

1-1 By: Johnson S.B. No. 895
 1-2 (In the Senate - Filed February 14, 2023; March 1, 2023,
 1-3 read first time and referred to Committee on Business & Commerce;
 1-4 March 27, 2023, reported adversely, with favorable Committee
 1-5 Substitute by the following vote: Yeas 10, Nays 1; March 27, 2023,
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10		X		
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			
1-18	X			
1-19	X			

1-20 COMMITTEE SUBSTITUTE FOR S.B. No. 895 By: Johnson

1-21 A BILL TO BE ENTITLED
 1-22 AN ACT

1-23 relating to the regulation of money services businesses; creating a
 1-24 criminal offense; creating administrative penalties; authorizing
 1-25 the imposition of a fee.

1-26 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-27 ARTICLE 1. MONEY SERVICES MODERNIZATION ACT

1-28 SECTION 1.01. Subtitle E, Title 3, Finance Code, is amended
 1-29 by adding Chapter 152 to read as follows:

1-30 CHAPTER 152. REGULATION OF MONEY SERVICES BUSINESSES

1-31 SUBCHAPTER A. GENERAL PROVISIONS

1-32 Sec. 152.001. SHORT TITLE. This chapter may be cited as the
 1-33 Money Services Modernization Act.

1-34 Sec. 152.002. PURPOSE; CONSTRUCTION OF CHAPTER. (a) The
 1-35 purposes of this chapter are to:

1-36 (1) protect the interests of purchasers of money
 1-37 services and the public;

1-38 (2) preserve and protect the safety and soundness of
 1-39 money services businesses; and

1-40 (3) protect against drug trafficking, terrorist
 1-41 funding, money laundering, structuring, or related financial
 1-42 crimes.

1-43 (b) In applying and construing this chapter, consideration
 1-44 shall be given to the need to promote uniformity of the law with
 1-45 respect to its subject matter among states that enact laws
 1-46 substantially similar to this chapter.

1-47 Sec. 152.003. DEFINITIONS. In this chapter:

1-48 (1) "Acting in concert" means knowingly acting
 1-49 together with a common goal of jointly acquiring control of a money
 1-50 services licensee whether or not under an express agreement.

1-51 (2) "Authorized delegate" means a person designated by
 1-52 a money transmission licensee to engage in money transmission
 1-53 services on behalf of the licensee.

1-54 (3) "Average daily money transmission liability"
 1-55 means the amount of a money services licensee's outstanding money
 1-56 transmission obligations in this state at the end of each day in a
 1-57 given period of time, added together, and divided by the total
 1-58 number of days in the given period of time. For purposes of
 1-59 calculating average daily money transmission liability under this
 1-60 chapter as required by a money services licensee, the given period

2-1 of time shall be:

2-2 (A) the calendar quarters;

2-3 (B) a period described by this chapter; or

2-4 (C) any other period of time designated by the

2-5 commissioner during an examination.

2-6 (4) "Bank Secrecy Act" means the Bank Secrecy Act (31

2-7 U.S.C. Section 5311), and its implementing regulations.

2-8 (5) "Closed-loop stored value" means stored value that

2-9 is redeemable by the issuer only for goods or services provided by

2-10 the issuer, the issuer's affiliate, or a franchisee of the issuer or

2-11 the issuer's affiliate, except to the extent required by applicable

2-12 law to be redeemable in cash for its cash value.

2-13 (6) "Commission" means the Finance Commission of

2-14 Texas.

2-15 (7) "Commissioner" means the banking commissioner of

2-16 Texas or a person designated by the banking commissioner and acting

2-17 under the banking commissioner's direction and authority.

2-18 (8) "Control" means the power to:

2-19 (A) directly or indirectly vote at least 25

2-20 percent or more of the outstanding voting shares or voting

2-21 interests of a money services licensee or person in control of a

2-22 money services licensee;

2-23 (B) elect or appoint a majority of key

2-24 individuals or executive officers, managers, directors, trustees,

2-25 or other persons exercising managerial authority of a person in

2-26 control of a money services licensee; or

2-27 (C) directly or indirectly exercise a

2-28 controlling influence over the management or policies of a money

2-29 services licensee or person in control of a money services

2-30 licensee.

2-31 (9) "Currency" means the coin and paper money issued

2-32 by the United States or another country that is designated as legal

2-33 tender, circulates, and is customarily used and accepted as a

2-34 medium of exchange in the country of issuance.

2-35 (10) "Currency exchange" means receiving:

2-36 (A) the currency of one government and exchanging

2-37 it for the currency of another government; or

2-38 (B) a negotiable instrument, as defined by

2-39 Section 3.104, Business & Commerce Code, and exchanging it for the

2-40 currency of another government.

2-41 (11) "Currency exchange licensee" means a holder of a

2-42 currency exchange license under this chapter.

2-43 (12) "Department" means the Texas Department of

2-44 Banking.

2-45 (13) "Eligible rating" means a sufficiently high

2-46 credit rating given by an eligible rating service. If a security

2-47 has differing credit ratings given by multiple eligible rating

2-48 services, the highest rating shall apply when determining whether

2-49 the security has an eligible rating. For purposes of this

2-50 definition, a sufficiently high credit rating is a credit rating of

2-51 any of the three highest rating categories provided by an eligible

2-52 rating service, including:

2-53 (A) a long-term credit rating of A- or higher by

2-54 S&P Global;

2-55 (B) a short-term credit rating of A-2, SP-2, or

2-56 higher by S&P Global; or

2-57 (C) the relative equivalent rating from an

2-58 eligible rating service that does not have a rating described by

2-59 Paragraphs (A) and (B).

2-60 (14) "Eligible rating service" means:

2-61 (A) a Nationally Recognized Statistical Rating

2-62 Organization as defined by the United States Securities and

2-63 Exchange Commission; and

2-64 (B) any other organization designated by the

2-65 commissioner by rule or order.

2-66 (15) "Federally insured depository financial

2-67 institution" means a bank, credit union, savings and loan

2-68 association, trust company, savings association, savings bank,

2-69 industrial bank, or industrial loan company organized under the

3-1 laws of the United States or any state of the United States that has
3-2 federally insured deposits.

3-3 (16) "In this state" means:
3-4 (A) for a transaction requested in person, a
3-5 physical location within this state; or
3-6 (B) for a transaction requested electronically
3-7 or by phone, a determination by a provider of money transmission
3-8 services that the person requesting the transaction is in this
3-9 state based on:

3-10 (i) information provided by the person
3-11 regarding:
3-12 (a) if the person is an individual,
3-13 the location of the individual's residential address; or
3-14 (b) if the person is a business
3-15 entity, the entity's principal place of business or other physical
3-16 address location; and
3-17 (ii) any records associated with the person
3-18 that the provider of money transmission has that indicate the
3-19 person's location, including an address associated with a person's
3-20 account.

3-21 (17) "Key individual" means an individual who is
3-22 ultimately responsible for establishing or directing policies and
3-23 procedures of a money services licensee, including an executive
3-24 officer, manager, director, or trustee.

3-25 (18) "Material litigation" means litigation that,
3-26 according to United States generally accepted accounting
3-27 principles, is significant to a person's financial health and would
3-28 be required to be disclosed in the person's annual audited
3-29 financial statements, report to shareholders, or similar records.

3-30 (19) "Money" or "monetary value" means currency or a
3-31 claim that can be converted into currency through a financial
3-32 institution, electronic payments network, or other formal or
3-33 informal payment system. The term includes stablecoin that is
3-34 fully backed by sovereign currency and grants the holder the right
3-35 to redeem the coin for sovereign currency from the issuer.

3-36 (20) "Money services" means money transmission
3-37 services or currency exchange services.

3-38 (21) "Money services licensee" means a holder of a
3-39 money transmission license or currency exchange license under this
3-40 chapter.

3-41 (22) "Money transmission":
3-42 (A) means:
3-43 (i) selling or issuing payment instruments
3-44 to a person located in this state;
3-45 (ii) selling or issuing stored value to a
3-46 person located in this state; or
3-47 (iii) receiving money for money
3-48 transmission services from a person located in this state;
3-49 (B) includes payroll processing services; and
3-50 (C) does not include the provision solely of
3-51 online or telecommunications services or network access.

3-52 (23) "Money transmission licensee" means a holder of a
3-53 money transmission license under this chapter.

3-54 (24) "MSB-accredited state" means a state agency that
3-55 is accredited by the Conference of State Bank Supervisors and Money
3-56 Transmitter Regulators Association for money transmission
3-57 licensing and supervision.

3-58 (25) "Multistate licensing process" means an
3-59 agreement entered into by and among state regulators relating to
3-60 coordinated processing of applications for money transmission
3-61 licenses, applications for the acquisition of control of a money
3-62 transmission licensee, control determinations, or notice and
3-63 information requirements for a change of key individuals.

3-64 (26) "NMLS" means the Nationwide Multistate Licensing
3-65 System and Registry developed by the Conference of State Bank
3-66 Supervisors and the American Association of Residential Mortgage
3-67 Regulators and owned and operated by the State Regulatory Registry,
3-68 LLC, for the licensing and registration of persons in financial
3-69 services industries, or a successor or affiliated entity.

4-1 (27) "Outstanding money transmission obligation," as
4-2 established and extinguished in accordance with applicable state
4-3 law, means:

4-4 (A) a payment instrument or stored value:

4-5 (i) that has been:

4-6 (a) issued or sold by a money
4-7 transmission licensee to a person located in any state, territory,
4-8 or possession of the United States, the District of Columbia, the
4-9 Commonwealth of Puerto Rico, or a United States military
4-10 installation that is located in a foreign country; or

4-11 (b) reported as sold by an authorized
4-12 delegate to a person who is located in any state, territory, or
4-13 possession of the United States, the District of Columbia, the
4-14 Commonwealth of Puerto Rico, or a United States military
4-15 installation that is located in a foreign country; and

4-16 (ii) that has not been:

4-17 (a) paid or refunded by or for the
4-18 licensee; or

4-19 (b) escheated in accordance with
4-20 applicable abandoned property laws; or

4-21 (B) money received for money transmission
4-22 services by a money transmission licensee or an authorized delegate
4-23 from a person located in any state, territory, or possession of the
4-24 United States, the District of Columbia, the Commonwealth of Puerto
4-25 Rico, or a United States military installation that is located in a
4-26 foreign country that has not been:

4-27 (i) received by the payee or refunded to the
4-28 person; or

4-29 (ii) escheated in accordance with
4-30 applicable abandoned property laws.

4-31 (28) "Passive investor" means a person who:

4-32 (A) does not have the power to elect a majority of
4-33 key individuals or executive officers, managers, directors,
4-34 trustees, or other persons exercising managerial authority of a
4-35 person in control of a money services licensee;

4-36 (B) is not employed by and does not have any
4-37 managerial duties of a money services licensee or person in control
4-38 of a money services licensee;

4-39 (C) does not have the power to directly or
4-40 indirectly exercise a controlling influence over the management or
4-41 policies of a money services licensee or person in control of a
4-42 money services licensee; and

4-43 (D) either:

4-44 (i) attests to Paragraphs (A), (B), and (C)
4-45 in a form and medium prescribed by the commissioner; or

4-46 (ii) commits to the passivity
4-47 characteristics of Paragraphs (A), (B), and (C) in a written
4-48 document.

4-49 (29) "Patriot Act" means the Uniting and Strengthening
4-50 America by Providing Appropriate Tools Required to Intercept and
4-51 Obstruct Terrorism (USA PATRIOT ACT) Act of 2001 (Pub. L.
4-52 No. 107-56).

4-53 (30) "Payment instrument" means a written or
4-54 electronic check, draft, money order, traveler's check, or other
4-55 written or electronic instrument for the transmission or payment of
4-56 money or monetary value, whether or not the instrument is
4-57 negotiable. The term does not include stored value or an instrument
4-58 that is:

4-59 (A) redeemable by the issuer only for goods or
4-60 services provided by the issuer, the issuer's affiliate, or a
4-61 franchisee of the issuer or the issuer's affiliate, except to the
4-62 extent required by applicable law to be redeemable in cash for its
4-63 cash value; or

4-64 (B) not sold to the public but issued and
4-65 distributed as part of a loyalty, rewards, or promotional program.

4-66 (31) "Payroll processing services" means receiving
4-67 money for money transmission services under a contract with a
4-68 person to deliver wages or salaries, make payment of payroll taxes
4-69 to state and federal agencies, make payments relating to an

5-1 employee benefit plan, or make distributions of other authorized
5-2 deductions from wages or salaries. The term does not include:
5-3 (A) an employer performing payroll processing
5-4 services on its own behalf or on behalf of its affiliate; or
5-5 (B) a professional employer organization subject
5-6 to regulation under other applicable state law.
5-7 (32) "Person" means an individual, general
5-8 partnership, limited partnership, limited liability company,
5-9 corporation, trust, association, joint stock corporation, or other
5-10 corporate entity identified by the commissioner.
5-11 (33) "Receiving money for money transmission" means
5-12 receiving money or monetary value in the United States for money
5-13 transmission services by electronic or other means that occurs
5-14 within or outside the United States.
5-15 (34) "Stored value" means monetary value representing
5-16 a claim against the issuer evidenced by an electronic or digital
5-17 record that is intended and accepted for use as a means of
5-18 redemption for money or monetary value or payment for goods or
5-19 services. The term includes prepaid access as defined by 31 C.F.R.
5-20 Section 1010.100(w). The term does not include a payment
5-21 instrument, closed-loop stored value, or stored value not sold to
5-22 the public but issued and distributed as part of a loyalty, rewards,
5-23 or promotional program.
5-24 (35) "Tangible net worth" means the aggregate assets
5-25 of a money services licensee excluding all intangible assets, less
5-26 liabilities, as determined in accordance with United States
5-27 generally accepted accounting principles.
5-28 (36) "Unsafe or unsound act or practice" means a
5-29 practice of or conduct by a money services licensee or an authorized
5-30 delegate that:
5-31 (A) creates the likelihood of material loss,
5-32 insolvency, or dissipation of the licensee's assets; or
5-33 (B) otherwise materially prejudices the
5-34 interests of the licensee or the licensee's customers.
5-35 Sec. 152.004. EXEMPTIONS. This chapter does not apply to:
5-36 (1) an operator of a payment system to the extent that
5-37 the operator provides processing, clearing, or settlement
5-38 services, between or among persons exempted by this section or
5-39 money services licensees, in connection with wire transfers, credit
5-40 card transactions, debit card transactions, stored-value
5-41 transactions, automated clearing house transfers, or similar funds
5-42 transfers;
5-43 (2) a person appointed as an agent of a payee to
5-44 collect and process a payment from a payor to the payee for goods or
5-45 services, other than money transmission services, provided to the
5-46 payor by the payee, provided that:
5-47 (A) there exists a written agreement between the
5-48 payee and the agent directing the agent to collect and process
5-49 payments from payors on the payee's behalf;
5-50 (B) the payee holds the agent out to the public as
5-51 accepting payments for goods or services on the payee's behalf; and
5-52 (C) payment for the goods and services is treated
5-53 as received by the payee on receipt by the agent, the payor's
5-54 obligation is extinguished, and there is no risk of loss to the
5-55 payor if the agent fails to remit the funds to the payee;
5-56 (3) a person who:
5-57 (A) acts as an intermediary by processing
5-58 payments between an entity that has directly incurred an
5-59 outstanding money transmission obligation to a sender, and the
5-60 sender's designated recipient;
5-61 (B) is licensed or exempt from the licensing
5-62 requirements under this chapter;
5-63 (C) provides a receipt, electronic record, or
5-64 other written confirmation to the sender identifying the entity as
5-65 the provider of money transmission in the transaction; and
5-66 (D) bears sole responsibility to satisfy the
5-67 outstanding money transmission obligation to the sender, including
5-68 the obligation to make the sender whole in connection with a failure
5-69 to transmit the funds to the sender's designated recipient;

6-1 (4) the United States or a department, agency, or
 6-2 instrumentality of the United States, or an agent of a department,
 6-3 agency, or instrumentality of the United States;

6-4 (5) money transmission services by the United States
 6-5 Postal Service or by an agent of the United States Postal Service;

6-6 (6) a state, county, city, or any other governmental
 6-7 agency or governmental subdivision or instrumentality of a state,
 6-8 or its agent;

6-9 (7) a federally insured depository financial
 6-10 institution, bank holding company, office of an international
 6-11 banking corporation, foreign bank that establishes a federal branch
 6-12 under the International Banking Act of 1978 (12 U.S.C. Section
 6-13 3102), corporation organized under the Bank Service Company Act (12
 6-14 U.S.C. Sections 1861-1867), or corporation organized under the Edge
 6-15 Act (12 U.S.C. Sections 611-633);

6-16 (8) a trust company, as defined by Section 187.001,
 6-17 that is organized under the laws of this state;

6-18 (9) an attorney or title company that in connection
 6-19 with a real property transaction receives and disburses domestic
 6-20 currency or issues an escrow or trust fund check only on behalf of a
 6-21 party to the transaction;

6-22 (10) an electronic funds transfer of governmental
 6-23 benefits for a federal, state, county, or governmental agency by a
 6-24 contractor on behalf of the United States or a department, agency,
 6-25 or instrumentality of the United States, or on behalf of a state or
 6-26 governmental subdivision, agency, or instrumentality of a state;

6-27 (11) a board of trade designated as a contract market
 6-28 under the federal Commodity Exchange Act (7 U.S.C. Sections 1-25),
 6-29 or a person who, in the ordinary course of business, provides
 6-30 clearance and settlement services for a board of trade to the extent
 6-31 of its operation as or for a board of trade;

6-32 (12) a registered futures commission merchant under
 6-33 the federal commodities laws to the extent of its operation as such
 6-34 a merchant;

6-35 (13) a person registered as a securities broker-dealer
 6-36 under federal or state securities laws to the extent of the person's
 6-37 operation as a broker-dealer;

6-38 (14) an individual employed by a money services
 6-39 licensee, authorized delegate, or person exempted from the
 6-40 licensing requirements of this chapter when acting within the scope
 6-41 of employment and under the supervision of the licensee, authorized
 6-42 delegate, or exempted person as an employee and not as an
 6-43 independent contractor;

6-44 (15) a person expressly appointed as a third-party
 6-45 service provider to or agent of an entity exempt under Subdivision
 6-46 (7), solely to the extent that:

6-47 (A) the service provider or agent engages in
 6-48 money transmission services on behalf of and under a written
 6-49 agreement with the exempt entity that provides the specific
 6-50 functions that the service provider or agent is to perform; and

6-51 (B) the exempt entity assumes all risk of loss
 6-52 and all legal responsibility for satisfying the outstanding money
 6-53 transmission obligations owed to purchasers and holders of the
 6-54 outstanding money transmission obligations on receipt of the
 6-55 purchaser's or holder's money or monetary value by the service
 6-56 provider or agent; and

6-57 (16) a person exempt by a regulation or order of the
 6-58 commissioner finding that:

6-59 (A) the exemption is in the public interest; and

6-60 (B) the regulation of the person is not necessary
 6-61 for the purposes of this chapter.

6-62 Sec. 152.005. AUTHORITY TO REQUIRE DEMONSTRATION OF
 6-63 EXEMPTION. The commissioner may require a person claiming to be
 6-64 exempt from licensing under Section 152.004 to provide information
 6-65 and documentation to the commissioner demonstrating that the person
 6-66 qualifies for the exemption claimed.

6-67 SUBCHAPTER B. ADMINISTRATIVE PROVISIONS

6-68 Sec. 152.051. ADMINISTRATION. The department shall
 6-69 administer this chapter.

7-1 Sec. 152.052. RULES; FEES. (a) The commission may adopt
 7-2 rules to administer and enforce this chapter, including rules
 7-3 necessary or appropriate to implement and clarify this chapter.

7-4 (b) The commission may by rule impose and collect
 7-5 proportionate and equitable fees and costs for notices,
 7-6 applications, examinations, investigations, and other actions
 7-7 required to:

7-8 (1) recover the cost of:

7-9 (A) maintaining and operating the department;

7-10 and

7-11 (B) administering and enforcing this chapter and
 7-12 other applicable law; and

7-13 (2) achieve the purposes of this chapter.

7-14 (c) The presence or absence of a specific reference in this
 7-15 chapter to a rule regarding a particular subject is not intended to
 7-16 and does not limit the general rulemaking authority granted to the
 7-17 commission by this section.

7-18 Sec. 152.053. IMPLEMENTATION. The commissioner may,
 7-19 subject to Sections 152.055(a) and (b):

7-20 (1) enter into agreements or relationships with other
 7-21 government officials or federal and state regulatory agencies and
 7-22 regulatory associations in order to improve efficiencies and reduce
 7-23 regulatory burden by standardizing methods or procedures and
 7-24 sharing resources, records, or related information obtained under
 7-25 this chapter;

7-26 (2) use, hire, contract for, or employ analytical
 7-27 systems, methods, or software to examine or investigate a person
 7-28 subject to this chapter;

7-29 (3) accept from other state or federal government
 7-30 agencies or officials licensing, examination, or investigation
 7-31 reports made by the other state or federal government agencies or
 7-32 officials; and

7-33 (4) accept audit reports made by an independent
 7-34 certified public accountant or other qualified third-party auditor
 7-35 for an applicant or money services licensee and incorporate the
 7-36 audit report in a report of examination or investigation.

7-37 Sec. 152.054. COMMISSIONER'S GENERAL AUTHORITY. (a) A
 7-38 power granted to the commissioner under this chapter is in addition
 7-39 to and does not limit another power granted under this chapter or
 7-40 other law. The commissioner's exercise of authority under another
 7-41 law does not preclude the commissioner from exercising a power
 7-42 under this chapter.

7-43 (b) The commissioner may impose on an authority, approval,
 7-44 exemption, license, or order issued or granted under this chapter
 7-45 any condition the commissioner considers reasonably necessary or
 7-46 appropriate to carry out and achieve the purposes of this chapter.

7-47 Sec. 152.055. CONFIDENTIALITY. (a) Except as provided by
 7-48 Subsection (b), the following are confidential and not subject to
 7-49 disclosure under Chapter 552, Government Code:

7-50 (1) all information or reports obtained by the
 7-51 commissioner from an applicant, money services licensee, or
 7-52 authorized delegate;

7-53 (2) all information contained in or related to an
 7-54 examination, investigation, operating report, or condition report
 7-55 prepared by, on behalf of, or for the use of the commissioner; and

7-56 (3) financial statements, balance sheets, or
 7-57 authorized delegate information.

7-58 (b) The commissioner may disclose information not otherwise
 7-59 subject to disclosure under Subsection (a):

7-60 (1) to representatives of state or federal agencies
 7-61 who affirm in a record that the representatives will maintain the
 7-62 confidentiality of the information; or

7-63 (2) when the commissioner finds that the disclosure is
 7-64 reasonably necessary for the protection and interest of the public
 7-65 in accordance with Chapter 552, Government Code.

7-66 (c) This section does not prohibit the commissioner from
 7-67 disclosing to the public a list of all money services licensees or
 7-68 the aggregated financial or transactional data concerning those
 7-69 licensees.

8-1 (d) The following information for each money services
 8-2 licensee contained in the records of the department is not
 8-3 confidential and may be made available to the public in its entirety
 8-4 on the department's Internet website or in the NMLS, or as
 8-5 responsive on receipt by the department of a written request:

8-6 (1) the name, business address, telephone number, and
 8-7 unique identifier of the licensee;

8-8 (2) the business address of the licensee's registered
 8-9 agent for service;

8-10 (3) the name, business address, and telephone number
 8-11 of each authorized delegate for the licensee, if applicable;

8-12 (4) the terms of or a copy of any bond filed by the
 8-13 licensee, provided that confidential information under Subsection
 8-14 (a), including prices and fees for the bond, is redacted;

8-15 (5) copies of any nonconfidential final orders of the
 8-16 department relating to a violation of this chapter or a regulation
 8-17 implementing this chapter; and

8-18 (6) notice of the imposition of an administrative fine
 8-19 or penalty under this chapter.

8-20 Sec. 152.056. SUPERVISION. (a) The commissioner may
 8-21 conduct an examination or investigation of a money services
 8-22 licensee or authorized delegate or otherwise take independent
 8-23 action authorized by this chapter or by a rule adopted or order
 8-24 issued under this chapter as reasonably necessary or appropriate to
 8-25 administer and enforce this chapter, regulations implementing this
 8-26 chapter, and other applicable law, including the Bank Secrecy Act
 8-27 and the Patriot Act.

8-28 (b) The commissioner may:

8-29 (1) conduct an examination on-site or off-site as the
 8-30 commissioner may reasonably require;

8-31 (2) conduct an examination in conjunction with an
 8-32 examination conducted by representatives of other state agencies or
 8-33 agencies of another state or of the federal government;

8-34 (3) accept the examination report of another state
 8-35 agency or an agency of another state or of the federal government,
 8-36 or a report prepared by an independent accounting firm; and

8-37 (4) summon and examine under oath a key individual or
 8-38 employee of a money services licensee or authorized delegate and
 8-39 require the person to produce records regarding a matter related to
 8-40 the condition and business of the licensee or authorized delegate.

8-41 (c) If the commissioner accepts a report under Subsection
 8-42 (b)(3), the report is considered for all purposes an official
 8-43 report of the commissioner.

8-44 (d) A money services licensee or authorized delegate shall
 8-45 provide, and the commissioner shall have full and complete access
 8-46 to, all records the commissioner may reasonably require to conduct
 8-47 a complete examination. Records must be provided at the location
 8-48 and in the format specified by the commissioner, provided the
 8-49 commissioner may use multistate record production standards and
 8-50 examination procedures when those standards will reasonably
 8-51 achieve the requirements of this section.

8-52 (e) Unless otherwise directed by the commissioner, a money
 8-53 services licensee shall pay all costs reasonably incurred in
 8-54 connection with an examination of the licensee or an authorized
 8-55 delegate of the licensee.

8-56 Sec. 152.057. NETWORKED SUPERVISION. (a) To efficiently
 8-57 and effectively administer and enforce this chapter and to minimize
 8-58 regulatory burden, the commissioner may participate in multistate
 8-59 supervisory processes established between states and coordinated
 8-60 through the Conference of State Bank Supervisors, Money Transmitter
 8-61 Regulators Association, and affiliates and successors of those
 8-62 entities for all money services licensees that hold licenses in
 8-63 this state and other states.

8-64 (b) If the commissioner participates in multistate
 8-65 supervision, the commissioner shall:

8-66 (1) cooperate, coordinate, and share information with
 8-67 other state and federal regulators in accordance with Section
 8-68 152.055(b);

8-69 (2) enter into written cooperation, coordination, or

9-1 information-sharing contracts or agreements with organizations
 9-2 made up of state or federal governmental agencies; and

9-3 (3) cooperate, coordinate, and share information with
 9-4 organizations made up of state or federal governmental agencies, if
 9-5 the organizations agree in writing to maintain the confidentiality
 9-6 and security of the shared information in accordance with Section
 9-7 152.055.

9-8 (c) The commissioner may not waive, and nothing in this
 9-9 section constitutes a waiver of, the commissioner's authority to
 9-10 conduct an examination or investigation or otherwise take
 9-11 independent action authorized by this chapter or a rule adopted or
 9-12 order issued under this chapter to enforce compliance with
 9-13 applicable state or federal law.

9-14 (d) A joint examination or investigation, or acceptance of
 9-15 an examination or investigation report, does not waive an
 9-16 examination assessment provided for in this chapter.

9-17 Sec. 152.058. RELATIONSHIP TO FEDERAL LAW. (a) If state
 9-18 money transmission jurisdiction is conditioned in federal law, any
 9-19 inconsistency between a provision of this chapter and the federal
 9-20 law governing money transmission shall be governed by the
 9-21 applicable federal law to the extent of the inconsistency.

9-22 (b) In the event of any inconsistency between this chapter
 9-23 and federal law that governs under Subsection (a), the commissioner
 9-24 may provide interpretive guidance that:

9-25 (1) identifies the inconsistency; and

9-26 (2) prescribes the appropriate means of compliance
 9-27 with federal law.

9-28 Sec. 152.059. CONSENT TO SERVICE OF PROCESS. A money
 9-29 services licensee, an authorized delegate, or a person who
 9-30 knowingly engages in activities that are regulated and require a
 9-31 license under this chapter, with or without filing an application
 9-32 for a license or holding a license under this chapter, is considered
 9-33 to have consented to the jurisdiction of the courts of this state
 9-34 for all actions arising under this chapter.

9-35 Sec. 152.060. PRESUMPTION OF CONTROL. (a) A person is
 9-36 presumed to exercise a controlling influence over a money services
 9-37 licensee if the person holds the power to directly or indirectly
 9-38 vote not less than 10 percent of the outstanding voting shares or
 9-39 voting interests of a money services licensee or person in control
 9-40 of a money services licensee.

9-41 (b) A person is not presumed to exercise a controlling
 9-42 influence over a money services licensee under this section if the
 9-43 person is a passive investor.

9-44 (c) For purposes of determining the percentage of a money
 9-45 services licensee controlled by a person, the person's interest
 9-46 shall be aggregated with the interest of any person:

9-47 (1) related within the second degree of consanguinity
 9-48 or affinity, other than a person's grandparent or grandchild; or

9-49 (2) who shares the person's home.

9-50 SUBCHAPTER C. MONEY SERVICES LICENSES

9-51 Sec. 152.101. MONEY TRANSMISSION LICENSE REQUIRED. (a) A
 9-52 person may not engage in the business of money transmission or
 9-53 advertise, solicit, or hold itself out as engaging in the business
 9-54 of money transmission unless the person is licensed under this
 9-55 chapter.

9-56 (b) For the purposes of this chapter, a person engages in
 9-57 the business of money transmission if the person receives
 9-58 compensation or expects to receive compensation, directly or
 9-59 indirectly, for conducting money transmission.

9-60 (c) Subsection (a) does not apply to a person who:

9-61 (1) is an authorized delegate of a money transmission
 9-62 licensee acting within the scope of authority conferred by a
 9-63 written contract with the licensee;

9-64 (2) is exempt under Section 152.004 and does not
 9-65 engage in money transmission outside the scope of the applicable
 9-66 exemption; or

9-67 (3) has been granted an exemption under Subsection

9-68 (e).

9-69 (d) A license issued under Section 152.106 is not

10-1 transferable or assignable.

10-2 (e) On receiving an application and finding that the
 10-3 exemption is in the public interest, the commissioner may exempt a
 10-4 person who:

10-5 (1) incidentally engages in the business of money
 10-6 transmission only to the extent reasonable and necessary to
 10-7 accomplish a primary business objective unrelated to the business
 10-8 of money transmission;

10-9 (2) does not advertise or offer money transmission to
 10-10 the public except to the extent reasonable and necessary to fairly
 10-11 advertise or offer the person's primary business services; and

10-12 (3) transmits money without a fee as an inducement for
 10-13 customer participation in the person's primary business.

10-14 (f) In accordance with the investigation provisions of this
 10-15 chapter, the commissioner may examine a person to verify the
 10-16 person's exempt status under Subsection (e).

10-17 Sec. 152.102. CURRENCY EXCHANGE LICENSE REQUIRED. (a) A
 10-18 person may not engage in the business of currency exchange or
 10-19 advertise, solicit, or hold itself out as providing currency
 10-20 exchange unless the person is licensed under this chapter.

10-21 (b) For the purposes of this chapter, a person engages in
 10-22 the business of currency exchange services if the person receives
 10-23 compensation or expects to receive compensation, directly or
 10-24 indirectly, for conducting currency exchange services.

10-25 (c) Subsection (a) does not apply to a person who:

10-26 (1) is a money transmission licensee;

10-27 (2) is an authorized delegate of a money transmission
 10-28 licensee acting within the scope of authority conferred by a
 10-29 written contract with the licensee;

10-30 (3) is exempt under Section 152.004 and does not
 10-31 engage in currency exchange services outside the scope of the
 10-32 applicable exemption; or

10-33 (4) has been granted an exemption under Subsection
 10-34 (e).

10-35 (d) A license issued under Section 152.106 is not
 10-36 transferable or assignable.

10-37 (e) On receiving an application and finding that the
 10-38 exemption is in the public interest, the commissioner may exempt a
 10-39 retailer, wholesaler, or service provider that in the ordinary
 10-40 course of business accepts currency of a foreign country or
 10-41 government as payment for goods or services, unless:

10-42 (1) the value of the goods or services purchased in a
 10-43 single transaction with the retailer, wholesaler, or service
 10-44 provider exceeds \$10,000;

10-45 (2) the change given or made as a result of the
 10-46 transaction with the retailer, wholesaler, or service provider
 10-47 exceeds \$100;

10-48 (3) the person attempts to structure the transaction
 10-49 in a manner that evades the licensing requirements of this chapter
 10-50 or avoids using a money services licensee under this chapter;

10-51 (4) the person is engaged in the business of cashing
 10-52 checks, drafts, or other payment instruments for consideration and
 10-53 is not otherwise exempt from licensing under this chapter; or

10-54 (5) the person would not be eligible for a license
 10-55 under this chapter.

10-56 (f) In accordance with the investigation provisions of this
 10-57 chapter, the commissioner may examine a person to verify the
 10-58 person's exempt status under Subsection (e).

10-59 (g) A currency exchange licensee may engage in the business
 10-60 of currency exchange services at one or more locations in this state
 10-61 directly or indirectly owned by the licensee under a single
 10-62 license.

10-63 Sec. 152.103. CONSISTENT STATE LICENSING. (a) The
 10-64 commissioner may require that a person submit through the NMLS in
 10-65 the form and manner prescribed by the commissioner and acceptable
 10-66 to the registry any information or document or payment of a fee
 10-67 required to be submitted under this chapter or rules adopted under
 10-68 this chapter.

10-69 (b) The commissioner may use the NMLS as a channeling agent

11-1 for obtaining information required for licensing purposes under
11-2 this chapter or rules adopted under this chapter, including:
11-3 (1) criminal history record information from the
11-4 Federal Bureau of Investigation, the United States Department of
11-5 Justice, or any other agency or entity at the commissioner's
11-6 discretion;
11-7 (2) information related to any administrative, civil,
11-8 or criminal findings by a governmental jurisdiction; and
11-9 (3) information requested by the commissioner under
11-10 Section 152.104(a)(10) or (c)(13).
11-11 Sec. 152.104. APPLICATION FOR MONEY SERVICES LICENSE. (a)
11-12 An applicant for a money services license shall apply in a form and
11-13 medium prescribed by the commissioner. The application must
11-14 contain:
11-15 (1) the legal name and residential and business
11-16 addresses of the applicant and any fictitious or trade name used by
11-17 the applicant in conducting the applicant's business;
11-18 (2) a list of any criminal convictions of the
11-19 applicant and any material litigation in which the applicant has
11-20 been involved in the 10-year period preceding the submission of the
11-21 application;
11-22 (3) a description of any money services previously
11-23 provided by the applicant and the money services that the applicant
11-24 seeks to provide in this state;
11-25 (4) a list of the applicant's proposed authorized
11-26 delegates and the locations in this state where the applicant and
11-27 the applicant's authorized delegates propose to engage in money
11-28 transmission, if applicable;
11-29 (5) a list of other states in which the applicant is
11-30 licensed to engage in money services, and any license revocations,
11-31 suspensions, or other disciplinary action taken against the
11-32 applicant in another state;
11-33 (6) information concerning any bankruptcy or
11-34 receivership proceedings affecting the applicant or a person in
11-35 control of the applicant;
11-36 (7) a sample form of contract for authorized
11-37 delegates, if applicable;
11-38 (8) a sample form of payment instrument or stored
11-39 value, if applicable;
11-40 (9) the name and address of any federally insured
11-41 depository financial institution through which the applicant plans
11-42 to conduct licensable activity; and
11-43 (10) any other information the commissioner
11-44 reasonably requires with respect to the applicant.
11-45 (b) A form adopted by the commissioner under Subsection (a)
11-46 must contain content as provided by commission rule or instruction
11-47 or procedure of the commissioner and may be changed or updated by
11-48 the commissioner in accordance with applicable law in order to
11-49 carry out the purposes of this chapter and maintain consistency
11-50 with NMLS licensing standards and practices.
11-51 (c) If an applicant is a corporation, limited liability
11-52 company, partnership, or other legal entity, the applicant shall
11-53 also provide:
11-54 (1) the date of the applicant's incorporation or
11-55 formation and state or country of incorporation or formation;
11-56 (2) a certificate of good standing from the state or
11-57 country in which the applicant is incorporated or formed, if
11-58 applicable;
11-59 (3) a brief description of the structure or
11-60 organization of the applicant, including any parent entity or
11-61 subsidiary of the applicant, and whether any parent entity or
11-62 subsidiary is publicly traded;
11-63 (4) the legal name, any fictitious or trade name, all
11-64 business and residential addresses, and the employment, as
11-65 applicable, of each key individual and person in control of the
11-66 applicant in the 10-year period preceding the submission of the
11-67 application;
11-68 (5) a list of any criminal convictions and material
11-69 litigation in which a person in control of the applicant that is not

12-1 an individual has been involved in the 10-year period preceding the
12-2 submission of the application;
12-3 (6) if the application is for a money transmission
12-4 license, a copy of audited financial statements of the applicant
12-5 for the most recent fiscal year and for the two-year period
12-6 preceding the submission of the application;
12-7 (7) if the application is for a currency exchange
12-8 license, or if the commissioner otherwise determines it to be
12-9 acceptable, certified unaudited financial statements for the most
12-10 recent fiscal year or other period acceptable to the commissioner;
12-11 (8) a certified copy of unaudited financial statements
12-12 of the applicant for the most recent fiscal quarter;
12-13 (9) if the applicant is a publicly traded corporation,
12-14 a copy of the most recent report filed with the United States
12-15 Securities and Exchange Commission under Section 13, Securities
12-16 Exchange Act of 1934 (15 U.S.C. Section 78m);
12-17 (10) if the applicant is a wholly owned subsidiary of a
12-18 corporation publicly traded in the United States, a copy of audited
12-19 financial statements for the parent corporation for the most recent
12-20 fiscal year or a copy of the parent corporation's most recent report
12-21 filed under Section 13, Securities Exchange Act of 1934 (15 U.S.C.
12-22 Section 78m);
12-23 (11) if the applicant is a corporation publicly traded
12-24 outside the United States, a copy of documentation similar to the
12-25 documentation required under Subdivision (10) filed with the
12-26 regulator of the parent corporation's domicile outside the United
12-27 States;
12-28 (12) the name and address of the applicant's
12-29 registered agent in this state; and
12-30 (13) any other information the commissioner
12-31 reasonably requires with respect to the applicant.
12-32 (d) At the time an application for a license under this
12-33 section is submitted, an applicant must file with the department a
12-34 nonrefundable application fee in the amount established by
12-35 commission rule.
12-36 (e) The commissioner may waive one or more requirements of
12-37 Subsections (a) and (c) or permit an applicant to submit other
12-38 information in lieu of the information required by this section.
12-39 Sec. 152.105. INFORMATION REQUIREMENTS FOR CERTAIN
12-40 INDIVIDUALS. (a) In addition to the requirements of Section
12-41 152.104, an applicant shall provide additional information to the
12-42 commissioner if the applicant is an individual who:
12-43 (1) is in control of a money services licensee or
12-44 applicant;
12-45 (2) seeks to acquire control of a money services
12-46 licensee; or
12-47 (3) is a key individual.
12-48 (b) Additional information provided to the commissioner by
12-49 an individual under this section must include the individual's:
12-50 (1) fingerprints for submission to the Federal Bureau
12-51 of Investigation and the commissioner for purposes of a national
12-52 criminal history background check unless the person currently
12-53 resides outside of the United States and has resided outside of the
12-54 United States for the 10-year period preceding the submission of
12-55 the application; and
12-56 (2) personal history and experience, in a form and
12-57 medium prescribed by the commissioner, that contains the following
12-58 information:
12-59 (A) if the individual has a social security
12-60 number, an independent credit report for the individual from a
12-61 consumer reporting agency;
12-62 (B) information related to any criminal
12-63 convictions or pending charges against the individual; and
12-64 (C) information related to any regulatory or
12-65 administrative action and any civil litigation against the
12-66 individual involving claims of fraud, misrepresentation,
12-67 conversion, mismanagement of funds, breach of fiduciary duty, or
12-68 breach of contract.
12-69 (c) If an individual to whom this section applies has

13-1 resided outside of the United States at any time in the preceding 10
 13-2 years, the individual shall also provide an investigative
 13-3 background report prepared by an independent search firm that at a
 13-4 minimum:

13-5 (1) demonstrates that the search firm:

13-6 (A) has sufficient knowledge and resources and
 13-7 employs accepted and reasonable methodologies to conduct the
 13-8 research of the background report; and

13-9 (B) is not affiliated with and does not have an
 13-10 interest with the individual being researched; and

13-11 (2) is written in the English language and contains
 13-12 the following information:

13-13 (A) if available in the individual's current
 13-14 jurisdiction of residency, a comprehensive credit report, or any
 13-15 equivalent information obtained or generated by the independent
 13-16 search firm to accomplish a report, including a search of the court
 13-17 data in the countries, provinces, states, cities, towns, and
 13-18 contiguous areas where the individual resided and worked;

13-19 (B) criminal records information for the past 10
 13-20 years, including felonies, misdemeanors, or similar convictions
 13-21 for violations of law in the countries, provinces, states, cities,
 13-22 towns, and contiguous areas where the individual resided and
 13-23 worked;

13-24 (C) employment history;

13-25 (D) media history, including an electronic
 13-26 search of national and local publications, wire services, and
 13-27 business applications; and

13-28 (E) financial services-related regulatory
 13-29 history, including money transmission services, securities,
 13-30 banking, insurance, and mortgage-related industries.

13-31 Sec. 152.106. ISSUANCE OF LICENSE. (a) An application for
 13-32 a license under this chapter that appears to include all the items
 13-33 and address all of the matters that are required under Sections
 13-34 152.104 and 152.105 is considered complete and the commissioner
 13-35 shall promptly notify the applicant in writing of the date on which
 13-36 the application is determined to be complete.

13-37 (b) The commissioner shall approve or deny the application
 13-38 not later than the 120th day after the date the application is
 13-39 determined to be complete under Subsection (a). If the application
 13-40 is not approved or denied within 120 days after the completion date,
 13-41 the application is approved and the license takes effect on the
 13-42 first business day after expiration of the 120-day period. The
 13-43 commissioner may extend the application approval period for good
 13-44 cause.

13-45 (c) A determination by the commissioner under Subsection
 13-46 (a) that an application is complete and is accepted for processing
 13-47 is not an assessment of the substance of the application or of the
 13-48 sufficiency of the information provided, and means only that the
 13-49 application, on its face, appears to include all of the items,
 13-50 including the national criminal history background check response
 13-51 from the Federal Bureau of Investigation under Section 152.105(b),
 13-52 and address all of the matters that are required under Sections
 13-53 152.104 and 152.105.

13-54 (d) When an application is filed and considered complete
 13-55 under this section, the commissioner shall investigate the
 13-56 applicant's financial condition and responsibility, financial and
 13-57 business experience, character, and general fitness. The
 13-58 commissioner may conduct an on-site investigation of the applicant,
 13-59 the reasonable cost of which the applicant must pay.

13-60 (e) The commissioner shall issue a license to an applicant
 13-61 under this section if the commissioner finds that:

13-62 (1) the applicant has complied with Sections 152.104
 13-63 and 152.105; and

13-64 (2) it is in the interest of the public to permit the
 13-65 applicant to engage in money transmission services, currency
 13-66 exchange services, or both, considering:

13-67 (A) the financial condition and responsibility,
 13-68 financial and business experience, competence, character, and
 13-69 general fitness of the applicant; and

14-1 (B) the experience, competence, character, and
 14-2 general fitness of the key individuals and persons in control of the
 14-3 applicant.

14-4 (f) If an applicant participates in or is subject to a
 14-5 multistate licensing process:

14-6 (1) the commissioner may accept the investigation
 14-7 results of a lead investigative state for the purpose of Subsection
 14-8 (d) if the lead investigative state has sufficient staffing,
 14-9 expertise, and minimum standards; or

14-10 (2) if this state is a lead investigative state, the
 14-11 commissioner may investigate the applicant under Subsection (d) and
 14-12 the time frames established by agreement through the multistate
 14-13 licensing process, provided that the time frame complies with the
 14-14 period in Subsection (b).

14-15 (g) If the commissioner finds that the applicant fails to
 14-16 meet the qualifications or satisfy the requirements for the license
 14-17 for which application is made, the commissioner shall inform the
 14-18 applicant in writing that the application is denied and state the
 14-19 reasons for the denial. The applicant may appeal the denial by
 14-20 filing a written request for a hearing with the commissioner not
 14-21 later than the 30th day after the date the notice is mailed. A
 14-22 hearing on the denial must be held not later than the 45th day after
 14-23 the date the commissioner receives the written request unless the
 14-24 administrative law judge extends the period for good cause or the
 14-25 parties agree to a later hearing date. The hearing is considered a
 14-26 contested case hearing and is subject to Section 152.451.

14-27 (h) Except as provided by Subsection (b), the license takes
 14-28 effect on the day the application is approved.

14-29 Sec. 152.107. MAINTENANCE OF LICENSE. (a) If a money
 14-30 services licensee does not continue to meet the qualifications or
 14-31 satisfy the requirements that apply to an applicant for a money
 14-32 services license, the commissioner may suspend or revoke the
 14-33 licensee's license in accordance with the procedures established by
 14-34 this chapter or other applicable state law governing suspension or
 14-35 revocation.

14-36 (b) An applicant for a money transmission license must
 14-37 demonstrate that it meets or will meet the requirements in Sections
 14-38 152.351, 152.352, 152.354, and 152.355. A money transmission
 14-39 licensee must at all times continue to meet the requirements of
 14-40 those sections.

14-41 (c) An applicant for a currency exchange license must
 14-42 demonstrate that it meets or will meet the requirements in Sections
 14-43 152.353, 152.354, and 152.355. A currency exchange licensee must
 14-44 at all times continue to meet the requirements of those sections.

14-45 (d) In addition to complying with the requirements of
 14-46 Subsection (a) and, as applicable, Subsection (b) or (c), a money
 14-47 services licensee must annually:

14-48 (1) pay a license fee in an amount established by
 14-49 commission rule; and

14-50 (2) submit a report under oath in the form and medium
 14-51 prescribed by the commissioner that contains the following
 14-52 information:

14-53 (A) if the licensee is a money transmission
 14-54 licensee, an audited, unconsolidated financial statement dated as
 14-55 of the last day of the money transmission licensee's fiscal year
 14-56 that ended in the immediately preceding calendar year;

14-57 (B) if the licensee is a currency exchange
 14-58 licensee, a financial statement, audited or unaudited, dated as of
 14-59 the last day of the currency exchange licensee's fiscal year that
 14-60 ended in the immediately preceding calendar year; and

14-61 (C) documentation and certification, or any
 14-62 other information the commissioner reasonably requires to
 14-63 determine:

14-64 (i) the security, net worth, permissible
 14-65 investments, and other requirements the money services licensee
 14-66 must satisfy; and

14-67 (ii) whether the money services licensee
 14-68 continues to meet the qualifications and requirements for
 14-69 licensure.

15-1 (e) If the department does not receive a money services
 15-2 licensee's annual license fee and complete annual report under
 15-3 Subsection (d) on or before the due date prescribed by the
 15-4 commissioner under this section, the commissioner shall notify the
 15-5 money services licensee in writing that the money services licensee
 15-6 must:

15-7 (1) submit the report and pay the license fee not later
 15-8 than the 45th day after the due date prescribed by the commissioner;
 15-9 and

15-10 (2) pay a late fee, in an amount established by
 15-11 commission rule and not subject to appeal, for each business day
 15-12 after the due date specified by the commissioner that the
 15-13 commissioner does not receive the completed report and license fee.

15-14 (f) If the money services licensee fails to submit the
 15-15 completed annual report and pay the annual license fee and any late
 15-16 fee due within the time prescribed by Subsection (e), the license
 15-17 expires, and the money services licensee must cease and desist from
 15-18 engaging in the business of money services as of that date. The
 15-19 expiration of a license under this section is not subject to appeal.

15-20 (g) On timely receipt of a money services licensee's
 15-21 complete annual report, annual license fee, and any late fee due,
 15-22 the department shall review the report and, if necessary,
 15-23 investigate the business and records of the money services
 15-24 licensee. On completion of the review and investigation, if any,
 15-25 the commissioner may:

15-26 (1) impose conditions on the license the commissioner
 15-27 considers reasonably necessary or appropriate; or

15-28 (2) suspend or revoke the license on the basis of a
 15-29 ground specified in Section 152.403.

15-30 (h) On written application and for good cause shown, the
 15-31 commissioner may extend the due date for filing the annual license
 15-32 fee and annual report required under this section.

15-33 (i) The holder, principal, or person in control of the
 15-34 holder of a license issued under this chapter that has expired or
 15-35 that the holder has surrendered under Section 152.108 that wishes
 15-36 to conduct activities for which a license is required under this
 15-37 chapter must file a new license application under Section 152.104
 15-38 and satisfy all requirements for licensure that apply at the time
 15-39 the new application is filed.

15-40 Sec. 152.108. SURRENDER OF LICENSE. (a) A money services
 15-41 licensee may surrender the licensee's license by delivering the
 15-42 original license to the commissioner along with a written notice of
 15-43 surrender that includes the location at which the licensee's
 15-44 records will be stored and the name, address, telephone number, and
 15-45 other contact information for an individual who is authorized to
 15-46 provide access to the records.

15-47 (b) A money services licensee shall surrender the
 15-48 licensee's license under this section if the licensee becomes
 15-49 ineligible for a license issued under this chapter.

15-50 (c) The surrender of a license does not reduce or eliminate
 15-51 a money services licensee's civil or criminal liability arising
 15-52 from any acts or omissions before the surrender of the license,
 15-53 including any administrative action undertaken by the commissioner
 15-54 to revoke or suspend a license, assess an administrative penalty,
 15-55 order the payment of restitution, or exercise any other authority
 15-56 under this chapter. Further, the surrender of a license does not
 15-57 release the security required of a licensee under Section 152.352
 15-58 or 152.353.

15-59 Sec. 152.109. REFUND OF FEE OR COST PAID BY MONEY SERVICES
 15-60 LICENSEE. A fee or cost paid by a money services licensee under
 15-61 this chapter is not refundable.

15-62 SUBCHAPTER D. ACQUISITION OF CONTROL AND CHANGE OF KEY INDIVIDUAL

15-63 Sec. 152.151. ACQUISITION OF CONTROL. (a) A person or
 15-64 group of persons acting in concert seeking to acquire control of a
 15-65 money services licensee must obtain written approval from the
 15-66 commissioner before acquiring control. An individual is not
 15-67 considered to acquire control of a money services licensee and is
 15-68 not subject to the acquisition of control provisions of this
 15-69 subchapter if that individual becomes a key individual in the

16-1 ordinary course of business.

16-2 (b) A person or group of persons acting in concert seeking
16-3 to acquire control of a money services licensee shall, in
16-4 cooperation with the licensee, submit:

16-5 (1) an application in a form and medium prescribed by
16-6 the commissioner; and

16-7 (2) a nonrefundable fee in the amount established by
16-8 commission rule.

16-9 (c) On request, the commissioner may permit a money services
16-10 licensee or the person or group of persons acting in concert to
16-11 submit some or all information required by the commissioner under
16-12 Subsection (b)(1) without using the NMLS.

16-13 (d) The application required by Subsection (b)(1) must
16-14 include information required by Section 152.105 for any new key
16-15 individual that has not previously completed the requirements of
16-16 Section 152.105 for the money services licensee.

16-17 (e) When an application for acquisition of control under
16-18 this section appears to include all the items and address all of the
16-19 matters that are required, the application is considered complete
16-20 and the commissioner shall promptly notify the applicant in writing
16-21 of the date on which the application was determined to be complete.

16-22 (f) The commissioner shall approve or deny the application
16-23 not later than the 60th day after the completion date. If the
16-24 application is not approved or denied before the 61st day after the
16-25 completion date, the application is approved and the person or
16-26 group of persons acting in concert are not prohibited from
16-27 acquiring control. The commissioner may extend the application
16-28 period for good cause.

16-29 (g) A determination by the commissioner under Subsection
16-30 (e) that an application is complete and is accepted for processing
16-31 is not an assessment of the substance of the application or of the
16-32 sufficiency of the information provided. That determination means
16-33 only that the application, on its face, appears to include all of
16-34 the items and address all of the matters that are required under
16-35 Subsection (b).

16-36 (h) When an application is filed and considered complete
16-37 under Subsection (e), the commissioner shall investigate the
16-38 financial condition and responsibility, financial and business
16-39 experience, character, and general fitness of the person or group
16-40 of persons acting in concert seeking to acquire control.

16-41 (i) The commissioner shall approve an acquisition of
16-42 control under this section if the commissioner finds that:

16-43 (1) the requirements of Subsections (b) and (d) have
16-44 been met, as applicable; and

16-45 (2) it is in the interest of the public to permit the
16-46 person or group of persons acting in concert to control the money
16-47 services licensee, considering:

16-48 (A) the financial condition and responsibility,
16-49 financial and business experience, competence, character, and
16-50 general fitness of the person or group of persons acting in concert
16-51 seeking to acquire control; and

16-52 (B) the experience, competence, character, and
16-53 general fitness of the key individuals and persons that would be in
16-54 control of the money services licensee after the acquisition of
16-55 control.

16-56 (j) If an applicant participates in or is subject to a
16-57 multistate licensing process:

16-58 (1) the commissioner may accept the investigation
16-59 results of a lead investigative state for the purpose of Subsection
16-60 (h) if the lead investigative state has sufficient staffing,
16-61 expertise, and minimum standards; or

16-62 (2) if this state is a lead investigative state, the
16-63 commissioner may investigate the applicant under Subsection (h) and
16-64 the time frames established by agreement through the multistate
16-65 licensing process, provided that the time frame complies with the
16-66 period in Subsection (f).

16-67 (k) If the commissioner determines that a proposed person in
16-68 control fails to meet the qualifications or satisfy the
16-69 requirements of this chapter, the commissioner shall inform the

17-1 money services licensee and the proposed person in control in
 17-2 writing that the application is denied and state the reasons for the
 17-3 denial. The money services licensee or the proposed person in
 17-4 control may appeal the denial by filing a written request for a
 17-5 hearing with the commissioner not later than the 30th day after the
 17-6 date the notice is mailed. A hearing on the denial must be held not
 17-7 later than the 45th day after the date the commissioner receives the
 17-8 written request unless the administrative law judge extends the
 17-9 period for good cause or the parties agree to a later hearing date.
 17-10 The hearing is considered a contested case hearing and is subject to
 17-11 Section 152.451.

17-12 (1) The requirements of Subsections (a) and (b) do not apply
 17-13 to:

17-14 (1) a person who acts as a proxy for the sole purpose
 17-15 of voting at a designated meeting of the shareholders or holders of
 17-16 voting shares or voting interests of a money services licensee or a
 17-17 person in control of a money services licensee;

17-18 (2) a person who acquires control of a money services
 17-19 licensee by devise or descent;

17-20 (3) a person who acquires control of a money services
 17-21 licensee as a personal representative, custodian, guardian,
 17-22 conservator, or trustee, or as an officer appointed by a court of
 17-23 competent jurisdiction or by operation of law;

17-24 (4) a person who is exempt under Section 152.004(7);

17-25 (5) a person who the commissioner determines is not
 17-26 subject to Subsection (a) based on the public interest;

17-27 (6) a public offering of securities of a money
 17-28 services licensee or a person in control of a money services
 17-29 licensee; or

17-30 (7) an internal reorganization of a person in control
 17-31 of the money services licensee resulting in the same person
 17-32 remaining in control of the licensee.

17-33 (m) A person to whom Subsections (a) and (b) do not apply
 17-34 under Subsection (1)(2), (3), (4), (6), or (7) shall, in
 17-35 cooperation with the money services licensee, notify the
 17-36 commissioner not later than the 15th day after the date of the
 17-37 acquisition of control of the person's grounds for not complying
 17-38 with Subsection (a) or (b).

17-39 Sec. 152.152. STREAMLINED ACQUISITION OF CONTROL. (a) The
 17-40 requirements of Section 152.151 do not apply to a person who has
 17-41 complied with and received approval to engage in money services
 17-42 under this chapter or was identified as a person in control in a
 17-43 previous application filed with and approved by the commissioner or
 17-44 by an MSB-accredited state under a multistate licensing process,
 17-45 provided that:

17-46 (1) the person has not:

17-47 (A) had a money services license revoked or
 17-48 suspended; or

17-49 (B) controlled a money services licensee that has
 17-50 had a money services license revoked or suspended while the person
 17-51 was in control of the licensee in the previous five years;

17-52 (2) if the person is a money services licensee, the
 17-53 person:

17-54 (A) is well managed; and

17-55 (B) if a rating for compliance has been given to
 17-56 the person by an MSB-accredited state, received a satisfactory
 17-57 rating in its most recent examination;

17-58 (3) in the case of a money transmission licensee, the
 17-59 person to be acquired and the person acquiring control are both
 17-60 money transmission licensees projected to meet the requirements of
 17-61 Sections 152.351, 152.352, 152.354, and 152.355 after the
 17-62 acquisition of control is completed;

17-63 (4) in the case of a currency exchange licensee, the
 17-64 person to be acquired and the person acquiring control are both
 17-65 currency exchange licensees projected to meet the requirements of
 17-66 Sections 152.353 and 152.354 after the acquisition of control is
 17-67 completed;

17-68 (5) the money services licensee to be acquired will
 17-69 not implement any material changes to the licensee's business plan

18-1 as a result of the acquisition of control, and if the person
 18-2 acquiring control is a money services licensee, the acquiring
 18-3 licensee also will not implement any material changes to its
 18-4 business plan as a result of the acquisition of control; and

18-5 (6) the person provides notice of the acquisition in
 18-6 cooperation with the money services licensee and attests to
 18-7 Subdivisions (1) through (5), as applicable, in a form and medium
 18-8 prescribed by the commissioner.

18-9 (b) If the notice under Subsection (a)(6) is not disapproved
 18-10 before the 31st day after the date on which the notice was
 18-11 determined to be complete, the notice is considered approved.

18-12 (c) Before filing an application for approval to acquire
 18-13 control of a money services licensee, a person may request in
 18-14 writing a determination from the commissioner as to whether the
 18-15 person would be considered a person in control of a money services
 18-16 licensee on consummation of a proposed transaction. If the
 18-17 commissioner determines that the person would not be a person in
 18-18 control of a money services licensee, the proposed transaction is
 18-19 not subject to the requirements of Section 152.151.

18-20 (d) If a multistate licensing process includes a
 18-21 determination under Subsection (c) and an applicant participates in
 18-22 or is subject to the multistate licensing process:

18-23 (1) the commissioner may accept the control
 18-24 determination of a lead investigative state with sufficient
 18-25 staffing, expertise, and minimum standards for the purpose of
 18-26 Subsection (c); or

18-27 (2) if this state is a lead investigative state, the
 18-28 commissioner may investigate the applicant under Subsection (c) and
 18-29 the time frames established by agreement through the multistate
 18-30 licensing process.

18-31 Sec. 152.153. NOTICE AND INFORMATION REQUIREMENTS FOR
 18-32 CHANGE OF KEY INDIVIDUALS. (a) A money services licensee adding or
 18-33 replacing a key individual shall provide:

18-34 (1) notice in a manner prescribed by the commissioner
 18-35 not later than the 15th day after the effective date of the key
 18-36 individual's appointment; and

18-37 (2) information as required by Section 152.105 not
 18-38 later than the 45th day after that effective date.

18-39 (b) Not later than the 90th day after the date on which
 18-40 notice provided under Subsection (a) is determined to be complete,
 18-41 the commissioner may issue a notice of disapproval of a key
 18-42 individual if it would not be in the best interests of the public or
 18-43 the customers of the money services licensee to permit the
 18-44 individual to be a key individual of the licensee, considering the
 18-45 competence, experience, character, or integrity of the individual.

18-46 (c) A notice of disapproval shall be sent to the money
 18-47 services licensee and the disapproved individual and must contain a
 18-48 statement of the basis for disapproval. A money services licensee
 18-49 may appeal a notice of disapproval by filing a written request for a
 18-50 hearing with the commissioner not later than the 30th day after the
 18-51 date the notice is mailed. A hearing on the denial must be held not
 18-52 later than the 45th day after the date the commissioner receives the
 18-53 written request unless the administrative law judge extends the
 18-54 period for good cause or the parties agree to a later hearing date.
 18-55 The hearing is considered a contested case hearing and is subject to
 18-56 Section 152.451.

18-57 (d) If the notice provided under Subsection (a) is not
 18-58 disapproved before the 91st day after the date on which the notice
 18-59 is determined to be complete, the key individual is considered
 18-60 approved.

18-61 (e) If a multistate licensing process includes a key
 18-62 individual notice review and disapproval process under this section
 18-63 and the money services licensee participates in or is subject to the
 18-64 multistate licensing process:

18-65 (1) the commissioner may accept the determination of
 18-66 another state if the investigating state has sufficient staffing,
 18-67 expertise, and minimum standards for the purposes of this section;
 18-68 or

18-69 (2) if this state is a lead investigative state, the

19-1 commissioner may investigate the applicant in the same manner as
 19-2 for a determination under Subsection (b) and in accordance with the
 19-3 time frames established by agreement through the multistate
 19-4 licensing process.

19-5 SUBCHAPTER E. REPORTING AND RECORDS

19-6 Sec. 152.201. MONEY TRANSMISSION REPORT. (a) Each money
 19-7 transmission licensee shall submit a report of condition not later
 19-8 than the 45th day after the end of the calendar quarter, or within
 19-9 an extended time as the commissioner may prescribe.

19-10 (b) The report of condition must include:

19-11 (1) the licensee's financial information;

19-12 (2) nationwide and state-specific money transmission
 19-13 services transaction information in every jurisdiction in the
 19-14 United States where the licensee is licensed to engage in money
 19-15 transmission;

19-16 (3) a report on the licensee's permissible
 19-17 investments;

19-18 (4) transaction destination country reporting for
 19-19 money received for transmission, if applicable; and

19-20 (5) any other information the commissioner reasonably
 19-21 requires with respect to the licensee.

19-22 (c) The commissioner may:

19-23 (1) use the NMLS for the submission of the report
 19-24 required by this section; and

19-25 (2) change or update the requirements of this section
 19-26 as necessary to carry out the purposes of this chapter and maintain
 19-27 consistency with NMLS reporting.

19-28 (d) The information required by Subsection (b)(4) may only
 19-29 be included in a report of condition submitted not later than the
 19-30 45th day after the end of the fourth calendar quarter.

19-31 Sec. 152.202. CURRENCY EXCHANGE REPORT. (a) A currency
 19-32 exchange licensee shall submit:

19-33 (1) the annual report required by Section
 19-34 152.107(d)(2), including a financial statement that may be audited
 19-35 or unaudited and that is dated as of the last day of the currency
 19-36 exchange licensee's fiscal year that ended in the immediately
 19-37 preceding calendar year;

19-38 (2) a quarterly interim financial statement and
 19-39 transaction report that reflects the licensee's financial
 19-40 condition and currency exchange services business as of the last
 19-41 day of the calendar quarter to which the statement and report relate
 19-42 and that are prepared not later than the 45th day after the end of
 19-43 the calendar quarter; and

19-44 (3) any other report required by rule of the
 19-45 commission or reasonably requested by the commissioner to determine
 19-46 compliance with this chapter.

19-47 (b) A currency exchange licensee shall file the statements
 19-48 and reports required under this section with the commissioner as
 19-49 required by this chapter, by commission rule, or as requested by the
 19-50 commissioner.

19-51 (c) On written application and for good cause shown, the
 19-52 commissioner may extend the time for preparing or filing a
 19-53 statement or report required under this section.

19-54 Sec. 152.203. FINANCIAL STATEMENTS. (a) A money services
 19-55 licensee shall, not later than the 90th day after the end of each
 19-56 fiscal year, or within an extended time prescribed by the
 19-57 commissioner, file with the commissioner:

19-58 (1) for a money transmission licensee, an audited
 19-59 unconsolidated financial statement of the licensee for the fiscal
 19-60 year prepared in accordance with United States generally accepted
 19-61 accounting principles;

19-62 (2) for a currency exchange licensee, a financial
 19-63 statement, audited or unaudited, dated as of the last day of the
 19-64 licensee's fiscal year that ended in the immediately preceding
 19-65 calendar year; and

19-66 (3) any other information as the commissioner may
 19-67 reasonably require.

19-68 (b) A financial statement required by Subsection (a)(1)
 19-69 must be prepared by an independent certified public accountant or

20-1 independent public accountant who is satisfactory to the
 20-2 commissioner.

20-3 (c) An audited financial statement required by Subsection
 20-4 (a) must include or be accompanied by a certificate of opinion of
 20-5 the independent certified public accountant or independent public
 20-6 accountant that is satisfactory in form and content to the
 20-7 commissioner. If the certificate of opinion is qualified, the
 20-8 commissioner may order the money services licensee to take any
 20-9 action the commissioner finds necessary to enable the independent
 20-10 certified public accountant or independent public accountant to
 20-11 remove the qualification.

20-12 Sec. 152.204. AUTHORIZED DELEGATE REPORTING. (a) A money
 20-13 transmission licensee shall submit a report of authorized delegates
 20-14 not later than the 45th day after the end of each calendar quarter.
 20-15 The commissioner may use the NMLS for the submission of the report
 20-16 required by this section if NMLS functionality is consistent with
 20-17 the requirements of this section.

20-18 (b) The authorized delegate report must include for each
 20-19 authorized delegate:

20-20 (1) the authorized delegate's legal name;
 20-21 (2) the authorized delegate's taxpayer employer
 20-22 identification number;
 20-23 (3) the authorized delegate's principal provider
 20-24 identifier;
 20-25 (4) the authorized delegate's physical address;
 20-26 (5) the authorized delegate's mailing address;
 20-27 (6) any business the authorized delegate conducts in
 20-28 other states;
 20-29 (7) any fictitious or trade name the authorized
 20-30 delegate uses;
 20-31 (8) a contact person name, phone number, and e-mail;
 20-32 (9) a start date as the money transmission licensee's
 20-33 authorized delegate;
 20-34 (10) an end date as the money transmission licensee's
 20-35 authorized delegate, if applicable; and
 20-36 (11) any other information the commissioner
 20-37 reasonably requires with respect to the authorized delegate.

20-38 Sec. 152.205. REPORTS OF CERTAIN EVENTS. (a) A money
 20-39 services licensee shall file a report with the commissioner not
 20-40 later than the first business day after the licensee has reason to
 20-41 know of:

20-42 (1) the filing of a petition by or against the licensee
 20-43 under the United States Bankruptcy Code (11 U.S.C. Sections
 20-44 101-1532) for bankruptcy or reorganization;
 20-45 (2) the filing of a petition by or against the licensee
 20-46 for receivership, the commencement of any other judicial or
 20-47 administrative proceeding for the licensee's dissolution or
 20-48 reorganization, or the making of a general assignment for the
 20-49 benefit of the licensee's creditors; or
 20-50 (3) the commencement of a proceeding to revoke or
 20-51 suspend the licensee's license in a state or country in which the
 20-52 licensee engages in or is licensed to engage in money services
 20-53 business.

20-54 (b) A money services licensee shall file a report with the
 20-55 commissioner not later than the third business day after the
 20-56 licensee has reason to know of the occurrence of a felony charge or
 20-57 conviction of:

20-58 (1) the licensee or a key individual;
 20-59 (2) a person in control of the licensee; or
 20-60 (3) an authorized delegate.

20-61 Sec. 152.206. BANK SECRECY ACT REPORTS. A money services
 20-62 licensee and an authorized delegate shall file all reports required
 20-63 by federal currency reporting, record keeping, and suspicious
 20-64 activity reporting requirements as provided by the Bank Secrecy Act
 20-65 and other federal and state laws relating to money laundering. The
 20-66 timely filing of a complete and accurate report required under this
 20-67 section with the appropriate federal agency is considered compliant
 20-68 with the requirements of this section.

20-69 Sec. 152.207. RECORDS. (a) A money services licensee shall

21-1 maintain the following records for determining its compliance with
 21-2 this chapter for at least five years:
 21-3 (1) a general ledger posted at least monthly
 21-4 containing all asset, liability, capital, income, and expense
 21-5 accounts;
 21-6 (2) bank statements and bank reconciliation records;
 21-7 (3) for a money transmission licensee:
 21-8 (A) records of outstanding money transmission
 21-9 obligations;
 21-10 (B) records of each outstanding money
 21-11 transmission obligation paid within the five-year period;
 21-12 (C) records of each outstanding money
 21-13 transmission obligation sold; and
 21-14 (D) a list of the last known names and addresses
 21-15 of all of the licensee's authorized delegates;
 21-16 (4) for a currency exchange licensee, a record of each
 21-17 currency exchange transaction; and
 21-18 (5) any other records the commissioner reasonably
 21-19 requires by rule.
 21-20 (b) The records required to be maintained by Subsection
 21-21 (a)(3)(C) may be maintained in any form of record.
 21-22 (c) Records required to be maintained by Subsection (a) may
 21-23 be maintained outside this state if they are made accessible to the
 21-24 commissioner not later than the seventh business day after the
 21-25 commissioner sends notice in writing.
 21-26 (d) All records maintained by a money services licensee as
 21-27 required by this section are open to examination by the
 21-28 commissioner under Section 152.056(a).

21-29 SUBCHAPTER F. AUTHORIZED DELEGATES

21-30 Sec. 152.251. LIABILITY OF MONEY TRANSMISSION LICENSEE. A
 21-31 money transmission licensee is liable for the payment of all money
 21-32 or monetary value received for transmission directly or by an
 21-33 authorized delegate appointed under this subchapter.

21-34 Sec. 152.252. RELATIONSHIP BETWEEN MONEY TRANSMISSION
 21-35 LICENSEE AND AUTHORIZED DELEGATE. (a) In this section, "remit"
 21-36 means to make a direct payment of money to a money transmission
 21-37 licensee or the licensee's representative authorized to receive
 21-38 money or to deposit money in a bank in an account specified by the
 21-39 licensee.

21-40 (b) Before a money transmission licensee may conduct
 21-41 business through an authorized delegate or may allow a person to act
 21-42 as the licensee's authorized delegate, the licensee must:

21-43 (1) adopt, and update as necessary, written policies
 21-44 and procedures reasonably designed to ensure that the licensee's
 21-45 authorized delegate complies with applicable state and federal law;

21-46 (2) enter into a written contract appointing an
 21-47 authorized delegate that complies with Subsection (d); and

21-48 (3) conduct a reasonable risk-based background
 21-49 investigation sufficient for the licensee to determine whether the
 21-50 authorized delegate has complied with and will likely comply with
 21-51 applicable state and federal law.

21-52 (c) An authorized delegate shall operate in full compliance
 21-53 with this chapter.

21-54 (d) The written contract required by Subsection (b)(2) must
 21-55 be signed by the money transmission licensee and the authorized
 21-56 delegate and must, at a minimum:

21-57 (1) appoint the person signing the contract as the
 21-58 licensee's authorized delegate with the authority to conduct money
 21-59 transmission services on behalf of the licensee;

21-60 (2) provide the nature and scope of the relationship
 21-61 between the licensee and the authorized delegate and the respective
 21-62 rights and responsibilities of the parties;

21-63 (3) require the authorized delegate to agree to fully
 21-64 comply with all applicable state and federal laws, rules, and
 21-65 regulations pertaining to money transmission services, including
 21-66 this chapter and regulations implementing this chapter, relevant
 21-67 provisions of the Bank Secrecy Act, and the Patriot Act;

21-68 (4) require the authorized delegate to remit and
 21-69 handle money and monetary value in accordance with the terms of the

22-1 contract between the licensee and the authorized delegate;
 22-2 (5) impose a trust on money and monetary value net of
 22-3 fees received for money transmission for the benefit of the
 22-4 licensee;
 22-5 (6) require the authorized delegate to prepare and
 22-6 maintain records as required by this chapter or regulations
 22-7 implementing this chapter, or as reasonably requested by the
 22-8 commissioner;
 22-9 (7) acknowledge that the authorized delegate consents
 22-10 to examination or investigation by the commissioner;
 22-11 (8) state that the licensee is subject to regulation
 22-12 by the commissioner and that, as part of that regulation, the
 22-13 commissioner may suspend or revoke an authorized delegate
 22-14 designation or require the licensee to terminate an authorized
 22-15 delegate designation; and
 22-16 (9) acknowledge receipt of the written policies and
 22-17 procedures required under Subsection (b)(1).
 22-18 (e) If a money transmission licensee's license is
 22-19 suspended, revoked, surrendered, or expired, the licensee must, not
 22-20 later than the fifth business day after the date the licensee's
 22-21 license is suspended, revoked, surrendered, or expired, provide
 22-22 documentation to the commissioner that the licensee has notified
 22-23 all applicable authorized delegates of the licensee whose names are
 22-24 in a record filed with the commissioner of the suspension,
 22-25 revocation, surrender, or expiration of a license. On suspension,
 22-26 revocation, surrender, or expiration of a license, applicable
 22-27 authorized delegates shall immediately cease to provide money
 22-28 transmission services as an authorized delegate of the money
 22-29 transmission licensee.
 22-30 (f) An authorized delegate of a money transmission licensee
 22-31 holds in trust for the benefit of the licensee all money net of fees
 22-32 received from money transmission. If an authorized delegate
 22-33 commingles any funds received from money transmission with any
 22-34 other funds or property owned or controlled by the authorized
 22-35 delegate, all commingled funds and other property shall be
 22-36 considered held in trust in favor of the money transmission
 22-37 licensee in an amount equal to the amount of money net of fees
 22-38 received from money transmission.
 22-39 (g) An authorized delegate may not use a subdelegate to
 22-40 conduct money transmission on behalf of a money transmission
 22-41 licensee.
 22-42 Sec. 152.253. DISCLOSURE REQUIREMENTS. (a) A money
 22-43 transmission licensee's name and mailing address or telephone
 22-44 number must be provided to the purchaser in connection with each
 22-45 money transmission transaction conducted by the licensee directly
 22-46 or through an authorized delegate.
 22-47 (b) A money transmission licensee receiving currency or an
 22-48 instrument payable in currency for transmission shall comply with
 22-49 Chapter 278.
 22-50 Sec. 152.254. UNAUTHORIZED ACTIVITIES. A person may not
 22-51 engage in the business of money transmission on behalf of a person
 22-52 not licensed under this chapter or not exempt under Section
 22-53 152.004. A person who engages in unauthorized activity provides
 22-54 money transmission to the same extent as if the person were a money
 22-55 transmission licensee, and shall be jointly and severally liable
 22-56 with the unlicensed or nonexempt person. Any business for which a
 22-57 license is required under this chapter that is conducted by an
 22-58 authorized delegate outside the scope of authority conferred in the
 22-59 contract between the authorized delegate and the licensee is
 22-60 unlicensed activity.
 22-61 SUBCHAPTER G. TIMELY TRANSMISSION, REFUNDS, AND DISCLOSURES BY
 22-62 MONEY TRANSMISSION LICENSEE
 22-63 Sec. 152.301. TIMELY TRANSMISSION. (a) A money
 22-64 transmission licensee shall forward all money received for money
 22-65 transmission in accordance with the terms of the agreement between
 22-66 the licensee and the sender unless the licensee has a reasonable
 22-67 belief or a reasonable basis to believe that the sender may be a
 22-68 victim of fraud or that a crime or violation of law, rule, or
 22-69 regulation has occurred, is occurring, or may occur.

23-1 (b) If a money transmission licensee fails to forward money
 23-2 received for money transmission in accordance with this section,
 23-3 the licensee must respond to inquiries by the sender with the reason
 23-4 for the failure unless providing a response would violate a state or
 23-5 federal law, rule, or regulation.

23-6 Sec. 152.302. REFUNDS. (a) This section does not apply to
 23-7 money received for money transmission that is:

23-8 (1) subject to the federal requirements for remittance
 23-9 transfers under 12 C.F.R. Part 1005, Subpart B; or

23-10 (2) under a written agreement between a money
 23-11 transmission licensee and a payee to process payments for goods or
 23-12 services provided by the payee.

23-13 (b) A money transmission licensee shall refund any and all
 23-14 money received for money transmission services to the sender not
 23-15 later than the 10th day after the date of receipt of the sender's
 23-16 written request for a refund unless:

23-17 (1) the money has been forwarded not later than the
 23-18 10th day after the date on which the money was received for
 23-19 transmission;

23-20 (2) instructions have been given committing an
 23-21 equivalent amount of money to the person designated by the sender
 23-22 not later than the 10th day after the date on which the money was
 23-23 received for transmission;

23-24 (3) an agreement between the licensee and the sender
 23-25 instructs the licensee to forward the money at a time that is later
 23-26 than the 10th day after the date on which the money was received for
 23-27 transmission;

23-28 (4) the refund is requested for a transaction that the
 23-29 licensee has not completed based on a reasonable belief or a
 23-30 reasonable basis to believe that a crime or violation of law, rule,
 23-31 or regulation has occurred, is occurring, or may occur; or

23-32 (5) the refund request does not enable a money
 23-33 transmission licensee to identify:

23-34 (A) the sender's name and address or telephone
 23-35 number; or

23-36 (B) the particular transaction to be refunded in
 23-37 the event the sender has multiple transactions outstanding.

23-38 (c) If funds have not yet been forwarded in accordance with
 23-39 the terms of an agreement between a money transmission licensee and
 23-40 a sender under Subsection (b)(3), the licensee shall issue a refund
 23-41 in accordance with the other provisions of this section.

23-42 Sec. 152.303. RECEIPTS. (a) This section does not apply
 23-43 to:

23-44 (1) money received for money transmission subject to
 23-45 the federal requirements for remittance transfers under 12 C.F.R.
 23-46 Part 1005, Subpart B;

23-47 (2) money received for money transmission that is not
 23-48 primarily for personal, family, or household purposes;

23-49 (3) money received for money transmission under a
 23-50 written agreement between a money transmission licensee and a payee
 23-51 to process payments for goods or services provided by the payee; or

23-52 (4) payroll processing services.

23-53 (b) In this section, "receipt" means a paper receipt,
 23-54 electronic record, or other written confirmation.

23-55 (c) For a transaction conducted in person, a receipt may be
 23-56 provided electronically if the sender requests or agrees to receive
 23-57 an electronic receipt. For a transaction conducted electronically
 23-58 or by phone, a receipt may be provided electronically. All
 23-59 electronic receipts shall be provided in a retainable form.

23-60 (d) A money transmission licensee or the licensee's
 23-61 authorized delegate shall provide the sender a receipt for money
 23-62 received for money transmission services.

23-63 (e) A receipt must contain, as applicable:

23-64 (1) the name of the sender;

23-65 (2) the name of the designated recipient;

23-66 (3) the date of the transaction;

23-67 (4) the unique transaction or identification number;

23-68 (5) the name of the money transmission licensee, the
 23-69 licensee's NMLS Unique ID, the licensee's business address, and the

24-1 licensee's customer service telephone number;
 24-2 (6) the amount of the transaction in United States
 24-3 dollars;

24-4 (7) any fee charged by the money transmission licensee
 24-5 to the sender for the transaction; and

24-6 (8) any taxes collected by the money transmission
 24-7 licensee from the sender for the transaction.

24-8 (f) The receipt required by this section must be in English
 24-9 and in a language other than English if the money transmission
 24-10 licensee or authorized delegate principally uses that language to
 24-11 advertise, solicit, or negotiate, either orally or in writing, for
 24-12 a transaction conducted in person, electronically, or by phone.

24-13 Sec. 152.304. DISCLOSURES FOR PAYROLL PROCESSING SERVICES.

24-14 (a) A money transmission licensee that provides payroll processing
 24-15 services shall:

24-16 (1) issue reports to clients detailing client payroll
 24-17 obligations in advance of the payroll funds being deducted from an
 24-18 account; and

24-19 (2) make available worker pay stubs or an equivalent
 24-20 statement to workers.

24-21 (b) Subsection (a) does not apply to a money transmission
 24-22 licensee providing payroll processing services where the
 24-23 licensee's client designates the intended recipients to the
 24-24 licensee and is responsible for providing the disclosures required
 24-25 by Subsection (a)(2).

24-26 SUBCHAPTER H. PRUDENTIAL STANDARDS

24-27 Sec. 152.351. NET WORTH OF MONEY TRANSMISSION LICENSEE.

24-28 (a) A money transmission licensee under this chapter shall
 24-29 maintain at all times a tangible net worth in an amount not less
 24-30 than:

24-31 (1) for a licensee with total assets in an amount not
 24-32 greater than \$100 million, the greater of:

24-33 (A) \$100,000; or

24-34 (B) 3 percent of the value of the licensee's
 24-35 total assets;

24-36 (2) for a licensee with total assets in an amount
 24-37 greater than \$100 million and not greater than \$1 billion, the sum
 24-38 of \$3 million and 2 percent of the additional assets in excess of
 24-39 \$100 million; and

24-40 (3) for a licensee with total assets in an amount
 24-41 greater than \$1 billion, the sum of \$21 million and 0.5 percent of
 24-42 the additional assets in excess of \$1 billion.

24-43 (b) Tangible net worth under this section must be
 24-44 demonstrated at the initial application by the applicant's most
 24-45 recent audited or unaudited financial statements under Section
 24-46 152.104(c)(6).

24-47 (c) Notwithstanding other provisions of this section, the
 24-48 commissioner may, for good cause shown, exempt a money transmission
 24-49 licensee wholly or partly from the requirements of this section.

24-50 Sec. 152.352. SECURITY FOR MONEY TRANSMISSION LICENSEE.

24-51 (a) A money transmission licensee shall at all times maintain
 24-52 security consisting of a surety bond in a form satisfactory to the
 24-53 commissioner. With the commissioner's approval, a money
 24-54 transmission licensee may maintain a deposit in lieu of a bond under
 24-55 this section.

24-56 (b) The amount of the required security for a money
 24-57 transmission licensee under this section is:

24-58 (1) for a licensee with a tangible net worth in an
 24-59 amount not greater than 10 percent of the licensee's total assets,
 24-60 the greater of:

24-61 (A) \$100,000; or

24-62 (B) 100 percent of the licensee's average daily
 24-63 money transmission liability in this state for the most recently
 24-64 completed three-month period, up to a maximum amount of \$500,000;
 24-65 or

24-66 (2) for a licensee with a tangible net worth in an
 24-67 amount greater than 10 percent of the licensee's total assets,
 24-68 \$100,000.

24-69 (c) A money transmission licensee that maintains a bond in

25-1 the maximum amount provided for under Subsection (b) may not be
 25-2 required to calculate the licensee's average daily money
 25-3 transmission liability in this state for purposes of this section.

25-4 (d) A money transmission licensee may exceed the maximum
 25-5 required bond amount under Section 152.356(a)(5).

25-6 Sec. 152.353. SECURITY FOR CURRENCY EXCHANGE LICENSEE. (a)
 25-7 A currency exchange licensee shall at all times maintain security
 25-8 in the amount applicable to the licensee under this section. The
 25-9 security must satisfy the requirements of and is subject to Section
 25-10 152.354.

25-11 (b) A currency exchange licensee shall maintain security in
 25-12 the amount of \$2,500 if the licensee conducts business with persons
 25-13 located in this state exclusively at one or more physical locations
 25-14 through in-person, contemporaneous transactions.

25-15 (c) Except as provided by Subsection (e), if Subsection (b)
 25-16 does not apply to a currency exchange licensee, the licensee shall
 25-17 maintain security in an amount not less than the greater of:

25-18 (1) \$2,500; or

25-19 (2) an amount equal to one percent of the licensee's
 25-20 total dollar volume of currency exchange business in this state for
 25-21 the preceding year.

25-22 (d) For purposes of demonstrating prospective compliance
 25-23 with this section under Section 152.107(c), an applicant for a
 25-24 currency exchange license may use the applicant's projected total
 25-25 dollar volume of currency exchange business in this state for the
 25-26 first year of licensure to determine the amount under Subsection
 25-27 (c)(2).

25-28 (e) The maximum amount of security that may be required
 25-29 under this section is \$1 million.

25-30 Sec. 152.354. ADDITIONAL SECURITY REQUIREMENTS. (a) In
 25-31 addition to the requirements of Section 152.352 or 152.353, a
 25-32 security under this subchapter must:

25-33 (1) be in a form satisfactory to the commissioner;

25-34 (2) be payable to any claimant or to the commissioner,
 25-35 on behalf of a claimant or this state, for any liability arising out
 25-36 of a money transmission licensee's money transmission business in
 25-37 this state, incurred under, subject to, or by virtue of this
 25-38 chapter; and

25-39 (3) if the security is a bond, be issued by a qualified
 25-40 surety company authorized to engage in business in this state and
 25-41 acceptable to the commissioner or, if the security is an
 25-42 irrevocable letter of credit, be issued by a financial institution
 25-43 acceptable to the commissioner.

25-44 (b) A claimant may bring suit directly on the security, or
 25-45 the commissioner may bring suit on behalf of the claimant or the
 25-46 state, either in one action or in successive actions.

25-47 (c) The commissioner may collect from the security or
 25-48 proceeds of the security any delinquent fee, assessment, cost,
 25-49 penalty, or other amount imposed on and owed by a money services
 25-50 licensee. If the security is a surety bond, the commissioner shall
 25-51 give the surety reasonable prior notice of a hearing to impose an
 25-52 administrative penalty against the money services licensee,
 25-53 provided that a surety may not be considered an interested,
 25-54 aggrieved, or affected person for purposes of an administrative
 25-55 proceeding under Section 152.451 of this code or Chapter 2001,
 25-56 Government Code.

25-57 (d) A security remains in effect until canceled, which may
 25-58 occur only after providing 30 days' written notice to the
 25-59 commissioner. Cancellation does not affect any liability incurred
 25-60 or accrued during the period covered by the security.

25-61 (e) A security must cover claims for at least five years
 25-62 after the money services licensee surrenders the licensee's license
 25-63 or otherwise ceases to engage in activities for which a license is
 25-64 required under this subchapter. However, the commissioner may
 25-65 permit the amount of the security to be reduced or eliminated before
 25-66 that time to the extent that the amount of the money services
 25-67 licensee's obligations to the department and to purchasers in this
 25-68 state is reduced. The commissioner may permit a money services
 25-69 licensee to substitute another form of security when the licensee

26-1 ceases to provide money transmission in this state.

26-2 (f) If the commissioner at any time reasonably determines
26-3 that the required security is insecure, deficient in amount, or
26-4 exhausted in whole or in part, the commissioner by written order
26-5 shall require the money services licensee to file or make new or
26-6 additional security to comply with this section.

26-7 (g) Instead of providing all or part of the amount of the
26-8 security required by this section, an applicant for a money
26-9 services license or a money services licensee may deposit, with a
26-10 financial institution possessing trust powers that is authorized to
26-11 conduct a trust business in this state and is acceptable to the
26-12 commissioner, an aggregate amount of United States currency,
26-13 certificates of deposit, or other cash equivalents that equals the
26-14 total amount of the required security or the remaining part of the
26-15 security.

26-16 (h) A deposit under Subsection (g):

26-17 (1) must be held in trust in the name of and be pledged
26-18 to the commissioner;

26-19 (2) must secure the same obligations as the security;
26-20 and

26-21 (3) is subject to other conditions and terms the
26-22 commissioner may reasonably require.

26-23 (i) The security is considered by operation of law to be
26-24 held in trust for the benefit of this state and any individual to
26-25 whom an obligation arising under this chapter is owed, and may not
26-26 be considered an asset or property of the money services licensee in
26-27 the event of bankruptcy, receivership, or a claim against the
26-28 licensee unrelated to the licensee's obligations under this
26-29 chapter.

26-30 Sec. 152.355. MAINTENANCE OF PERMISSIBLE INVESTMENTS BY
26-31 MONEY TRANSMISSION LICENSEE. (a) A money transmission licensee
26-32 shall maintain at all times permissible investments that have a
26-33 market value computed in accordance with United States generally
26-34 accepted accounting principles of not less than the aggregate
26-35 amount of all of its outstanding money transmission obligations.

26-36 (b) Except for permissible investments allowed under
26-37 Section 152.356(a), the commissioner, with respect to a money
26-38 transmission licensee, may limit the extent to which a specific
26-39 investment maintained by a licensee within a class of permissible
26-40 investments may be considered a permissible investment, if the
26-41 specific investment represents undue risk to customers not
26-42 reflected in the market value of investments.

26-43 (c) Permissible investments are held in trust for the
26-44 benefit of the purchasers and holders of the money transmission
26-45 licensee's outstanding money transmission obligations in the event
26-46 of:

26-47 (1) insolvency;

26-48 (2) the filing of a petition by or against the licensee
26-49 under the United States Bankruptcy Code (11 U.S.C. Sections
26-50 101-1532) for bankruptcy or reorganization;

26-51 (3) the filing of a petition by or against the licensee
26-52 for receivership;

26-53 (4) the commencement of any other judicial or
26-54 administrative proceeding for the licensee's dissolution or
26-55 reorganization; or

26-56 (5) an action by a creditor who is not a beneficiary of
26-57 the trust under this section against the licensee.

26-58 (d) A permissible investment impressed with a trust under
26-59 Subsection (c) is not subject to attachment, levy of execution, or
26-60 sequestration by order of any court, except for a beneficiary of the
26-61 trust.

26-62 (e) On the establishment of a trust under Subsection (c) or
26-63 when any funds are drawn on a letter of credit under Section
26-64 152.356(a)(4), the commissioner shall notify the applicable
26-65 regulator of each state in which the money transmission licensee is
26-66 licensed to engage in money transmission services of the
26-67 establishment of the trust or the funds drawn on the letter of
26-68 credit, as applicable. Notice under this subsection is considered
26-69 to be given if performed under a multistate agreement or through the

27-1 NMLS.

27-2 (f) Funds drawn on a letter of credit, and any other
 27-3 permissible investments held in trust for the benefit of the
 27-4 purchasers and holders of the money transmission licensee's
 27-5 outstanding money transmission obligations, are considered held in
 27-6 trust for the benefit of those purchasers and holders on a pro rata
 27-7 and equitable basis in accordance with statutes under which
 27-8 permissible investments are required to be held in this state, and
 27-9 other states, as applicable.

27-10 (g) A trust established under Subsection (c) shall be
 27-11 terminated on extinguishment of all of the money transmission
 27-12 licensee's outstanding money transmission obligations.

27-13 (h) The commissioner may allow other types of investments
 27-14 that the commissioner determines are of sufficient liquidity and
 27-15 quality to be a permissible investment. The commissioner may
 27-16 participate in efforts with other state regulators to determine
 27-17 that other types of investments are of sufficient liquidity and
 27-18 quality to be a permissible investment.

27-19 Sec. 152.356. TYPES OF PERMISSIBLE INVESTMENTS. (a) The
 27-20 following investments are permissible under Section 152.355:

27-21 (1) cash, including:

27-22 (A) demand deposits;

27-23 (B) savings deposits;

27-24 (C) funds in accounts under Paragraphs (A) and
 27-25 (B) held for the benefit of a money transmission licensee's
 27-26 customers in a federally insured depository financial institution;

27-27 (D) cash equivalents, including automated
 27-28 clearing house items:

27-29 (i) in transit to the money transmission
 27-30 licensee; and

27-31 (ii) in transit to a payee;

27-32 (E) international wires in transit to a payee;

27-33 (F) cash in transit via armored car;

27-34 (G) cash in smart safes;

27-35 (H) cash in money transmission licensee-owned
 27-36 locations;

27-37 (I) debit card or credit card-funded
 27-38 transmission receivables owed by a bank; or

27-39 (J) money market mutual funds rated "AAA" by S&P
 27-40 Global or an equivalent rating from an eligible rating service;

27-41 (2) certificates of deposit or senior debt obligations
 27-42 of an insured depository institution, as defined by Section 3,
 27-43 Federal Deposit Insurance Act (12 U.S.C. Section 1813) or the
 27-44 Federal Credit Union Act (12 U.S.C. Section 1781);

27-45 (3) an obligation:

27-46 (A) of the United States or a commission, agency,
 27-47 or instrumentality of the United States;

27-48 (B) that is guaranteed fully as to principal and
 27-49 interest by the United States; or

27-50 (C) of a state or a governmental subdivision,
 27-51 agency, or instrumentality of the United States;

27-52 (4) the full drawable amount of an irrevocable standby
 27-53 letter of credit for which the stated beneficiary is the
 27-54 commissioner that stipulates that the commissioner need only draw a
 27-55 sight draft under the letter of credit and present it to obtain
 27-56 funds up to the letter of credit amount on presentation of the items
 27-57 required by Subsection (f);

27-58 (5) 100 percent of the surety bond or deposit provided
 27-59 for under Section 152.352 that exceeds the average daily money
 27-60 transmission liability in this state; or

27-61 (6) stablecoin, to the extent of outstanding
 27-62 transmission obligations received by the licensee in the same kind
 27-63 of stablecoin.

27-64 (b) Unless permitted by the commissioner to exceed the limit
 27-65 provided, the following investments are permissible under Section
 27-66 152.355 to the extent specified:

27-67 (1) receivables that are payable to a money
 27-68 transmission licensee from its authorized delegates in the ordinary
 27-69 course of business that are less than seven days old are permissible

28-1 up to the amount of 50 percent of the aggregate value of the
28-2 licensee's total permissible investments;

28-3 (2) receivables under Subdivision (1) that are payable
28-4 to a money transmission licensee from a single authorized delegate
28-5 in the ordinary course of business are permissible up to the amount
28-6 of 10 percent of the aggregate value of the licensee's total
28-7 permissible investments;

28-8 (3) the following investments are permissible up to
28-9 the amount of 20 percent of the aggregate value of a money
28-10 transmission licensee's total permissible investments for the
28-11 amount under each paragraph and the amount of 50 percent of the
28-12 aggregate value of the licensee's total permissible investments for
28-13 the total amount under this subdivision:

28-14 (A) a short-term investment of not more than six
28-15 months bearing an eligible rating;

28-16 (B) commercial paper bearing an eligible rating;
28-17 (C) a bill, note, bond, or debenture bearing an
28-18 eligible rating;

28-19 (D) a United States tri-party repurchase
28-20 agreement collateralized at 100 percent or more with United States
28-21 or agency security, municipal bonds, or other security bearing an
28-22 eligible rating;

28-23 (E) a money market mutual fund rated less than
28-24 "AAA" and not less than "A-" by S&P Global, or the equivalent from
28-25 an eligible rating service; and

28-26 (F) a mutual fund or other investment fund
28-27 composed solely and exclusively of one or more permissible
28-28 investments listed in Subsections (a)(1)-(3); and

28-29 (4) cash, including demand deposits, savings
28-30 deposits, and funds in an account held for the benefit of a money
28-31 transmission licensee's customers at a foreign depository
28-32 institution is permissible up to the amount of 10 percent of the
28-33 aggregate value of the licensee's total permissible investments if:

28-34 (A) the licensee has received a satisfactory
28-35 rating in its most recent examination; and

28-36 (B) the foreign depository institution:

28-37 (i) has an eligible rating;
28-38 (ii) is registered under the Foreign
28-39 Account Tax Compliance Act (Pub. L. No. 111-147);
28-40 (iii) is not located in a country subject to
28-41 sanctions from the Office of Foreign Assets Control; and
28-42 (iv) is not located in a jurisdiction
28-43 designated high-risk or uncooperative by the Financial Action Task
28-44 Force.

28-45 (c) A letter of credit under Subsection (a)(4) must:

28-46 (1) be issued by:

28-47 (A) a federally insured depository financial
28-48 institution;

28-49 (B) a foreign bank authorized under federal law
28-50 to maintain a federal agency or federal branch office in a state or
28-51 states; or

28-52 (C) a foreign bank that is authorized under state
28-53 law to maintain a branch in a state that:

28-54 (i) bears an eligible rating or whose
28-55 parent company bears an eligible rating;

28-56 (ii) is regulated, supervised, and examined
28-57 by United States federal or state authorities having regulatory
28-58 authority over banks, credit unions, and trust companies; and
28-59 (iii) is approved by the commissioner;

28-60 (2) be irrevocable and unconditional and indicate that
28-61 it is not subject to any condition or qualifications outside of the
28-62 letter of credit;

28-63 (3) not contain reference to any other agreement,
28-64 document or entity, or otherwise provide for a security interest in
28-65 the money transmission licensee;

28-66 (4) contain an issue date and expiration date; and
28-67 (5) expressly provide for automatic extension without
28-68 a written amendment for an additional period of one year from a
28-69 current or future expiration date, unless the issuer of the letter

29-1 of credit notifies the commissioner in writing by certified or
 29-2 registered mail, courier mail, or other receipted means, not more
 29-3 than the 60th day before any expiration date, that the irrevocable
 29-4 letter of credit will not be extended.

29-5 (d) On receipt of a notice of expiration or non-extension of
 29-6 a letter of credit issued under Subsection (c)(5), the commissioner
 29-7 shall require a money transmission licensee to demonstrate to the
 29-8 satisfaction of the commissioner, not later than the 15th day
 29-9 before expiration, that the licensee maintains and will maintain
 29-10 permissible investments in accordance with Section 152.355 after
 29-11 the letter of credit expires.

29-12 (e) If the money transmission licensee is not able to
 29-13 satisfactorily demonstrate to the commissioner that the licensee
 29-14 will maintain permissible investments under Subsection (d), the
 29-15 commissioner may draw on the letter of credit in an amount up to the
 29-16 amount necessary to meet the licensee's requirements to maintain
 29-17 permissible investments in accordance with Section 152.355. The
 29-18 commissioner shall offset the draw against the money transmission
 29-19 licensee's outstanding money transmission obligations. The
 29-20 commissioner or the commissioner's designated agent shall hold
 29-21 drawn funds in trust to the extent authorized by law as agent for
 29-22 the benefit of the purchasers and holders of the money transmission
 29-23 licensee's outstanding money transmission obligations.

29-24 (f) A letter of credit under Subsection (a)(4) must provide
 29-25 that the issuer of the letter of credit will honor, at sight, a
 29-26 presentation made by the commissioner to the issuer on or before the
 29-27 expiration date of the letter of credit of:

29-28 (1) the original letter of credit, including any
 29-29 amendments; and

29-30 (2) a written statement from the commissioner stating
 29-31 that:

29-32 (A) a petition has been filed by or against the
 29-33 money transmission licensee under the United States Bankruptcy Code
 29-34 (11 U.S.C. Sections 101-1532) for bankruptcy or reorganization;

29-35 (B) a petition has been filed by or against the
 29-36 money transmission licensee for receivership, or the commencement
 29-37 of any other judicial or administrative proceeding for the
 29-38 licensee's dissolution or reorganization;

29-39 (C) a money transmission licensee's assets have
 29-40 been seized by the commissioner under an emergency order issued in
 29-41 accordance with applicable law on the basis of an action,
 29-42 violation, or condition that has caused or is likely to cause the
 29-43 insolvency of the licensee; or

29-44 (D) the commissioner has received notice of
 29-45 expiration or non-extension of a letter of credit under Subsection
 29-46 (c)(5), and the money transmission licensee failed to demonstrate
 29-47 to the satisfaction of the commissioner under Subsection (d) that
 29-48 the licensee will maintain permissible investments in accordance
 29-49 with Section 152.355 on the expiration or non-extension of the
 29-50 letter of credit.

29-51 (g) The commissioner may designate an agent to serve on the
 29-52 commissioner's behalf as beneficiary to a letter of credit if the
 29-53 agent and letter of credit meet requirements established by the
 29-54 commissioner. The commissioner's agent may serve as agent for
 29-55 multiple licensing authorities for a single irrevocable letter of
 29-56 credit if the proceeds of the drawable amount for the purposes of
 29-57 Subsection (a)(4) are assigned to the commissioner.

29-58 (h) The commissioner may participate in multistate
 29-59 processes designed to facilitate the issuance and administration of
 29-60 letters of credit, including but not limited to services provided
 29-61 by the NMLS and State Regulatory Registry, LLC.

29-62 SUBCHAPTER I. ENFORCEMENT

29-63 Sec. 152.401. INJUNCTIVE RELIEF. (a) If a person appears
 29-64 to have violated, or if reasonable cause exists to believe that a
 29-65 person is likely to violate, this chapter or a rule adopted under
 29-66 this chapter, the following persons may bring an action for
 29-67 injunctive relief to enjoin the violation or enforce compliance
 29-68 with the provision:

29-69 (1) the commissioner, through the attorney general;

30-1 (2) the attorney general;
 30-2 (3) the district attorney of Travis County; or
 30-3 (4) the prosecuting attorney of the county in which
 30-4 the violation is alleged to have occurred.

30-5 (b) In addition to the authority granted to the commissioner
 30-6 under Subsection (a), the commissioner, through the attorney
 30-7 general, may bring an action for injunctive relief if the
 30-8 commissioner has reason to believe that a person has violated or is
 30-9 likely to violate an order of the commissioner issued under this
 30-10 chapter.

30-11 (c) An action for injunctive relief brought by the
 30-12 commissioner, the attorney general, or the district attorney of
 30-13 Travis County under Subsection (a), or brought by the commissioner
 30-14 under Subsection (b), must be brought in a district court in Travis
 30-15 County. An action brought by a prosecuting attorney under
 30-16 Subsection (a)(4) must be brought in a district court in the county
 30-17 in which all or part of the violation is alleged to have occurred.

30-18 (d) On a proper showing, the court may issue a restraining
 30-19 order, an order freezing assets, a preliminary or permanent
 30-20 injunction, or a writ of mandate, or may appoint a receiver for the
 30-21 defendant or the defendant's assets.

30-22 (e) A receiver appointed by the court under Subsection (d)
 30-23 may, with approval of the court, exercise all of the powers of the
 30-24 defendant's directors, officers, partners, trustees, or persons
 30-25 who exercise similar powers and perform similar duties.

30-26 (f) An action brought under this section may include a claim
 30-27 for ancillary relief, including a claim by the commissioner for
 30-28 costs or civil penalties authorized under this chapter, or for
 30-29 restitution or damages on behalf of the persons injured by the act
 30-30 constituting the subject matter of the action, and the court has
 30-31 jurisdiction to award that relief.

30-32 Sec. 152.402. CEASE AND DESIST ORDERS FOR UNLICENSED
 30-33 PERSONS. (a) If the commissioner has reason to believe that an
 30-34 unlicensed person has engaged or is likely to engage in an activity
 30-35 for which a license is required under this chapter, the
 30-36 commissioner may order the person to cease and desist from the
 30-37 violation until the person is issued a license under this chapter.
 30-38 The commissioner's order is subject to Section 152.409, unless the
 30-39 order is issued as an emergency order. The commissioner may issue
 30-40 an emergency cease and desist order under Section 152.410 if the
 30-41 commissioner finds that the person's violation or likely violation
 30-42 threatens immediate and irreparable harm to the public.

30-43 (b) A cease and desist order under this section may require
 30-44 the unlicensed person to take affirmative action to correct any
 30-45 condition resulting from or contributing to the activity or
 30-46 violation, including the payment of restitution to each resident of
 30-47 this state damaged by the violation.

30-48 Sec. 152.403. SUSPENSION AND REVOCATION OF MONEY SERVICES
 30-49 LICENSE. (a) The commissioner shall revoke a money services
 30-50 license if the commissioner finds that:

30-51 (1) the money services licensee does not provide the
 30-52 security required under this chapter; or

30-53 (2) for a money transmission licensee, the net worth
 30-54 of the licensee is less than the amount required under this chapter.

30-55 (b) The commissioner may suspend or revoke a money services
 30-56 license or order a money transmission licensee to revoke the
 30-57 designation of an authorized delegate if the commissioner has
 30-58 reason to believe that:

30-59 (1) the money services licensee has violated this
 30-60 chapter, a rule adopted or order issued under this chapter, a
 30-61 written agreement entered into with the department or commissioner,
 30-62 or any other state or federal law applicable to the licensee's money
 30-63 services business;

30-64 (2) the money services licensee has refused to permit
 30-65 or has not cooperated with an examination or investigation
 30-66 authorized by this chapter;

30-67 (3) the money services licensee has engaged in fraud,
 30-68 knowing misrepresentation, deceit, or gross negligence in
 30-69 connection with the operation of the licensee's money services

31-1 business or any transaction subject to this chapter;
31-2 (4) an authorized delegate of the money transmission
31-3 licensee has knowingly violated this chapter, a rule adopted or
31-4 order issued under this chapter, or a state or federal
31-5 anti-money-laundering or terrorist funding law, and the licensee
31-6 knows or should have known of the violation and has failed to make a
31-7 reasonable effort to prevent or correct the violation;
31-8 (5) the competence, experience, character, or general
31-9 fitness of the money services licensee or the authorized delegate
31-10 of a money transmission licensee, or a principal of, person in
31-11 control of, or responsible person of a money services licensee or
31-12 authorized delegate of a money transmission licensee, indicates
31-13 that it is not in the public interest to permit the licensee or
31-14 authorized delegate to provide money services;
31-15 (6) the money services licensee has engaged in an
31-16 unsafe or unsound act or practice or has conducted business in an
31-17 unsafe or unsound manner;
31-18 (7) the money services licensee has suspended payment
31-19 of the licensee's obligations, made a general assignment for the
31-20 benefit of the licensee's creditors, or admitted in writing the
31-21 licensee's inability to pay debts of the licensee as they become
31-22 due;
31-23 (8) the money transmission licensee has failed to
31-24 terminate the authority of an authorized delegate after the
31-25 commissioner has issued and served on the licensee a final order
31-26 finding that the authorized delegate has violated this chapter;
31-27 (9) a fact or condition exists that, if it had been
31-28 known at the time the money services licensee applied for the
31-29 license, would have been grounds for denying the application;
31-30 (10) the money services licensee has engaged in false,
31-31 misleading, or deceptive advertising;
31-32 (11) the money services licensee has failed to pay a
31-33 judgment entered in favor of a claimant or creditor in an action
31-34 arising out of the licensee's activities under this chapter not
31-35 later than the 30th day after the date the judgment becomes final or
31-36 not later than the 30th day after the date the stay of execution
31-37 expires or is terminated, as applicable;
31-38 (12) the money services licensee has knowingly made a
31-39 material misstatement or has suppressed or withheld material
31-40 information on an application, request for approval, report, or
31-41 other document required to be filed with the department under this
31-42 chapter; or
31-43 (13) the money services licensee has committed a
31-44 breach of trust or of a fiduciary duty.
31-45 (c) In determining whether a money services licensee has
31-46 engaged in an unsafe or unsound act or practice or has conducted
31-47 business in an unsafe or unsound manner, the commissioner may
31-48 consider factors that include:
31-49 (1) the size and condition of the licensee's provision
31-50 of money services;
31-51 (2) the magnitude of the loss or potential loss;
31-52 (3) the gravity of the violation of this chapter or
31-53 rule adopted or order issued under this chapter;
31-54 (4) any action taken against the licensee by this
31-55 state, another state, or the federal government; and
31-56 (5) the previous conduct of the licensee.
31-57 (d) The commissioner's order suspending or revoking a money
31-58 services license or directing a money transmission licensee to
31-59 revoke the designation of an authorized delegate is subject to
31-60 Section 152.409, unless the order is issued as an emergency order.
31-61 The commissioner may issue an emergency order suspending a money
31-62 services license or directing a money transmission licensee to
31-63 revoke the designation of an authorized delegate in accordance with
31-64 Section 152.410 if the commissioner finds that the factors
31-65 identified in Section 152.410(b) exist.
31-66 Sec. 152.404. SUSPENSION AND REVOCATION OF AUTHORIZED
31-67 DELEGATE DESIGNATION. (a) The commissioner may suspend or revoke
31-68 the designation of an authorized delegate by a money transmission
31-69 licensee if the commissioner has reason to believe that:

32-1 (1) the authorized delegate has violated this chapter,
 32-2 a rule adopted or order issued under this chapter, a written
 32-3 agreement entered into with the commissioner or the department, or
 32-4 any other state or federal law applicable to a money transmission
 32-5 business;

32-6 (2) the authorized delegate has refused to permit or
 32-7 has not cooperated with an examination or investigation under this
 32-8 chapter;

32-9 (3) the authorized delegate has engaged in fraud,
 32-10 knowing misrepresentation, deceit, gross negligence, or an unfair
 32-11 or deceptive act or practice in connection with the operation of the
 32-12 delegate's business on behalf of the money transmission licensee or
 32-13 any transaction subject to this chapter;

32-14 (4) the competence, experience, character, or general
 32-15 fitness of the authorized delegate, or a principal of, person in
 32-16 control of, or responsible person of the authorized delegate,
 32-17 indicates that it is not in the public interest to permit the
 32-18 authorized delegate to provide money transmission;

32-19 (5) the authorized delegate has engaged in an unsafe
 32-20 or unsound act or practice or conducted business in an unsafe and
 32-21 unsound manner;

32-22 (6) the authorized delegate, or a principal or
 32-23 responsible person of the authorized delegate, is listed on the
 32-24 Specially Designated Nationals and Blocked Persons List prepared by
 32-25 the United States Department of the Treasury as a potential threat
 32-26 to commit terrorist acts or to fund terrorist acts; or

32-27 (7) the authorized delegate, or a principal or
 32-28 responsible person of the authorized delegate, has been convicted
 32-29 of a state or federal anti-money-laundering or terrorist funding
 32-30 law.

32-31 (b) In determining whether an authorized delegate has
 32-32 engaged in an unsafe or unsound act or practice or conducted
 32-33 business in an unsafe or unsound manner, the commissioner may
 32-34 consider factors that include:

32-35 (1) the size and condition of the authorized
 32-36 delegate's provision of money transmission;

32-37 (2) the magnitude of the loss or potential loss;

32-38 (3) the gravity of the violation of this chapter or
 32-39 rule adopted or order issued under this chapter;

32-40 (4) any action taken against the authorized delegate
 32-41 by this state, another state, or the federal government; and

32-42 (5) the previous conduct of the authorized delegate.

32-43 (c) The commissioner's order suspending or revoking the
 32-44 designation of an authorized delegate is subject to Section
 32-45 152.409, unless the order is issued as an emergency order. The
 32-46 commissioner may issue an emergency order suspending the
 32-47 designation of an authorized delegate in accordance with Section
 32-48 152.410 if the commissioner finds that the factors identified in
 32-49 Section 152.410(b) exist.

32-50 Sec. 152.405. CEASE AND DESIST ORDERS FOR MONEY SERVICES
 32-51 LICENSEE OR AUTHORIZED DELEGATE. (a) The commissioner may issue an
 32-52 order to cease and desist if the commissioner finds that:

32-53 (1) an action, violation, or condition listed in
 32-54 Section 152.403 or 152.404 exists with respect to a money services
 32-55 licensee or authorized delegate; and

32-56 (2) a cease and desist order is necessary to protect
 32-57 the interests of the money services licensee, the purchasers of the
 32-58 licensee's money services, or the public.

32-59 (b) A cease and desist order may require a money services
 32-60 licensee or authorized delegate to cease and desist from the action
 32-61 or violation or to take affirmative action to correct any condition
 32-62 resulting from or contributing to the action or violation, and the
 32-63 requirements of the order may apply to a principal or responsible
 32-64 person of the licensee or authorized delegate.

32-65 (c) The cease and desist order is subject to Section
 32-66 152.409, unless the order is issued as an emergency order. The
 32-67 commissioner may issue an emergency cease and desist order in
 32-68 accordance with Section 152.410 if the commissioner finds that the
 32-69 factors identified in Section 152.410(b) exist.

33-1 Sec. 152.406. CONSENT ORDERS. (a) The commissioner may
 33-2 enter into a consent order at any time with a person to resolve a
 33-3 matter arising under this chapter or a rule adopted or order issued
 33-4 under this chapter.

33-5 (b) A consent order must be signed by the person to whom the
 33-6 order is issued or by the person's authorized representative and
 33-7 must indicate agreement with the terms contained in the order.
 33-8 However, a consent order may provide that the order does not
 33-9 constitute an admission by a person that the person has violated
 33-10 this chapter or a rule adopted or order issued under this chapter.

33-11 (c) A consent order is a final order and may not be appealed.
 33-12 Sec. 152.407. ADMINISTRATIVE PENALTY. (a) After notice
 33-13 and hearing, the commissioner may assess an administrative penalty
 33-14 against a person who:

33-15 (1) has violated this chapter or a rule adopted or
 33-16 order issued under this chapter and has failed to correct the
 33-17 violation not later than the 30th day after the date the department
 33-18 sends written notice of the violation to the person;

33-19 (2) if the person is a money services licensee, has
 33-20 engaged in conduct described by Section 152.403;

33-21 (3) has engaged in a pattern of violations; or

33-22 (4) has demonstrated wilful disregard for the
 33-23 requirements of this chapter, the rules adopted under this chapter,
 33-24 or an order issued under this chapter.

33-25 (b) A violation corrected after a person receives written
 33-26 notice from the department of the violation may be considered for
 33-27 purposes of determining whether a person has engaged in a pattern of
 33-28 violations under Subsection (a)(3) or demonstrated wilful
 33-29 disregard under Subsection (a)(4).

33-30 (c) The amount of the penalty may not exceed \$5,000 for each
 33-31 violation or, in the case of a continuing violation, \$5,000 for each
 33-32 day that the violation continues. Each transaction in violation of
 33-33 this chapter and each day that a violation continues is a separate
 33-34 violation.

33-35 (d) In determining the amount of the penalty, the
 33-36 commissioner shall consider factors that include the seriousness of
 33-37 the violation, the person's compliance history, and the person's
 33-38 good faith in attempting to comply with this chapter, provided that
 33-39 if the person is found to have demonstrated wilful disregard under
 33-40 Subsection (a)(4), the trier of fact may recommend that the
 33-41 commissioner impose the maximum administrative penalty permitted
 33-42 under Subsection (c).

33-43 (e) A hearing to assess an administrative penalty is
 33-44 considered a contested case hearing and is subject to Section
 33-45 152.451.

33-46 (f) An order imposing an administrative penalty after
 33-47 notice and hearing becomes effective and is final for purposes of
 33-48 collection and appeal immediately on issuance.

33-49 (g) The commissioner may collect an administrative penalty
 33-50 assessed under this section:

33-51 (1) in the same manner that a money judgment is
 33-52 enforced in court; or

33-53 (2) if the penalty is imposed against a money services
 33-54 licensee or an authorized delegate, from the proceeds of the
 33-55 licensee's security in accordance with Section 152.354(c).

33-56 Sec. 152.408. CRIMINAL PENALTY. (a) A person commits an
 33-57 offense if the person:

33-58 (1) intentionally makes a false statement,
 33-59 misrepresentation, or certification in a record or application
 33-60 filed with the department or required to be maintained under this
 33-61 chapter or a rule adopted or order issued under this chapter, or
 33-62 intentionally makes a false entry or omits a material entry in the
 33-63 record or application; or

33-64 (2) knowingly engages in an activity for which a money
 33-65 services license is required under this chapter without being
 33-66 licensed under this chapter.

33-67 (b) An offense under this section is a felony of the third
 33-68 degree.

33-69 (c) An offense under this section may be prosecuted in

34-1 Travis County or in the county in which the offense is alleged to
 34-2 have been committed.

34-3 (d) Nothing in this section limits the power of the state to
 34-4 punish a person for an act that constitutes an offense under this or
 34-5 any other law.

34-6 Sec. 152.409. NOTICE, HEARING, AND OTHER PROCEDURES FOR
 34-7 NONEMERGENCY ORDERS. (a) This section applies to an order issued
 34-8 by the commissioner under this subchapter that is not an emergency
 34-9 order.

34-10 (b) An order to which this section applies becomes effective
 34-11 only after notice and an opportunity for hearing. The order must:

34-12 (1) state the grounds on which the order is based;

34-13 (2) to the extent applicable, state the action or
 34-14 violation from which the person subject to the order must cease and
 34-15 desist or the affirmative action the person must take to correct a
 34-16 condition resulting from the violation or that is otherwise
 34-17 appropriate;

34-18 (3) be delivered by personal delivery or sent by
 34-19 certified mail, return receipt requested, to the person against
 34-20 whom the order is directed at the person's last known address;

34-21 (4) state the effective date of the order, which may
 34-22 not be before the 21st day after the date the order is delivered or
 34-23 mailed; and

34-24 (5) include a notice that a person may file a written
 34-25 request for a hearing on the order with the commissioner not later
 34-26 than the 20th day after the date the order is delivered or mailed.

34-27 (c) Unless the commissioner receives a written request for a
 34-28 hearing from the person against whom the order is directed not later
 34-29 than the 20th day after the date the order is delivered or mailed,
 34-30 the order takes effect as stated in the order and is final against
 34-31 and non-appealable by that person from that date.

34-32 (d) A hearing on the order must be held not later than the
 34-33 45th day after the date the commissioner receives the written
 34-34 request for the hearing unless the administrative law judge extends
 34-35 the period for good cause or the parties agree to a later hearing
 34-36 date.

34-37 (e) An order that has been affirmed or modified after a
 34-38 hearing becomes effective and is final for purposes of enforcement
 34-39 and appeal immediately on issuance. The order may be appealed to
 34-40 the district court of Travis County as provided by Section
 34-41 152.451(b).

34-42 Sec. 152.410. REQUIREMENTS AND NOTICE AND HEARING
 34-43 PROCEDURES FOR EMERGENCY ORDERS. (a) This section applies to an
 34-44 emergency order issued by the commissioner under this subchapter.

34-45 (b) The commissioner may issue an emergency order, without
 34-46 prior notice and an opportunity for hearing, if the commissioner
 34-47 finds that:

34-48 (1) the action, violation, or condition that is the
 34-49 basis for the order:

34-50 (A) has caused or is likely to cause the
 34-51 insolvency of the money services licensee;

34-52 (B) has caused or is likely to cause the
 34-53 substantial dissipation of the money services licensee's assets or
 34-54 earnings;

34-55 (C) has seriously weakened or is likely to
 34-56 seriously weaken the condition of the money services licensee; or

34-57 (D) has seriously prejudiced or is likely to
 34-58 seriously prejudice the interests of the money services licensee, a
 34-59 purchaser of the licensee's money services, or the public; and

34-60 (2) immediate action is necessary to protect the
 34-61 interests of the money services licensee, a purchaser of the
 34-62 licensee's money services, or the public.

34-63 (c) In connection with and as directed by an emergency
 34-64 order, the commissioner may seize the records and assets of a money
 34-65 services licensee or authorized delegate that relate to the
 34-66 licensee's money services business.

34-67 (d) An emergency order must:

34-68 (1) state the grounds on which the order is based;

34-69 (2) advise the person against whom the order is

35-1 directed that the order takes effect immediately, and, to the
 35-2 extent applicable, require the person to immediately cease and
 35-3 desist from the conduct or violation that is the subject of the
 35-4 order or to take the affirmative action stated in the order as
 35-5 necessary to correct a condition resulting from the conduct or
 35-6 violation or as otherwise appropriate;

35-7 (3) be delivered by personal delivery or sent by
 35-8 certified mail, return receipt requested, to the person against
 35-9 whom the order is directed at the person's last known address; and

35-10 (4) include a notice that a person may request a
 35-11 hearing on the order by filing a written request for hearing with
 35-12 the commissioner not later than the 15th day after the date the
 35-13 order is delivered or mailed.

35-14 (e) An emergency order takes effect as soon as the person
 35-15 against whom the order is directed has actual or constructive
 35-16 knowledge of the issuance of the order.

35-17 (f) A money services licensee or authorized delegate
 35-18 against whom an emergency order is directed must submit a written
 35-19 certification to the commissioner, signed by the licensee or
 35-20 authorized delegate, and their principals and responsible
 35-21 individuals, as applicable, and each person named in the order,
 35-22 stating that each person has received a copy of and has read and
 35-23 understands the order.

35-24 (g) Unless the commissioner receives a written request for a
 35-25 hearing from a person against whom an emergency order is directed
 35-26 not later than the 15th day after the date the order is delivered or
 35-27 mailed, the order is final and non-appealable as to that person on
 35-28 the 16th day after the date the order is delivered or mailed.

35-29 (h) A request for a hearing does not stay an emergency
 35-30 order.

35-31 (i) A hearing on an emergency order takes precedence over
 35-32 any other matter pending before the commissioner, and must be held
 35-33 not later than the 10th day after the date the commissioner receives
 35-34 the written request for hearing unless the administrative law judge
 35-35 extends the period for good cause or the parties agree to a later
 35-36 hearing date.

35-37 (j) An emergency order that has been affirmed or modified
 35-38 after a hearing is final for purposes of enforcement and appeal.
 35-39 The order may be appealed to the district court of Travis County as
 35-40 provided in Section 152.451(b).

35-41 SUBCHAPTER J. MISCELLANEOUS PROVISIONS

35-42 Sec. 152.451. ADMINISTRATIVE PROCEDURES. (a) All
 35-43 administrative proceedings under this chapter must be conducted in
 35-44 accordance with Chapter 2001, Government Code, and Title 7, Chapter
 35-45 9, Texas Administrative Code.

35-46 (b) A person affected by a final order of the commissioner
 35-47 issued under this chapter after a hearing may appeal the order by
 35-48 filing a petition for judicial review in a district court of Travis
 35-49 County. A petition for judicial review filed in the district court
 35-50 under this subsection does not stay or vacate the appealed order
 35-51 unless the court, after notice and hearing, specifically stays or
 35-52 vacates the order.

35-53 ARTICLE 2. CONFORMING AMENDMENTS

35-54 SECTION 2.01. Section 140A.104(e), Civil Practice and
 35-55 Remedies Code, is amended to read as follows:

35-56 (e) A bank or savings and loan association insured by the
 35-57 Federal Deposit Insurance Corporation, a credit union insured by
 35-58 the National Credit Union Administration, or the holder of a money
 35-59 transmission license as defined by Chapter 152 [~~151~~], Finance Code,
 35-60 may not be held liable in damages or for other relief under this
 35-61 chapter, unless the finder of fact finds by a preponderance of the
 35-62 evidence that the person or agent acquiring or maintaining an
 35-63 interest in or transporting, transacting, transferring, or
 35-64 receiving the funds on behalf of another did so knowing that the
 35-65 funds were the proceeds of an offense and that a director or high
 35-66 managerial agent performed, authorized, requested, commanded,
 35-67 participated in, ratified, or recklessly tolerated the unlawful
 35-68 conduct of the person or agent.

35-69 SECTION 2.02. Article 59.01(2), Code of Criminal Procedure,

36-1 is amended to read as follows:

36-2 (2) "Contraband" means property of any nature,
36-3 including real, personal, tangible, or intangible, that is:

36-4 (A) used in the commission of:

36-5 (i) any first or second degree felony under
36-6 the Penal Code;

36-7 (ii) any felony under Section 15.031(b),
36-8 21.11, or 38.04 or Chapter 29, 30, 31, 32, 33, 33A, or 35, Penal
36-9 Code;

36-10 (iii) any felony under Chapter 43, Penal
36-11 Code, except as provided by Paragraph (B);

36-12 (iv) any felony under The Securities Act
36-13 (Title 12, Government Code); or

36-14 (v) any offense under Chapter 49, Penal
36-15 Code, that is punishable as a felony of the third degree or state
36-16 jail felony, if the defendant has been previously convicted three
36-17 times of an offense under that chapter;

36-18 (B) used or intended to be used in the commission
36-19 of:

36-20 (i) any felony under Chapter 481, Health
36-21 and Safety Code (Texas Controlled Substances Act);

36-22 (ii) any felony under Chapter 483, Health
36-23 and Safety Code;

36-24 (iii) a felony under Chapter 152 [~~151~~],
36-25 Finance Code;

36-26 (iv) any felony under Chapter 20A or 34,
36-27 Penal Code;

36-28 (v) a Class A misdemeanor under Subchapter
36-29 B, Chapter 365, Health and Safety Code, if the defendant has been
36-30 previously convicted twice of an offense under that subchapter;

36-31 (vi) any felony under Chapter 32, Human
36-32 Resources Code, or Chapter 31, 32, 35A, or 37, Penal Code, that
36-33 involves a health care program, as defined by Section 35A.01, Penal
36-34 Code;

36-35 (vii) a Class B misdemeanor under Chapter
36-36 522, Business & Commerce Code;

36-37 (viii) a Class A misdemeanor under Section
36-38 306.051, Business & Commerce Code;

36-39 (ix) any offense under Section 42.10, Penal
36-40 Code;

36-41 (x) any offense under Section 46.06(a)(1)
36-42 or 46.14, Penal Code;

36-43 (xi) any offense under Chapter 71, Penal
36-44 Code;

36-45 (xii) any offense under Section 20.05,
36-46 20.06, 20.07, 43.04, or 43.05, Penal Code;

36-47 (xiii) an offense under Section 326.002,
36-48 Business & Commerce Code; or

36-49 (xiv) a Class A misdemeanor or any felony
36-50 under Section 545.420, Transportation Code, other than a Class A
36-51 misdemeanor that is classified as a Class A misdemeanor based
36-52 solely on conduct constituting a violation of Subsection (e)(2)(B)
36-53 of that section;

36-54 (C) the proceeds gained from the commission of a
36-55 felony listed in Paragraph (A) or (B) of this subdivision, a
36-56 misdemeanor listed in Paragraph (B)(vii), (ix), (x), (xi), or (xii)
36-57 of this subdivision, or a crime of violence;

36-58 (D) acquired with proceeds gained from the
36-59 commission of a felony listed in Paragraph (A) or (B) of this
36-60 subdivision, a misdemeanor listed in Paragraph (B)(vii), (ix), (x),
36-61 (xi), or (xii) of this subdivision, or a crime of violence;

36-62 (E) used to facilitate or intended to be used to
36-63 facilitate the commission of a felony under Section 15.031 or
36-64 Chapter 43, Penal Code; or

36-65 (F) used to facilitate or intended to be used to
36-66 facilitate the commission of an offense under Section 20.05, 20.06,
36-67 or 20.07 or Chapter 20A, Penal Code.

36-68 SECTION 2.03. Section 182.021, Finance Code, is amended to
36-69 read as follows:

37-1 Sec. 182.021. ACTIVITIES NOT REQUIRING CHARTER. Subject to
37-2 Subchapter C, Chapter 187, a company does not engage in the trust
37-3 business in a manner requiring a state charter by:

37-4 (1) acting in a manner authorized by law and in the
37-5 scope of authority as an agent of a trust institution;

37-6 (2) rendering a service customarily performed as an
37-7 attorney in a manner approved and authorized by the Supreme Court of
37-8 Texas or State Bar of Texas;

37-9 (3) acting as trustee under a deed of trust made only
37-10 as security for the payment of money or for the performance of
37-11 another act;

37-12 (4) conducting business as a trust institution if the
37-13 exercise of fiduciary powers in this state by the trust institution
37-14 is not otherwise prohibited by law;

37-15 (5) engaging in a business regulated by the Office of
37-16 Consumer Credit Commissioner, except as limited by rules adopted by
37-17 the finance commission;

37-18 (6) receiving and distributing rents and proceeds of
37-19 sale as a licensed real estate broker on behalf of a principal in a
37-20 manner authorized by the Texas Real Estate Commission;

37-21 (7) engaging in a securities transaction or providing
37-22 an investment advisory service as a licensed and registered dealer,
37-23 salesman, or advisor to the extent that the activity is regulated by
37-24 the State Securities Board or the Securities and Exchange
37-25 Commission;

37-26 (8) engaging in the sale and administration of an
37-27 insurance product by an insurance company or agent authorized or
37-28 licensed by the Texas Department of Insurance to the extent that the
37-29 activity is regulated by the Texas Department of Insurance;

37-30 (9) engaging in the lawful sale of prepaid funeral
37-31 benefits under a permit issued by the banking commissioner under
37-32 Chapter 154;

37-33 (10) engaging in the lawful business of a perpetual
37-34 care cemetery corporation under Chapter 712, Health and Safety
37-35 Code;

37-36 (11) engaging as a principal in the money services
37-37 business under a license issued by the banking commissioner under
37-38 Chapter 152 [~~151~~];

37-39 (12) acting as trustee under a voting trust as
37-40 provided by Section 6.251, Business Organizations Code;

37-41 (13) acting as trustee by a public, private, or
37-42 independent institution of higher education or a university system,
37-43 as defined by Section 61.003, Education Code, including an
37-44 affiliated foundation or corporation of such an institution or
37-45 system acting as trustee as provided by the Education Code;

37-46 (14) engaging in another activity expressly excluded
37-47 from the application of this subtitle by rule of the finance
37-48 commission;

37-49 (15) rendering services customarily performed by a
37-50 certified accountant in a manner authorized by the Texas State
37-51 Board of Public Accountancy;

37-52 (16) serving as trustee of a charitable trust as
37-53 provided by Section 2.106, Business Organizations Code;

37-54 (17) performing escrow or settlement services if
37-55 licensed or authorized under Title 11, Insurance Code;

37-56 (18) acting as a qualified intermediary in a tax
37-57 deferred exchange under Section 1031, Internal Revenue Code of
37-58 1986, and applicable regulations;

37-59 (19) providing permitted services at a trust
37-60 representative office established in this state pursuant to
37-61 Subchapter C, Chapter 187; or

37-62 (20) acting as a trustee or custodian approved by the
37-63 Internal Revenue Service under 26 C.F.R. Section 1.408-2(e) of an
37-64 individual retirement account described by Section 408(a),
37-65 Internal Revenue Code of 1986.

37-66 SECTION 2.04. Section 278.001(1), Finance Code, is amended
37-67 to read as follows:

37-68 (1) "Currency" has the meaning assigned by Section
37-69 152.003 [~~151.501~~].

38-1 SECTION 2.05. Section 213.012(a), Labor Code, is amended to
38-2 read as follows:

38-3 (a) In this section, "payment instrument" has the meaning
38-4 assigned by Section 152.003 [~~151.301~~], Finance Code.

38-5 SECTION 2.06. Section 151.0035(b), Tax Code, is amended to
38-6 read as follows:

38-7 (b) "Data processing service" does not include:

38-8 (1) the transcription of medical dictation by a
38-9 medical transcriptionist;

38-10 (2) services exclusively to encrypt electronic
38-11 payment information for acceptance onto a payment card network
38-12 described by Subdivision (3)(E) to comply with standards set by the
38-13 Payment Card Industry Security Standards Council; or

38-14 (3) settling of an electronic payment transaction by:

38-15 (A) a downstream payment processor or point of
38-16 sale payment processor that routes electronic payment information
38-17 to an entity described by Paragraph (C) or (E);

38-18 (B) a person who is engaged in the business of
38-19 money transmission and required to obtain a license under Section
38-20 152.101 [~~151.302(a)~~], Finance Code;

38-21 (C) a federally insured financial institution,
38-22 as defined by Section 201.101, Finance Code, that is organized
38-23 under the laws of this state, another state, or the United States,
38-24 or an affiliate of the institution;

38-25 (D) a person who has entered into a sponsorship
38-26 agreement with an entity described by Paragraph (C) for the purpose
38-27 of settling that entity's electronic payment transactions through a
38-28 payment card network; or

38-29 (E) a payment card network that allows a person
38-30 to accept a specific brand of debit or credit card by routing
38-31 information and data to settle an electronic payment transaction.

38-32 ARTICLE 3. REPEALER

38-33 SECTION 3.01. Chapter 151, Finance Code, is repealed.

38-34 ARTICLE 4. TRANSITIONAL PROVISIONS

38-35 SECTION 4.01. (a) A license issued under Chapter 151,
38-36 Finance Code, that is in effect on September 1, 2023, remains in
38-37 force as a license under Chapter 152, Finance Code. Not later than
38-38 September 1, 2024, a licensee must satisfy the minimum requirements
38-39 to maintain a license established by Chapter 152, Finance Code, as
38-40 added by this Act.

38-41 (b) A contract between a licensee and an authorized delegate
38-42 entered into or renewed on or after the effective date of this Act
38-43 must satisfy the contract requirements established by Chapter 152,
38-44 Finance Code, as added by this Act.

38-45 (c) The Finance Commission of Texas may adopt rules to
38-46 further provide for the orderly transition to licensing and
38-47 regulation under this Act.

38-48 ARTICLE 5. EFFECTIVE DATE

38-49 SECTION 5.01. This Act takes effect September 1, 2023.

38-50 * * * * *