. (4) (a). If the cost of investigation exceeds \$1,000, the applicant shall, upon demand of the division, pay the excess cost. No investigation fee is required on the renewal of a license.

**SECTION 99.** 218.04 (3) (c) of the statutes is repealed.

**SECTION 100.** 218.04 (4) (a) of the statutes is amended to read:

218.04 (4) (a) Except as provided in par. (am), upon the filing of ~~such~~ a license application and the payment of ~~such fee~~ the applicable fees, the division shall make an investigation, and if the division finds that the character and general fitness and the financial responsibility of the applicant, and the members thereof if the applicant is a partnership, limited liability company or association, and the officers and directors thereof if the applicant is a corporation, warrant the belief that the business will be operated in compliance with this section the division shall thereupon issue a license to ~~said~~ the applicant. ~~Such~~ A license is not assignable and, except as provided in par. (ap), shall permit operation under it only at or from the location specified in the license, ~~except that an employee of a licensed collection agency may work from the employee's home if the employee complies with all of the~~

**SENATE BILL 668****SECTION 100**

~~same requirements under this section and the division's rules that would apply if the employee were working within the licensed office and except that a licensed collector or solicitor may work outside the licensed office of a collection agency. A nonresident of this state may, upon complying with all other provisions of this section, secure a collection agency license provided the nonresident maintains an active office in this state. Except as provided in par. (ap), a separate license is required for each place of business maintained by the licensee from which the licensee or its collectors or solicitors engage in the business of collecting or receiving payments for others of any account, bill, or other indebtedness of a person located in this state.~~

**SECTION 101.** 218.04 (4) (am) 1. of the statutes is amended to read:

218.04 (4) (am) 1. The applicant fails to provide any application information required ~~under sub. (3) (a) 1.~~ by the division.

**SECTION 102.** 218.04 (4) (ap) and (c) of the statutes are created to read:

218.04 (4) (ap) An employee of a licensed collection agency may work from the employee's residence. An employee's resident address may not be presented to the public as a location or office of the collection agency, through advertising or other means of communication. No physical records of the collection agency may be maintained at an employee's residence. A separate license under par. (4) (a) is not required for a residence that meets the requirements of this paragraph.

(c) If an applicant fails to complete the application for an initial license within 60 days after the division provides written notice of the incomplete application, the application is considered abandoned and the investigation fee shall not be refunded.

**SENATE BILL 668****SECTION 102**

An applicant whose application is abandoned under this paragraph may reapply to obtain a new license.

**SECTION 103.** 218.04 (5) (a) (intro.), 1., 2., 3. and 4. of the statutes are amended to read:

218.04 (5) (a) (intro.) The division may suspend or revoke any license issued under this section if the division finds that any of the following applies:

1. The licensee has violated any of the provisions of this section, rules promulgated under this section, or any lawful order of the division made ~~thereunder~~; under this section.

2. Any fact or condition exists which, if it had existed at the time of the original application for ~~such~~ the license, would have warranted the division in refusing to issue ~~such~~ the license;.

3. The licensee has failed to ~~pay the annual license fee or to maintain in effect the bond required under sub. (3) (d);.~~

4. The licensee has failed to remit money due to any and all claimants or forwarders ~~within 30 days from~~ on or before the last day of the month following the close of the month during which the collection was effected; ~~or.~~

**SECTION 104.** 218.04 (5) (a) 6. of the statutes is created to read:

218.04 (5) (a) 6. The licensee has made a material misstatement, or knowingly omitted a material fact, in an application for a license or in information furnished to the division or the nationwide multistate licensing system and registry.

**SECTION 105.** 218.04 (5) (c) of the statutes is amended to read:

**SENATE BILL 668****SECTION 105**

218.04 (5) (c) In the event of the death of a licensee, ~~if the licensee is an individual, or of the partners, if the licensee is a partnership~~ who is a sole proprietor, the license ~~of the agency~~ shall terminate as of the date of death of ~~said~~ the licensee, except the division may reinstate a license if the estate of the former licensee signifies to the division within 45 days its intention to continue the business of the agency.

**SECTION 106.** 218.04 (6) (title) of the statutes is amended to read:

218.04 (6) (title) LICENSES; POSTING; ~~CHANGES OF LOCATION;~~ RENEWAL; DISCONTINUED OPERATIONS.

**SECTION 107.** 218.04 (6) (a) of the statutes is repealed and recreated to read:

218.04 (6) (a) If a licensee intends to change the address of its place of business to another location, the licensee shall give written notice of the change, in a form and manner prescribed by the division, at least 30 days prior to the relocation.

**SECTION 108.** 218.04 (6) (b) of the statutes is amended to read:

218.04 (6) (b) Every licensee applying for a renewal of a license shall, ~~on or before the first day of June,~~ pay in advance to the division the annual license fee. A license may be renewed or reinstated as provided in s. 224.35 (7). A license that is not renewed or reinstated by the end of the reinstatement period provided in s. 224.35 (7) shall be deemed to have expired on December 31 of the year immediately preceding the reinstatement period, unless the initial license date is between November 1 and December 31, in which instance the initial license term shall run through December 31 of the following year.

**SENATE BILL 668****SECTION 109**

**SECTION 109.** 218.04 (6) (c) (intro.) and 2. of the statutes are amended to read:

218.04 **(6)** (c) (intro.) Before discontinuing operating as a collection agency under the provisions of this section, every licensee shall furnish the division with proof in a form to be determined by the division ~~and approved by the advisory committee~~ that all of the following are satisfied:

2. All Wisconsin client accounts have been returned to the claimants or forwarders.

**SECTION 110.** 218.04 (7) (title) of the statutes is amended to read:

218.04 **(7)** (title) POWERS OF DIVISION; ~~ADVISORY COMMITTEES~~.

**SECTION 111.** 218.04 (7) (a) of the statutes is amended to read:

218.04 **(7)** (a) To issue any general or special order in execution of or supplementary to this chapter, including such orders as may be necessary to protect the public from oppressive or deceptive practices of licensees and to prevent evasions of this chapter.

**SECTION 112.** 218.04 (8) of the statutes is repealed.

**SECTION 113.** 218.04 (9) of the statutes is created to read:

218.04 **(9)** COLLECTORS AND SOLICITORS; ALIASES; UNSIGNED NOTICES. (a) A collection agency is responsible for, and shall supervise the acts of, its collectors and solicitors and any other person who otherwise acts on behalf of the collection agency.

(b) In any oral or written communication with a debtor, any collector or solicitor may use a separate alias. This alias shall include a first and last name. No collector or solicitor may have more than one alias. A collector or solicitor may not

**SENATE BILL 668****SECTION 113**

change an alias unless for good cause and the division is first notified of the change.

Collectors or solicitors employed by a licensee may not use the same alias.

(c) A licensee may forward printed collection notices to a debtor that are unsigned.

**SECTION 114.** 218.04 (9g) (c) of the statutes is amended to read:

218.04 **(9g)** (c) ~~Promptly~~ Within 48 hours after collection, a licensee shall deposit and maintain in the trust account sufficient funds to pay all money due any claimant or forwarder. A licensee may not use the trust account for any other purpose.

**SECTION 115.** 218.04 (9m) (e) of the statutes is amended to read:

218.04 **(9m)** (e) The division shall cause notice to be given by publication of a class 3 notice, under ch. 985, if no action has been commenced under par. (f), calling on all persons who may have claims against such licensee, to present the same to the division, and make legal proof thereof at a place and within a time, to be therein specified. The division may mail a similar notice to all persons whose names appear as claimants or forwarders upon the books and records of the licensee or as may appear in the records of the division on the ~~sworn~~ reports required to be furnished the division according to the provisions of sub. (10). Any claimant or forwarder whose portion of the collection or collections has not been properly remitted shall file a claim which shall be considered as a preferred claim for the amount actually due the claimant or forwarder after deducting any commission or fee that may be due and owing the licensee. If the division doubts the justice and validity of any claim, the division may reject the same and serve notice of such

**SENATE BILL 668****SECTION 115**

rejection upon the claimant either by mail or personally. An affidavit of the service of such notice, which shall be prima facie evidence thereof, shall be filed with the division. An action upon a claim so rejected must be brought in the circuit court for the county wherein the licensee is located within 30 days after such service of such notice of rejection of claim has been filed. Claims presented after the expiration of the time fixed in the notice to the claimants or forwarders shall be entitled to receive only liquidating dividends declared after presentation, unless otherwise ordered by the court. The court may fix a date after which all claims shall be barred.

**SECTION 116.** 218.04 (10) (a) of the statutes is repealed and recreated to read:

218.04 (10) (a) A licensee shall make an annual report and submit financial statements as provided in s. 224.35 (8).

**SECTION 117.** 218.04 (10) (b) of the statutes is amended to read:

218.04 (10) (b) The division shall require the licensee to keep such books and records in the licensee's place of business as will enable the division to determine whether the provisions of this section are being complied with. Every such licensee shall preserve the records of final entry used in such business for a period of at least 6 years ~~after final remittance is made on any account placed with the licensee for collection or after any account has been returned to the claimant on which one or more payments have been paid.~~

**SECTION 118.** 218.04 (13) (title) of the statutes is amended to read:

218.04 (13) (title) ENFORCEMENT; REPORTING VIOLATIONS.

**SENATE BILL 668****SECTION 119**

**SECTION 119.** 218.04 (13) of the statutes is renumbered 218.04 (13) (a) and amended to read:

218.04 **(13)** (a) The division shall have the duty, power, jurisdiction and authority to investigate, ascertain and determine whether this section or the lawful orders issued hereunder are being violated and for such purposes the division shall have all the powers conferred by subs. (4) and (5). ~~The~~ If warranted, the division shall report ~~all~~ violations to the district attorney of the proper county for prosecution.

**SECTION 120.** 218.04 (13) (b) of the statutes is created to read:

218.04 **(13)** (b) The division may report any enforcement action, any violation of this section or of an administrative rule or order, or other relevant information to the nationwide multistate licensing system and registry. Except as provided in s. 224.35 (4) (b) and (c), these reports to the nationwide multistate licensing system and registry shall be confidential and are not subject to public copying or inspection under s. 19.35 (1).

**SECTION 121.** 218.05 (1) (e) and (f) of the statutes are created to read:

218.05 **(1)** (e) “Nationwide multistate licensing system and registry” has the meaning given in s. 224.35 (1g) (b).

(f) “Unique identifier” has the meaning given in s. 224.35 (1g) (e).

**SECTION 122.** 218.05 (3) (a) 2. of the statutes is amended to read:

218.05 **(3)** (a) 2. The ~~county and~~ municipality, with street and number, if any, where the community currency exchange is to be conducted; and

**SECTION 123.** 218.05 (3) (am) 2. c. of the statutes is created to read:



**SENATE BILL 668****SECTION 123**

218.05 (3) (am) 2. c. The division may disclose information to the nationwide multistate licensing system and registry as provided in s. 224.35.

**SECTION 124.** 218.05 (3) (c) of the statutes is amended to read:

218.05 (3) (c) Before any license is issued to a community currency exchange the applicant shall file annually with and have approved by the division a surety bond in a form acceptable to the division in the principal sum of \$5,000, issued by an insurer authorized to do business in this state. The bond shall run to the state of Wisconsin and shall be for the benefit of any creditors of the community currency exchange for any liability incurred for any sum due to any payee of any check, draft or money order left with the community currency exchange for collection, and also for any penalties that may be imposed under this section. If the division finds at any time the bond is insecure or exhausted or otherwise doubtful, an additional bond in like amount to be approved by the division shall be filed by the licensee within 30 days after written demand by the division.

**SECTION 125.** 218.05 (3) (d), (e) and (f) of the statutes are created to read:

218.05 (3) (d) The division shall utilize the nationwide multistate licensing system and registry, and the provisions of s. 224.35 shall apply, with respect to applicants and licensees under this section.

(e) An applicant or licensee under this section shall register with, and maintain a valid unique identifier issued by, the nationwide multistate licensing system and registry.

(f) Each licensee shall keep current and accurate all material information on

**SENATE BILL 668****SECTION 125**

file with the division and the nationwide multistate licensing system and registry as provided in s. 224.35 (6).

**SECTION 126.** 218.05 (10) (a) and (c) of the statutes are amended to read:

218.05 (10) (a) ~~Such~~ The license shall state the name of the licensee and the address at which the business is to be conducted. ~~Such~~ The license shall be kept conspicuously posted in the place of business of the licensee and shall not be transferable or assignable.

(c) Whenever a licensee shall wish to change the licensee's place of business to ~~any location other than that originally set forth in the license~~, the licensee shall give written notice thereof to the division ~~and if the change is approved the division shall attach to the license, in writing, a rider stating the new address or location of the community currency exchange in a form and manner acceptable to the division.~~ If so directed by the division, the licensee shall provide any notice required under this subsection to the nationwide multistate licensing system and registry as provided in s. 224.35.

**SECTION 127.** 218.05 (11) (intro.) of the statutes is amended to read:

218.05 (11) ~~RENEWAL~~ LICENSE EXPIRATION; RENEWAL; REINSTATEMENT.  
(intro.) ~~Every licensee shall, on or before December 20, pay to the division the sum of \$300 as an~~ A license expires annually on December 31 of the calendar year in which the initial license term began, unless the initial license date is between November 1 and December 31, in which instance the initial license term shall run through December 31 of the following year. The annual license fee for the next succeeding calendar year and, at the same time, shall file with the division is \$300

**SENATE BILL 668****SECTION 127**

and shall be paid to the division in a form and manner acceptable to the division, together with the annual bond and insurance policy or policies in the same amount and of the same character as required by subs. (3) (c) and (6). Licenses may be renewed and reinstated as provided in s. 224.35 (7). The division may not renew a license under this section if any of the following applies:

**SECTION 128.** 218.05 (12) (title) of the statutes is amended to read:

218.05 (12) (title) REVOCATION; RESTRICTION AND SUSPENSION; REPORTING VIOLATIONS.

**SECTION 129.** 218.05 (12) (a) 1. of the statutes is amended to read:

218.05 (12) (a) 1. The licensee has failed to ~~pay the annual license fee or to~~ maintain in effect the required bond or insurance policy or policies or to comply with any order, decision or finding of the division made pursuant to this section.

**SECTION 130.** 218.05 (12) (a) 4. of the statutes is created to read:

218.05 (12) (a) 4. The licensee made a material misstatement, or knowingly omitted a material fact, in an application for a license or in information furnished to the division or the nationwide multistate licensing system and registry.

**SECTION 131.** 218.05 (12) (f) of the statutes is created to read:

218.05 (12) (f) The division may report any enforcement action, any violation of this section or of an administrative rule or order, or other relevant information to the nationwide multistate licensing system and registry. Except as provided in s. 224.35 (4) (b) and (c), these reports to the nationwide multistate licensing system and registry shall be confidential and are not subject to public copying or inspection under s. 19.35 (1).

**SENATE BILL 668****SECTION 132**

**SECTION 132.** 218.05 (14) (a) of the statutes is repealed and recreated to read:

218.05 (14) (a) A licensee shall make an annual report and submit financial statements as provided in s. 224.35 (8).

**SECTION 133.** 220.02 (2) (c) of the statutes is amended to read:

220.02 (2) (c) ~~Sellers of checks~~ Money transmitters under ch. 217.

**SECTION 134.** 220.02 (3) of the statutes is amended to read:

220.02 (3) It is the intent of sub. (2) to give the division jurisdiction to enforce and carry out all laws relating to banks or banking in this state, including those relating to state banks, savings banks, savings and loan associations, and trust company banks, and also all laws relating to small loan companies or other loan companies or agencies, finance companies, insurance premium finance companies, motor vehicle dealers, adjustment service companies, community currency exchanges, mortgage bankers, mortgage loan originators, mortgage brokers, and collection agencies and those relating to ~~sellers of checks~~ money transmitters under ch. 217, whether doing business as corporations, individuals, or otherwise, but to exclude laws relating to credit unions.

**SECTION 135.** 220.06 (1m) of the statutes is amended to read:

220.06 (1m) No division employee may examine a bank or licensee in which that person is interested as a stockholder, officer, or employee. No division employee may examine a bank or licensee located in the same village, city, or county with any bank or licensee in which that person is so interested. Employees in the division, and each member and employee of the banking institutions review board, shall keep secret all facts and information obtained in the course of examinations or

**SENATE BILL 668****SECTION 135**

from reports not under s. 221.1002 (1) filed by a bank or licensee with the division, except so far as the public duty of the person requires reporting upon or taking special action regarding the affairs of any bank or licensee, and except when called as a witness in any criminal proceeding or trial in a court of justice. The division may furnish to the federal deposit insurance corporation, to a federal home loan bank, ~~or~~ to any regulatory authority for state or federal financial institutions, insurance, or securities, or to any organization the membership of which is made up of regulatory authorities for state or federal financial institutions, insurance, or securities, a copy of any examination made of any such bank or licensee or of any report made by such bank or licensee and may give access to and disclose to the corporation ~~or~~, to any regulatory authority for state or federal financial institutions, insurance, or securities, or to any organization the membership of which is made up of regulatory authorities for state or federal financial institutions, insurance, or securities, any information possessed by the division, or to a federal home loan bank any information created by the division, with reference to the conditions or affairs of any such insured bank or licensee if the regulatory authority agrees to treat all information received with the same degree of confidentiality as applies to reports of examination that are in the custody of the division.

**SECTION 136.** 224.35 (1g) of the statutes is created to read:

224.35 (1g) DEFINITIONS. In this section:

(a) “Division” means the division of banking.

(b) “Nationwide multistate licensing system and registry” means the multistate system developed by the Conference of State Bank Supervisors and the

**SENATE BILL 668****SECTION 136**

American Association of Residential Mortgage Regulators and owned and operated by the State Regulatory Registry, LLC, or any successor or affiliate entity, for the licensing and registration of persons in financial services industries.

(c) “Reinstatement period” means the period beginning on the first day of January and ending on the last day of February of the year following the expiration of a license, or such other period prescribed by the division.

(d) “Renewal period” means the period beginning on November 1 and ending on December 31, or such other period prescribed by the division.

(e) “Unique identifier” means a number or other identifier assigned by protocols established by the nationwide multistate licensing system and registry.

**SECTION 137.** 224.35 (1m) (bm) of the statutes is created to read:

224.35 (1m) (bm) The division may require an applicant or licensee, or an individual with the power to direct the management or policies of the applicant or licensee, to submit an independent credit report from a consumer reporting agency, an investigative background report prepared by an independent search firm, fingerprints, or any other personal or professional history information deemed necessary by the division. The division may require fingerprints for the purposes of identifying the individual and to determine whether the individual has a record of warrants, arrests, or convictions in any jurisdiction. Fingerprints may be submitted, directly or as provided in s. 224.35 (2), to the federal bureau of investigation and any government agency or entity authorized to receive this information for a state and national criminal history record check.

**SECTION 138.** 224.35 (1r), (6), (7) and (8) of the statutes are created to read:

**SENATE BILL 668****SECTION 138**

224.35 (1r) APPLICABLE LICENSED ACTIVITIES. The division shall utilize the nationwide multistate licensing system and registry, as provided in this section, with respect to applicants and licensees under ss. 138.09, 138.12, 138.14, 217.05, 218.0114 except for motor vehicle dealers within the meaning of s. 218.0101 (23), 218.02, 218.04, 218.05, 224.72, and 224.725 and with respect to applicants and registrants under s. 224.722.

(6) CHANGES TO INFORMATION. A licensee shall keep current and accurate all material information on file with the division and the nationwide multistate licensing system and registry. If the information changes in any material respect, the licensee must notify the division and the nationwide multistate licensing system of the change within 10 days after the change.

(7) LICENSE RENEWAL AND REINSTATEMENT. (a) During the renewal period, a licensee may renew a license by submitting all of the following through the nationwide multistate licensing system and registry or in such other manner as directed by the division:

1. A renewal application, in a form and manner acceptable to the division.
2. The annual fee required to maintain the license, if applicable.
3. The bond or insurance information required to maintain the license, if applicable.
4. Certification of the completion of continuing education courses required to maintain the license, if applicable.

(b) During the reinstatement period, a licensee may reinstate a license by submitting all the items in par. (a) 1. to 4., plus an additional nonrefundable fee of

**SENATE BILL 668****SECTION 138**

\$100, through the nationwide multistate licensing system and registry or in such other manner as directed by the division.

(c) After the reinstatement period, an expired license may not be reinstated.

(d) The division may deny an application to renew a license if any fact or condition exists that would warrant revocation or suspension of the license.

(e) The renewal term is for a period of one year, beginning January 1 of each year after the initial term.

(8) ANNUAL REPORTS AND FINANCIAL STATEMENTS. (a) *Applicability.* Paragraphs (b) and (c) apply to licensees under ss. 138.09, 138.12, 138.14, 218.02, 218.04, and 218.05. Licensees under s. 218.0114, except for motor vehicle dealers within the meaning of s. 218.0101 (23), must submit financial statements under par. (c), but they are not required to submit annual reports under par. (b).

(b) *Annual reports.* Each licensee shall annually, on or before March 31, submit through the nationwide multistate licensing system and registry or in such other manner as directed by the division, a report giving such reasonable and relevant information as the division may require concerning the business transacted by the licensee. This report shall be made in the form and manner prescribed by the division.

(c) *Financial statements.* Each licensee shall annually, no later than 90 days following the end of its most recently completed fiscal year, submit through the nationwide multistate licensing system and registry or in such other manner as directed by the division, a copy of the licensee's financial statements for that fiscal



**SENATE BILL 668****SECTION 138**

year. The financial statements shall include a balance sheet and income statement and shall be prepared in accordance with generally accepted accounting principles.

**SECTION 139.** 224.71 (7) of the statutes is amended to read:

224.71 (7) “Nationwide ~~mortgage~~ multistate licensing system and registry” ~~means the licensing and registration system developed and maintained by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators for licensed mortgage loan originators and mortgage loan originators exempt from licensing under s. 224.725 (1m) or, if this system is no longer maintained, any system established by the secretary of the federal department of housing and urban development under P.L. 110-289, Title V, section 1509~~ has the meaning given in s. 224.35 (1g) (b).

**SECTION 140.** 224.71 (13g) (b) of the statutes is amended to read:

224.71 (13g) (b) Registered with, and who maintains a unique identifier through, the nationwide ~~mortgage~~ multistate licensing system and registry.

**SECTION 141.** 224.71 (18) of the statutes is amended to read:

224.71 (18) “Unique identifier” ~~means a number or other identifier assigned by protocols established by the nationwide mortgage licensing system and registry~~ has the meaning given in s. 224.35 (1g) (e).

**SECTION 142.** 224.72 (2) (am) of the statutes is amended to read:

224.72 (2) (am) Applicants for a mortgage banker or mortgage broker license shall apply to the division, on forms and in the manner prescribed by the division, and shall pay the fee specified in rules promulgated under sub. (8). The division shall utilize the nationwide multistate licensing system and registry, and the

**SENATE BILL 668****SECTION 142**

provisions of s. 224.35 shall apply, with respect to mortgage bankers and mortgage brokers. Forms prescribed by the division under this paragraph may contain any content or requirement that the division, in its discretion, determines necessary and these forms may be modified or updated as necessary by the division to carry out the purposes of this subchapter.

**SECTION 143.** 224.72 (2) (c) 2. c. of the statutes is created to read:

224.72 (2) (c) 2. c. The division may disclose information to the nationwide multistate licensing system and registry as provided in s. 224.35.

**SECTION 144.** 224.72 (7) (title) of the statutes is amended to read:

224.72 (7) (title) LICENSE RENEWAL AND REINSTATEMENT.

**SECTION 145.** 224.72 (7) (am) of the statutes is renumbered 224.72 (7) and amended to read:

224.72 (7) A mortgage broker or mortgage banker may apply to renew or reinstate a license issued under this section ~~by timely submitting, on forms and in the manner prescribed by the division, a completed renewal application and all required renewal fees. The division may not renew a license issued under this section unless the division finds that the mortgage broker or mortgage banker continues to meet the minimum standards for license issuance under this section as~~ provided in s. 224.35 (7).

**SECTION 146.** 224.72 (7) (bm) of the statutes is repealed.

**SECTION 147.** 224.725 (1) of the statutes is amended to read:

224.725 (1) LICENSE REQUIRED. Except as provided in subs. (1m) and (1r), an individual may not regularly engage in the business of a mortgage loan originator

**SENATE BILL 668****SECTION 147**

with respect to a residential mortgage loan, or use the title “mortgage loan originator,” advertise, or otherwise portray himself or herself as a mortgage loan originator in this state, unless the individual has been issued by the division, and thereafter maintains, a license under this section. Each licensed mortgage loan originator shall register with, and maintain a valid unique identifier issued by, the nationwide ~~mortgage~~ multistate licensing system and registry.

**SECTION 148.** 224.725 (1r) (a) 5. of the statutes is amended to read:

224.725 (1r) (a) 5. The individual was registered with the nationwide ~~mortgage~~ multistate licensing system and registry as a loan originator during the one-year period immediately preceding the date on which the individual furnished the information required under sub. (2) (c).

**SECTION 149.** 224.725 (1r) (c) 1. of the statutes is amended to read:

224.725 (1r) (c) 1. The period during which an individual described in par. (a) or (b) is considered to have temporary authority to act as a mortgage loan originator under this subchapter shall begin on the date on which the individual furnishes to the nationwide ~~mortgage~~ multistate licensing system and registry the information required under sub. (2) (c) in connection with the application for a mortgage loan originator license under this subchapter.

**SECTION 150.** 224.725 (1r) (c) 2. d. of the statutes is amended to read:

224.725 (1r) (c) 2. d. If the individual’s application is listed on the nationwide ~~mortgage~~ multistate licensing system and registry as incomplete, the date that is 120 days after the date on which the individual applied for a mortgage loan originator license.

**SENATE BILL 668****SECTION 151**

**SECTION 151.** 224.725 (2) (a) of the statutes is amended to read:

224.725 (2) (a) Applicants for a mortgage loan originator license shall apply to the division, on forms and in the manner prescribed by the division, and shall pay the fee specified in rules promulgated under sub. (8). The division shall ~~require~~ utilize the nationwide multistate licensing system and registry, and the provisions of s. 224.35 shall apply, with respect to mortgage loan originators to be licensed and ~~registered through the nationwide mortgage licensing system and registry.~~ Forms prescribed by the division under this paragraph may contain any content or requirement that the division, in its discretion, determines necessary and these forms may be modified or updated as necessary by the division to carry out the purposes of this subchapter.

**SECTION 152.** 224.725 (2) (b) 1. c. of the statutes is created to read:

224.725 (2) (b) 1. c. The division may disclose information to the nationwide multistate licensing system and registry as provided in s. 224.35.

**SECTION 153.** 224.725 (2) (c) (intro.) and 2. (intro.) of the statutes are amended to read:

224.725 (2) (c) (intro.) Any applicant for a license under this section shall furnish to the nationwide ~~mortgage~~ multistate licensing system and registry information concerning the applicant's identity, including all of the following:

2. (intro.) Personal history and experience in a form prescribed by the nationwide ~~mortgage~~ multistate licensing system and registry, including the submission of authorization for the nationwide ~~mortgage~~ multistate licensing system and registry and the division to obtain all of the following:

**SENATE BILL 668****SECTION 154**

**SECTION 154.** 224.725 (5) (title) of the statutes is amended to read:

224.725 (5) (title) LICENSE RENEWAL AND REINSTATEMENT.

**SECTION 155.** 224.725 (5) (a) (intro.) of the statutes is renumbered 224.725 (5) and amended to read:

224.725 (5) A mortgage loan originator may apply to renew or reinstate a license issued under this section ~~by timely submitting, on forms and in the manner prescribed by the division, a completed renewal application and all required renewal fees. The division may not renew a license issued under this section unless the division finds that all of the following apply:~~ as provided in s. 224.35 (7).

**SECTION 156.** 224.725 (5) (a) 1. and 2. of the statutes are repealed.

**SECTION 157.** 224.725 (5) (b) of the statutes is repealed.

**SECTION 158.** 224.728 (title) of the statutes is renumbered 224.35 (title) and amended to read:

**224.35** (title) **Nationwide ~~mortgage~~ multistate licensing system and registry and cooperative arrangements.**

**SECTION 159.** 224.728 (1) of the statutes is renumbered 224.35 (1m) and amended to read:

224.35 (1m) PARTICIPATION. (a) The division shall participate in the nationwide ~~mortgage~~ multistate licensing system and registry. The division may establish relationships or contracts with the nationwide ~~mortgage~~ multistate licensing system and registry or other entities designated by the nationwide ~~mortgage~~ multistate licensing system and registry to collect and maintain records and process transaction fees or other fees related to ~~licensees under this subchapter~~

**SENATE BILL 668****SECTION 159**

persons holding licenses identified in sub. (1r). With respect to any form, fee, or other information related to the initial issuance, transition, or renewal of a ~~mortgage loan originator license under this subchapter~~ license identified in sub. (1r), the division may require that any applicant submit such form, fee, or other information directly to the nationwide ~~mortgage~~ multistate licensing system and registry and may authorize the nationwide ~~mortgage~~ multistate licensing system and registry to perform any function under ~~this subchapter~~ subch. III or s. 138.09, 138.12, 138.14, 218.0101 to 218.0163, 218.02, 218.04, 218.05, or ch. 217 related to the licensing of ~~mortgage loan originators in this state~~ any person with respect to a license identified in sub. (1r).

(b) The division may require an applicant or licensee to provide, and may provide to the nationwide ~~mortgage~~ multistate licensing system and registry, any information relating to an applicant for initial issuance or renewal of a ~~mortgage loan originator~~ license identified in sub. (1r) that the division and the nationwide ~~mortgage~~ multistate licensing system and registry determine to be relevant to the application or to any ~~mortgage loan originator~~ responsibility administered or conducted through the nationwide ~~mortgage~~ multistate licensing system and registry related to the licensed activity.

(c) The division may rely on the nationwide ~~mortgage~~ multistate licensing system and registry to establish any dates relating to application or reporting deadlines for ~~mortgage loan originators~~ persons holding or applying for licenses identified in sub. (1r), to establish requirements for amending or surrendering ~~mortgage loan originator~~ licenses identified in sub. (1r), or to establish any other

**SENATE BILL 668****SECTION 159**

requirements applicable to ~~mortgage loan originators licensed under this subchapter~~ persons holding licenses identified in sub. (1r) to the extent the requirements are a condition of the state's participation in the nationwide ~~mortgage~~ multistate licensing system and registry.

**SECTION 160.** 224.728 (2) of the statutes is renumbered 224.35 (2) and amended to read:

224.35 (2) CHANNELING INFORMATION. To reduce the points of contact that the division may have to maintain, and to facilitate compliance with ~~the requirements under s. 224.725 (2) (e)~~ any requirement that an applicant provide identity information, including a social security number or federal employer identification number, fingerprints, credit reports, or other personal history, the division may use the nationwide ~~mortgage~~ multistate licensing system and registry as a channeling agent for requesting and distributing information to and from any source so directed by the division, including the federal bureau of investigation, any state or federal department of justice, or any other governmental agency.

**SECTION 161.** 224.728 (3) of the statutes is renumbered 224.35 (3) and amended to read:

224.35 (3) CHALLENGE PROCESS. The division shall establish a process whereby ~~mortgage loan originators~~ persons holding licenses identified in sub. (1r) may challenge information maintained by the nationwide ~~mortgage~~ multistate licensing system and registry on behalf of the division.

**SECTION 162.** 224.728 (4) of the statutes is renumbered 224.35 (4), and 224.35 (4) (a) (intro.), (b) and (c), as renumbered, are amended to read:

**SENATE BILL 668****SECTION 162**

224.35 (4) (a) (intro.) If any information or material is considered confidential or privileged under federal or state law before it is provided or disclosed to the nationwide ~~mortgage~~ multistate licensing system and registry, it shall continue to be confidential or privileged after it is provided or disclosed to, and while maintained by, the nationwide ~~mortgage~~ multistate licensing system and registry, except to the extent federal or state law expressly provides otherwise and except as provided in par. (c). Confidential or privileged information or material under this paragraph is not subject to any of the following:

(b) Confidential or privileged information or material under par. (a) may be shared with any state or federal regulatory agency having supervisory authority over ~~mortgage-lending~~ activities to which licenses identified in sub. (1r) apply without losing any right or protection of confidentiality or privilege under federal or state law.

(c) This subsection does not prohibit the nationwide ~~mortgage~~ multistate licensing system and registry from providing public access to information or material relating to the employment history of, and publicly adjudicated disciplinary and enforcement actions against, ~~mortgage-loan-originators~~ persons holding licenses identified in sub. (1r).

**SECTION 163.** 224.728 (5) of the statutes is renumbered 224.35 (5) and amended to read:

224.35 (5) COOPERATIVE ARRANGEMENTS. The division may enter into cooperative, coordinating, or information-sharing arrangements or agreements with other governmental agencies or with associations representing other



**SENATE BILL 668****SECTION 163**

governmental agencies, including the Conference of State Bank Supervisors ~~and the American Association of Residential Mortgage Regulators.~~

**SECTION 164.** 224.74 (1) (a) of the statutes is amended to read:

224.74 (1) (a) *Mortgage call report.* Each mortgage banker, mortgage broker, and mortgage loan originator licensed under this subchapter, and each registered entity, shall submit to the nationwide ~~mortgage~~ multistate licensing system and registry reports of condition, which shall be in such form and contain such information as the nationwide ~~mortgage~~ multistate licensing system and registry may require.

**SECTION 165.** 224.74 (2) (b) of the statutes is amended to read:

224.74 (2) (b) The division shall prepare a report for each investigation or examination conducted under this subsection. These reports, and correspondence regarding these reports, are confidential, except that the division may release these reports and correspondence in connection with a disciplinary proceeding conducted by the division, a liquidation proceeding, or a criminal investigation or proceeding. In addition, any information from these reports or correspondence may be provided to the nationwide ~~mortgage~~ multistate licensing system and registry and is not confidential to the extent specified in s. ~~224.728~~ 224.35 (4) (b) and (c).

**SECTION 166.** 224.755 (3) (a), (c) and (d) of the statutes are amended to read:

224.755 (3) (a) No education course may count toward the requirement under sub. (1) or (2) unless the course has been reviewed and approved by the nationwide ~~mortgage~~ multistate licensing system and registry based upon reasonable standards, including review and approval of the course provider.

**SENATE BILL 668****SECTION 166**

(c) ~~Subject to any rule promulgated under s. 224.72 (7) (bm) or 224.725 (5) (b),~~  
if If an individual was previously registered as a loan originator under s. 224.72,  
2007 stats., or previously licensed as a mortgage loan originator under s. 224.725,  
the division may not issue or renew a mortgage loan originator license for the  
individual under s. 224.725 unless the individual satisfies the requirements under  
sub. (1) or (2) or demonstrates to the division's satisfaction that the individual has  
completed all education requirements applicable to the individual in the last year in  
which the individual's license or registration was valid.

(d) ~~Except as provided in any rule promulgated under s. 224.72 (7) (bm)~~  
Unless expressly authorized by the division, a licensed mortgage loan originator  
may receive credit for a continuing education course only in the year in which the  
course is taken and may not take the same approved course in the same or  
successive years to meet the requirements under sub. (2).

**SECTION 167.** 224.755 (4) (b) 1. of the statutes is amended to read:

224.755 (4) (b) 1. No test may satisfy the requirement under par. (a) unless  
the test is developed by the nationwide ~~mortgage~~ multistate licensing system and  
registry and administered by a test provider approved by the nationwide ~~mortgage~~  
multistate licensing system and registry based upon reasonable standards.

**SECTION 168.** 224.77 (1) (a) of the statutes is amended to read:

224.77 (1) (a) Make a material misstatement, or knowingly omit a material  
fact, in a license application or in other information or reports furnished to the  
division, to the nationwide ~~mortgage~~ multistate licensing system and registry, or to

**SENATE BILL 668****SECTION 168**

any other governmental agency, including failing to disclose a criminal conviction or any disciplinary action taken by a state or federal regulatory agency.

**SECTION 169.** 224.77 (9) of the statutes is amended to read:

224.77 (9) REPORTING VIOLATIONS. The division shall report regularly violations of this subchapter or of rules promulgated under this subchapter, as well as enforcement actions and other relevant information, to the nationwide ~~mortgage~~ multistate licensing system and registry. Except as provided in s. ~~224.728~~ 224.35 (4) (b) and (c), these reports shall be confidential and are not subject to public copying or inspection under s. 19.35 (1).

**SECTION 170.** 321.60 (1) (a) 12. of the statutes is amended to read:

321.60 (1) (a) 12. A license or certificate of registration issued by the department of financial institutions, or a division of it, under ss. 138.09, 138.12, 138.14, 202.13, 202.14, ~~217.06~~ 217.05, 218.0101 to 218.0163, 218.02, 218.04, 218.05, 224.72, 224.725, or 224.93 or subch. IV of ch. 551.

**SECTION 171.** 422.202 (3) (c) of the statutes is amended to read:

422.202 (3) (c) A merchant may not, in the same transaction, be subject to the penalty in s. 138.09 (9) (b), 218.0161 (1), or 425.305 and the penalty in s. 425.304, based on the assessment of the same additional charges.

**SECTION 172.** 946.79 (1) (a) of the statutes is amended to read:

946.79 (1) (a) “Financial institution” means a bank, savings bank, savings and loan association, credit union, loan company, sales finance company, insurance premium finance company, community currency exchange, ~~seller of checks~~ money transmitter, insurance company, trust company, securities broker-dealer, as defined

**SENATE BILL 668****SECTION 172**

in s. 551.102 (4), mortgage banker, mortgage broker, pawnbroker, as defined in s. 134.71 (1) (e), telegraph company, or dealer in precious metals, stones, or jewels.

**SECTION 173.** DFI-Bkg 74.01 (1) of the administrative code is amended to read:

DFI-Bkg 74.01 (1) “Actual process of collection” means regularly receiving payments at periodic intervals, or debtor contacted within last 30 days and promise of payment received, or an account referred for legal actions where the collection agency has advanced legal costs. A collection agency and its client may by written contract agree to a different actual process of collection, but this different actual process of collection must require more effort on the part of the collection agency than merely listing the account, inputting the account into its database, writing one letter or making one call, or similar levels of effort. This subsection first applies to contractual relationships entered into between a collection agency and its client after March 1, 1993.

**SECTION 174.** DFI-Bkg 74.01 (2) of the administrative code is repealed.

**SECTION 175.** DFI-Bkg 74.01 (5m) of the administrative code is created to read:

DFI-Bkg 74.01 (5m) “Licensee” means a person licensed under s. 218.04, Stats.

**SECTION 176.** DFI-Bkg 74.03 (title) of the administrative code is amended to read:

DFI-Bkg 74.03 (title) ~~Office relocations and other~~ Other changes.

**SECTION 177.** DFI-Bkg 74.03 (1) of the administrative code is repealed.

**SENATE BILL 668****SECTION 178**

**SECTION 178.** DFI-Bkg 74.03 (2) of the administrative code is amended to read:

DFI-Bkg 74.03 (2) OTHER CHANGES. ~~A licensee shall notify the division of any change to the information provided in the licensee's renewal license application or provided in a previous notice of change filed by the licensee with the division under this section. The notice shall be in writing and, except in the case of a relocation, be received by the division within 10 days after the change. Each licensee shall keep current and accurate all material information on file with the division and the nationwide multistate licensing system and registry as provided in s. 224.35 (6), Stats.~~ The licensee shall provide any additional information, data, and records regarding ~~the~~ a change to the division within 20 days after the division requests the information, data, or records. Any change that is subject to the notice requirement shall be subject to the approval of the division. In reviewing the change ~~or relocation~~, the division shall apply the same criteria as the criteria for approval of an original license application. Except in the case of a relocation, the division shall determine the cost of investigating and processing the change. The licensee shall pay the division's cost within 30 days after the division demands payment. If so directed by the division, the licensee shall provide any notice required under this subsection to the nationwide multistate licensing system and registry as provided in s. 224.35, Stats.

**SECTION 179.** DFI-Bkg 74.04 (1) (intro.) of the administrative code is amended to read:

DFI-Bkg 74.04 (1) AGREEMENT WITH CREDITOR. (intro.) Prior to accepting

**SENATE BILL 668****SECTION 179**

accounts for collection from a creditor or earning or collecting a fee or commission, the licensee shall enter into a written agreement with the creditor. The agreement shall do all of the following:

**SECTION 180.** DFI-Bkg 74.05 (1) (intro.) of the administrative code is amended to read:

DFI-Bkg 74.05 (1) REMITTANCE STATEMENT TO BE FURNISHED EACH CREDITOR. (intro.) Licensee shall provide a remittance statement and remit any and all money due to any and all creditors or forwarders ~~within 30 days from~~ on or before the last day of the month following the close of the month during which the collection was effected as provided in s. 218.04 (5) (a) 4., Stats. The remittance statement shall set forth all of the following:

**SECTION 181.** DFI-Bkg 74.06 of the administrative code is renumbered DFI-Bkg 74.06 (2) and amended to read:

DFI-Bkg 74.06 (2) ~~Each licensee shall deposit in a trust fund account in any approved financial institution promptly after collection, sufficient funds to pay all moneys due or owing all creditors or forwarders. The trust fund account shall be used only for this purpose. A licensee may maintain trust funds in an interest bearing savings account or instrument provided it is identified as a "trust account".~~ account."

(3) Sufficient funds shall be maintained in the trust account or trust accounts to pay all moneys due or owing all creditors or forwarders. For the purpose of determining sufficient funds, amounts collected by a 3rd party, but not yet deposited into the licensee's trust account, are not considered trust funds.

**SENATE BILL 668****SECTION 181**

(4) Sufficient funds shall be maintained in ~~or made available to~~ the trust checking account on which remittance checks or electronic debits are drawn or made to pay all checks and debits when presented.

(5) The licensee shall have sufficient documentation from the trust account or trust accounts available to make an adequate examination.

**SECTION 182.** DFI-Bkg 74.06 (1) of the administrative code is created to read:

DFI-Bkg 74.06 (1) A licensee's trust checking account shall be identified as a "trust account."

**SECTION 183.** DFI-Bkg 74.06 (6) of the administrative code is created to read:

DFI-Bkg 74.06 (6) Third party payment processors shall not be given authority to withdraw funds from the licensee's trust account or accounts.

**SECTION 184.** DFI-Bkg 74.07 (1) (j) of the administrative code is created to read:

DFI-Bkg 74.07 (1) (j) A roster of all collectors and solicitors employed by the licensee. The list shall be updated and accurate at all times and set forth all of the following:

1. The individual's first and last name, home address, and indication of whether the individual works from the individual's residence.
2. The first and last name of any alias that is used by the individual, the date the individual started to use the alias, and, if applicable, the date the individual stopped using the alias.
3. The date the individual was hired by the licensee.

**SENATE BILL 668****SECTION 184**

4. The date the individual's employment with the licensee was terminated, if applicable.

**SECTION 185.** DFI-Bkg 74.10 (1) (c) of the administrative code is created to read:

DFI-Bkg 74.10 (1) (c) A licensee may not contract for or assess a fee, commission, or any other charge to a creditor for returning any account to the creditor that is not in the actual process of collection, other than a contracted fee for reasonable costs incurred by the licensee for each account placed in error by the creditor.

**SECTION 186.** DFI-Bkg 74.10 (2) of the administrative code is renumbered DFI-Bkg 74.10 (2) (b).

**SECTION 187.** DFI-Bkg 74.10 (2) (a) of the administrative code is created to read:

DFI-Bkg 74.10 (2) (a) In this subsection, "terminated," with respect to a license, includes a license that is surrendered, revoked, or expired.

**SECTION 188.** DFI-Bkg 74.11 (10) of the administrative code is created to read:

DFI-Bkg 74.11 (10) **TRADE NAMES.** (a) A licensee may not conduct business in this state under any name or names other than the name or names listed on the license.

(b) Before using any trade name, a licensee shall obtain approval from the division for the use of the trade name.



**SENATE BILL 668****SECTION 188**

(c) A licensee may not conduct business in this state using a trade name that includes a corporate identifier.

**SECTION 189.** DFI-Bkg 74.12 of the administrative code is repealed.

**SECTION 190.** DFI-Bkg 74.14 of the administrative code is repealed.

**SECTION 191.** DFI-Bkg 74.16 (9) of the administrative code is amended to read:

DFI-Bkg 74.16 (9) Engage in other conduct ~~which~~ that can reasonably be expected to threaten or harass the debtor or a person related to the debtor ~~including conduct which violates~~.

(9g) Violate the Federal Fair Debt Collection Practices Act.

**SECTION 192.** DFI-Bkg 74.16 (9m) of the administrative code is created to read:

DFI-Bkg 74.16 (9m) Violate any federal or state statute, rule, or regulation that relates to practice as a collection agency.

**SECTION 193.** DFI-Bkg 75.01 (1m) of the administrative code is created to read:

DFI-Bkg 75.01 (1m) “Customer identification number” has the meaning given in s. 138.14 (1) (br), Stats.

**SECTION 194.** DFI-Bkg 75.08 (1) (c) 3. of the administrative code is amended to read:

DFI-Bkg 75.08 (1) (c) 3. Identify the name, address, telephone number, and ~~unique identification number of the customer~~ identification number.

**SENATE BILL 668****SECTION 195**

**SECTION 195.** DFI-Bkg 75.08 (2) (a) 4. of the administrative code is amended to read:

DFI-Bkg 75.08 (2) (a) 4. Identify the name, address, telephone number, and ~~unique identification number of the customer~~ identification number.

**SECTION 196. Nonstatutory provisions.**

(1) TRANSITION OF LICENSE INFORMATION.

(a) In this subsection:

1. “Division” means the division of banking in the Department of Financial Institutions.

2. “Nationwide multistate licensing system and registry” has the meaning given in s. 224.35 (1g) (b).

(b) All persons holding a license under s. 138.09, 138.14, or 218.02 shall transition their license information onto the nationwide multistate licensing system and registry before January 31 of the year in which this paragraph takes effect. The division may suspend the license of any licensee subject to this paragraph that has not transitioned its license information onto the nationwide multistate licensing system and registry by March 31 of the year in which this paragraph takes effect.

(c) All persons holding a license under ch. 217 shall transition their license information onto the nationwide multistate licensing system and registry before March 31 of the year in which this paragraph takes effect. The division may suspend the license of any licensee under ch. 217 that has not transitioned its

**SENATE BILL 668****SECTION 196**

license information onto the nationwide multistate licensing system and registry by March 31 of the year in which this paragraph takes effect.

(d) All persons holding a license under s. 138.12 shall transition their license information onto the nationwide multistate licensing system and registry between January 2 of the year in which this paragraph takes effect and March 31 of the year in which this paragraph takes effect. The license of any licensee under s. 138.12 that has not transitioned its license information onto the nationwide multistate licensing system and registry by March 31 of the year in which this paragraph takes effect will expire on April 30 of the year in which this paragraph takes effect, and such licensee will be required to apply for and receive a new license to continue operating as an insurance premium finance company in this state.

(e) All persons holding a license under s. 218.04 shall transition their license information onto the nationwide multistate licensing system and registry between March 1 of the year in which this paragraph takes effect and May 31 of the year in which this paragraph takes effect. The license of any licensee under s. 218.04 that has not transitioned its license information onto the nationwide multistate licensing system and registry by May 31 of the year in which this paragraph takes effect will expire on June 30 of the year in which this paragraph takes effect, and such licensee will be required to apply for and receive a new license to continue operating as a collection agency in this state.

(f) All persons holding a license under s. 218.0114, except for motor vehicle dealers within the meaning of s. 218.0101 (23), or s. 218.05 shall transition their license information onto the nationwide multistate licensing system and registry

**SENATE BILL 668****SECTION 196**

before September 30 of the year in which this paragraph takes effect. The division may suspend the license of any licensee under s. 218.0114, except for motor vehicle dealers within the meaning of s. 218.0101 (23), or s. 218.05 that has not transitioned its license information onto the nationwide multistate licensing system and registry by September 30 of the year in which this paragraph takes effect.

(2) TRANSITION OF RENEWAL FEE DATES.

(a) In this subsection, “department” means the Department of Financial Institutions.

(b) With regard to a license under s. 138.12 that expires on April 30 of the year in which this paragraph takes effect, the licensee shall pay to the department no later than March 31 of that year a license fee equal to two-thirds of the annual license fee specified under s. 138.12 (3) (b), to cover the period of May 1 through the new December 31 license expiration date.

(c) With regard to a license under s. 218.04 that expires on June 30 of the year in which this paragraph takes effect, the licensee shall pay to the department no later than June 1 of that year a license fee equal to one-half of the annual license fee specified under s. 218.04 (3) (b) to cover the period of July 1 through the new December 31 license expiration date.

**SECTION 197. Effective date.**

(1) Notwithstanding s. 227.265, this act takes effect on the first January 1 occurring at least 90 days after publication.

**(END)**