ARTICLE 3
FINANCIAL INSTITUTIONS

S2219-2

Section 1. Minnesota Statutes 2022, section 8.31; subdivision 1, is amended to read:

Subdivision 1. Investigate offenses against provisions of certain designated sections; assist in enforcement. The attorney general shall investigate violations of the law of this state respecting unfair, discriminatory, and other unlawful practices in business, commerce, or trade, and specifically, but not exclusively, the Nonprofit Corporation Act (sections 317A.001 to 317A.909), the Act Against Unfair Discrimination and Competition (sections 325D.01 to 325D.07), the Unlawful Trade Practices Act (sections 325D.09 to 325D.66), section 325F.67 and other laws against false or fraudulent advertising; the antidiscrimination acts contained in section 325D.67; the act against monopolization of food products (section 325D.68), the act regulating telephone advertising services (section 325E.39), the Prevention of Consumer Fraud Act (sections 325F.68 to 325F.70), the act regulating price gouging (section 325E.80), and chapter 53A regulating currency exchanges and assist in the enforcement of those laws as in this section provided.

S2744-3

Section 1. Minnesota Statutes 2022, section 46.131, subdivision 11, is amended to read:

Subd. 11. Financial institutions account; appropriation. (a) The financial institutions account is created as a separate account in the special revenue fund. Earnings, including interest, dividends, and any other earnings arising from account assets, must be credited to the account.

(b) The account consists of funds received from assessments under subdivision 7, examination fees under subdivision 8, and funds received pursuant to subdivision 10 and the following provisions: sections 46.04; 46.041; 46.048, subdivision 1; 47.101; 47.54, subdivision 1; 47.60, subdivision 3; 47.62, subdivision 4; 48.61, subdivision 7, paragraph (b); 49.36, subdivision 1; 52.203; 53B.09; 53B.11; subdivision 4; 53B.38; 53B.41; 53B.43; 53C.02; 56.10; 58A.045, subdivision 2; 59A.03; 216C.437, subdivision 12; 332A.04; and 332B.04.

(c) Funds in the account are annually appropriated to the commissioner of commerce for activities under this section.

S2219-2

Sec. 2. Minnesota Statutes 2022, section 47.0153, subdivision 1, is amended to read:

Subdivision 1. Emergency closings. When the officers of a financial institution are of the opinion that an emergency exists, or is impending, which affects, or may affect, a

ARTICLE 3
FINANCIAL INSTITUTIONS

S2744-2

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(b) The account consists of funds received from assessments under subdivision 7, examination fees under subdivision 8, and funds received pursuant to subdivision 10 and the following provisions: sections 46.04; 46.041; 46.048, subdivision 1; 47.101; 47.54, subdivision 1; 47.60, subdivision 3; 47.62, subdivision 4; 48.61, subdivision 7, paragraph (b); 49.36, subdivision 1; 52.203; 53B.09; 53B.11; subdivision 4; 53B.38; 53B.41; 53B.43; 53C.02; 56.10; 58A.045, subdivision 2; 59A.03; 216C.437, subdivision 12; 332A.04; and 332B.04.

(c) Funds in the account are annually appropriated to the commissioner of commerce for activities under this section.

Sec. 2. Minnesota Statutes 2022, section 47.0153, subdivision 1, is amended to read:

Subdivision 1. Emergency closings. When the officers of a financial institution are of the opinion that an emergency exists, or is impending, which affects, or may affect,
financial institution's offices, they shall have the authority, in the reasonable exercise of
their discretion, to determine not to open any of its offices on any business day or, if having
opened, to close an office during the continuation of the emergency, even if the commissioner
does not issue a proclamation of emergency. The office closed shall remain closed until the
time that the officers determine the emergency has ended, and for the further time reasonably
necessary to reopen. No financial institution office shall remain closed for more than 48
consecutive hours in a Monday through Friday period, excluding other legal holidays,
without the prior approval of the commissioner.

Subd. 2. Application. Extensions of credit or purchases of extensions of credit by
financial institutions under sections 47.20, 47.21, 47.201, 47.204, 47.55, 48.155, 48.185, 48.195, 59A.01 to 59A.15, 334.01, 334.011, 334.012, 334.022, 334.06, and 334.061
to 334.19 may, but need not, be made according to those sections in lieu of the authority
set forth in this section to the extent those sections authorize the financial institution to make
extensions of credit or purchase extensions of credit under those sections. If a financial
institution elects to make an extension of credit or to purchase an extension of credit under
those other sections, the extension of credit or the purchase of an extension of credit is
subject to those sections and not this subdivision, and except as expressly
provided in those sections. A financial institution may also charge an organization a rate of
interest and any charges agreed to by the organization and may calculate and collect finance
and other charges in any manner agreed to by that organization. Except for extensions of
credit a financial institution elects to make under section 334.01, 334.011, 334.012, 334.022,
334.06, or 334.061 to 334.19, chapter 334 does not apply to extensions of credit made
according to this section or the sections listed in this subdivision. This subdivision does not
authorize a financial institution to extend credit or purchase an extension of credit under
any of the sections listed in this subdivision if the financial institution is not authorized to
do so under those sections. A financial institution extending credit under any of the sections
listed in this subdivision shall specify in the promissory note, contract, or other loan document
the section under which the extension of credit is made.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2023, and
applies to consumer small loans and consumer short-term loans originated on or after that
date:

Sec. 4. Minnesota Statutes 2022, section 47.60, subdivision 1, is amended to read:
Subdivision 1. Definitions. For purposes of this section, the terms defined have the
meanings given them:
(a) "Consumer small loan" is a loan transaction in which cash is advanced to a borrower
for the borrower's own personal, family, or household purpose. A consumer small loan is
a short-term, unsecured loan to be repaid in a single installment. The cash advance of a
consumer small loan is equal to or less than $350. A consumer small loan includes an
indebtedness evidenced by but not limited to a promissory note or agreement to defer the presentation of a personal check for a fee.

(b) "Consumer small loan lender" is a financial institution as defined in section 47.59 or a business entity registered with the commissioner and engaged in the business of making consumer small loans.

c) "Annual percentage rate" means a measure of the cost of credit, expressed as a yearly rate, that relates the amount and timing of value received by the consumer to the amount and timing of payments made. Annual percentage interest rate includes all interest, finance charges, and fees. The annual percentage rate must be determined in accordance with either the actuarial method or the United States Rule method.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2023, and applies to consumer small loans and consumer short-term loans originated on or after that date.

Sec. 5. Minnesota Statutes 2022, section 47.60, subdivision 2, is amended to read:

Subd. 2. Authorization, terms, conditions, and prohibitions. (a) In lieu of the interest, finance charges, or fee in any other law connection with a consumer small loan, a consumer small loan lender may charge the following:

1. an annual percentage rate of up to 36 percent.

No other charges or payments are permitted or may be received by the lender in connection with a consumer small loan.

1. on any amount up to and including $50, a charge of $5.50 may be added;

2. on amounts in excess of $50, but not more than $100, a charge may be added equal to ten percent of the loan proceeds plus a $5 administrative fee;

3. on amounts in excess of $100, but not more than $250, a charge may be added equal to seven percent of the loan proceeds with a minimum of $10 plus a $5 administrative fee;

4. for amounts in excess of $250 and not greater than the maximum in subdivision 1, paragraph (a), a charge may be added equal to six percent of the loan proceeds with a minimum of $17.50 plus a $5 administrative fee.

(b) The term of a loan made under this section shall be for no more than 30 calendar days.

1. on amounts in excess of $100, but not more than $250, a charge may be added equal to seven percent of the loan proceeds with a minimum of $10 plus a $5 administrative fee;

2. for amounts in excess of $250 and not greater than the maximum in subdivision 1, paragraph (a), a charge may be added equal to six percent of the loan proceeds with a minimum of $17.50 plus a $5 administrative fee.

(e) After maturity, the contract rate must not exceed 2.75 percent per month of the remaining loan proceeds after the maturity date calculated at a rate of 1/30 of the monthly rate in the contract for each calendar day the balance is outstanding.

(d) No insurance charges or other charges must be permitted to be charged, collected, or imposed on a consumer small loan except as authorized in this section.

(e) On a loan transaction in which cash is advanced in exchange for a personal check, a return check charge may be charged as authorized by section 604.113, subdivision 2;
paragraph (a). The civil penalty provisions of section 604.113, subdivision 2, paragraph
(b), may not be demanded or assessed against the borrower.

(f) A loan made under this section must not be repaid by the proceeds of another loan
made under this section by the same lender or related interest. The proceeds from a loan
made under this section must not be applied to another loan from the same lender or related
interest. No loan to a single borrower made pursuant to this section shall be split or divided
and no single borrower shall have outstanding more than one loan with the result of collecting
a higher charge than permitted by this section or in an aggregate amount of principal exceed
at any one time the maximum of $350.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2023, and
applies to consumer small loans and consumer short-term loans originated on or after that
date:

Sec. 6. Minnesota Statutes 2022, section 47.60, is amended by adding a subdivision to
read:

Subd. 8. No evasion. (a) A person must not engage in any device, subterfuge, or pretense
to evade the requirements of this section, including but not limited to:

(1) making loans disguised as a personal property sale and leaseback transaction;
(2) disguising loan proceeds as a cash rebate for the pretextual installment sale of goods
or services; or

(3) making, offering, assisting, or arranging for a debtor to obtain a loan with a greater
rate or amount of interest, consideration, charge, or payment than is permitted by this section
through any method, including mail, telephone, Internet, or any electronic means, regardless
of whether a person has a physical location in Minnesota.

(b) A person is a consumer small loan lender subject to the requirements of this section
notwithstanding the fact that a person purports to act as an agent or service provider, or acts
in another capacity for another person that is not subject to this section, if a person:

(1) directly or indirectly holds, acquires, or maintains the predominant economic interest;

(2) both: (i) markets; solicits; brokers, arranges; or facilitates a loan; and (ii) holds or
holds the right, requirement, or first right of refusal to acquire loans, receivables, or other
direct or interest in a loan;

(3) A person is a consumer small loan lender subject to the requirements of this section
if the totality of the circumstances indicate that a person is a lender and the transaction is
structured to evade the requirements of this section. Circumstances that weigh in favor of
a person being a lender in a transaction include but are not limited to instances where a
person:
87.28 (1) indemnifies, insures, or protects a person not subject to this section from any costs or risks related to a loan;
87.29 (2) predominantly designs, controls, or operates lending activity;
87.30 (3) holds the trademark or intellectual property rights in the brand, underwriting system, or other core aspects of a lending business; or
87.31 (4) purports to act as an agent or service provider, or acts in another capacity, for a person not subject to this section while acting directly as a lender in one or more states.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2023, and applies to consumer small loans and consumer short-term loans originated on or after that date.

Sec. 7. Minnesota Statutes 2022, section 47.601, subdivision 1, is amended to read:

Subdivision 1. Definitions. (a) For the purposes of this section, the terms defined in this subdivision have the meanings given:
(b) "Borrower" means an individual who obtains a consumer short-term loan primarily for personal, family, or household purposes.
(c) "Commissioner" means the commissioner of commerce.
(d) "Consumer short-term loan" means a loan to a borrower which has a principal amount, or an advance on a credit limit, of $1,000 or less and requires a minimum payment within 60 days of loan origination or credit advance of more than 25 percent of the principal balance or credit advance. For the purposes of this section, each new advance of money to a borrower under a consumer short-term loan agreement constitutes a new consumer short-term loan. A "consumer short-term loan" does not include any transaction made under chapter 325J or a loan made by a consumer short-term lender where, in the event of default on the loan, the sole recourse for recovery of the amount owed, other than a lawsuit for damages for the debt, is to proceed against physical goods pledged by the borrower as collateral for the loan.
(e) "Consumer short-term lender" means an individual or entity engaged in the business of making or arranging consumer short-term loans, other than a state or federally chartered bank; savings bank; or credit union. For the purposes of this paragraph, arranging consumer short-term loans includes but is not limited to any substantial involvement in facilitating, marketing, lead-generating, underwriting, servicing, or collecting consumer short-term loans.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2023, and applies to consumer small loans and consumer short-term loans originated on or after that date.
Sec. 8. Minnesota Statutes 2022, section 47.601, subdivision 2, is amended to read:

Subd. 2. Consumer short-term loan contract. (a) No contract or agreement between a consumer short-term loan lender and a borrower residing in Minnesota may contain the following:

1. a provision selecting a law other than Minnesota law under which the contract is construed or enforced;
2. a provision choosing a forum for dispute resolution other than the state of Minnesota;
3. a provision limiting class actions against a consumer short-term lender for violations of subdivision 3 or for making consumer short-term loans:
   (i) without a required license issued by the commissioner; or
   (ii) in which interest rates, fees, charges, or loan amounts exceed those allowable under section 47.59, subdivision 6, or 47.60, subdivision 2, other than by de minimis amounts if no pattern or practice exists.

(b) Any provision prohibited by paragraph (a) is void and unenforceable.

(c) A consumer short-term loan lender must furnish a copy of the written loan contract to each borrower. The contract and disclosures must be written in the language in which the loan was negotiated with the borrower and must contain:

1. the name; address, which may not be a post office box; and telephone number of the lender making the consumer short-term loan;
2. the name and title of the individual employee or representative who signs the contract on behalf of the lender;
3. an itemization of the fees and interest charges to be paid by the borrower;
4. in bold, 24-point type, the annual percentage rate as computed under United States Code, chapter 15, section 1606; and
5. a description of the borrower's payment obligations under the loan.

(d) The holder or assignee of a check or other instrument evidencing an obligation of a borrower in connection with a consumer short-term loan takes the instrument subject to all claims by and defenses of the borrower against the consumer short-term lender.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2023, and applies to consumer small loans and consumer short-term loans originated on or after that date.
Sec. 9. Minnesota Statutes 2022, section 47.601, is amended by adding a subdivision to read:

Subd. 5a. No evasion. (a) A person must not engage in any device, subterfuge, or pretense to evade the requirements of this section, including but not limited to:

1. making loans disguised as a personal property sale and leaseback transaction;
2. disguising loan proceeds as a cash rebate for the pretextual installment sale of goods or services;
3. making, offering, assisting, or arranging for a debtor to obtain a loan with a greater rate or amount of interest, consideration, charge, or payment than is permitted by this section through any method, including mail, telephone, Internet, or any electronic means, regardless of whether a person has a physical location in Minnesota;

(b) A person is a consumer short-term loan lender subject to the requirements of this section notwithstanding the fact that a person purports to act as an agent or service provider, or acts in another capacity for another person that is not subject to this section, if a person:

1. directly or indirectly holds, acquires, or maintains the predominant economic interest, risk, or reward in a loan or lending business; or
2. holds the right, requirement, or first right of refusal to acquire loans, receivables, or other direct or interest in a loan;
3. is a consumer short-term loan lender subject to the requirements of this section if the totality of the circumstances indicate that a person is a lender and the transaction is structured to evade the requirements of this section. Circumstances that weigh in favor of a person being a lender in a transaction include but are not limited to instances where a person:
   1. indemnifies, insures, or protects a person not subject to this section from any costs or risks related to a loan;
   2. predominantly designs, controls, or operates lending activity;
   3. holds the trademark or intellectual property rights in the brand, underwriting system, or other core aspects of a lending business; or
   4. purports to act as an agent or service provider, or acts in another capacity, for a person not subject to this section while acting directly as a lender in one or more states.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2023, and applies to consumer small loans and consumer short-term loans originated on or after that date.
Sec. 10. Minnesota Statutes 2022, section 47.601, subdivision 6, is amended to read:

Subd. 6. Penalties for violation; private right of action.
(a) Except for a "bona fide error" as set forth under United States Code, chapter 15, section 1640, subsection (c), an individual or entity who violates subdivision 2, 3, or 5a is liable to the borrower for:

(1) all money collected or received in connection with the loan;
(2) actual, incidental, and consequential damages;
(3) statutory damages of up to $1,000 per violation;
(4) costs, disbursements, and reasonable attorney fees; and
(5) injunctive relief.

(b) In addition to the remedies provided in paragraph (a), a loan is void, and the borrower is not obligated to pay any amounts owing if the loan is made:

(1) by a consumer short-term lender who has not obtained an applicable license from the commissioner;
(2) in violation of any provision of subdivision 2 or 3; or
(3) in which interest, fees, charges, or loan amounts exceed the interest, fees, charges, or loan amounts allowable under sections 47.59, subdivision 6, and section 47.60, subdivision 2.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2023, and applies to consumer small loans and consumer short-term loans originated on or after that date.

Sec. 11. [48.591] CLIMATE RISK DISCLOSURE SURVEY.

Subdivision 1. Requirement. By July 30 each year, a banking institution with more than $1,000,000,000 in assets must submit a completed climate risk disclosure survey to the commissioner. The commissioner must provide the form used to submit a climate risk disclosure survey.

Subd. 2. Data. Data submitted to the commissioner under this section are public, except that trade secret information is nonpublic under section 13.37.

Sec. 12. [52.065] CLIMATE RISK DISCLOSURE SURVEY.

Subdivision 1. Requirement. By July 30 each year, a credit union with more than $1,000,000,000 in assets must submit a completed climate risk disclosure survey to the commissioner. The commissioner must provide the form used to submit a climate risk disclosure survey.
Subd. 2. Data. Data submitted to the commissioner under this section are public; except that trade secret information is nonpublic under section 13.37.

Sec. 13. Minnesota Statutes 2022, section 53.04, subdivision 3a, is amended to read:

Subd. 3a. Loans. (a) The right to make loans, secured or unsecured, at the rates and on the terms and other conditions permitted under chapters 47 and 334. Loans made under this authority must be in amounts in compliance with section 53.05; clause (7). A licensee making a loan under this chapter secured by a lien on real estate shall comply with the requirements of section 47.20, subdivision 8. A licensee making a loan that is a consumer small loan; as defined in section 47.60; subdivision 1, paragraph (a), must comply with section 47.60; subdivision 1, paragraph (d), must comply with section 47.601;

(b) Loans made under this subdivision may be secured by real or personal property, or both. If the proceeds of a loan secured by a first lien on the borrower's primary residence are used to finance the purchase of the borrower's primary residence, the loan must comply with the provisions of section 47.20.

(c) An agency or instrumentality of the United States government or a corporation otherwise created by an act of the United States Congress or a lender approved or certified by the secretary of housing and urban development, or approved or certified by the administrator of veterans affairs, or approved or certified by the administrator of the Farmers Home Administration, or approved or certified by the Federal Home Loan Mortgage Corporation, or approved or certified by the Federal National Mortgage Association, that engages in the business of purchasing or taking assignments of mortgage loans and undertakes direct collection of payments from or enforcement of rights against borrowers arising from mortgage loans, is not required to obtain a certificate of authorization under this chapter in order to purchase or take assignments of mortgage loans from persons holding a certificate of authorization under this chapter.

(d) This subdivision does not authorize an industrial loan and thrift company to make loans under an overdraft checking plan.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2023, and applies to consumer small loans and consumer short-term loans originated on or after that date.
Subd. 2. Acting in concert. “Acting in concert” means persons knowingly acting together
with a common goal of jointly acquiring control of a licensee, whether or not pursuant to
an express agreement.

Subd. 3. Authorized delegate. “Authorized delegate” means a person a licensee
designates to engage in money transmission on behalf of the licensee.

Subd. 4. Average daily money transmission liability. “Average daily money
transmission liability” means the amount of the licensee's outstanding money transmission
obligations in Minnesota at the end of each day in a given period of time, added together,
and divided by the total number of days in the given period of time. For purposes of
calculating average daily money transmission liability under this chapter for any licensee
required to do so, the given period of time shall be the quarters ending March 31, June 30,
September 30, and December 31.

Subd. 5. Bank Secrecy Act. “Bank Secrecy Act” means the Bank Secrecy Act under
United States Code, title 31, section 5311, et seq., and the Bank Secrecy Act's implementing
regulations, as amended and reenacted from time to time.

Subd. 6. Closed loop stored value. “Closed loop stored value” means stored value that
is redeemable by the issuer only for a good or service provided by the issuer, the issuer's
affiliate, the issuer's franchisees, or an affiliate of the issuer's franchisees, except to the
extent required by applicable law to be redeemable in cash for the good or service's cash
value.

Subd. 7. Control. “Control” means:
(1) the power to vote, directly or indirectly, at least 25 percent of the outstanding voting
shares or voting interests of a licensee or person in control of a licensee;
(2) the power to elect or appoint a majority of key individuals or executive officers,
managers, directors, trustees, or other persons exercising managerial authority of a person
in control of a licensee; or
(3) the power to exercise, directly or indirectly, a controlling influence over the
management or policies of a licensee or person in control of a licensee.

Subd. 8. Eligible rating. “Eligible rating” means a credit rating of any of the three highest
rating categories provided by an eligible rating service, whereby each category may include
rating category modifiers such as “plus” or “minus” or the equivalent for any other eligible
rating service. Long-term credit ratings are deemed eligible if the rating is equal to A- or
higher or the equivalent from any other eligible rating service. Short-term credit ratings are
deeded eligible if the rating is equal to or higher than A-2 or SP-2 by S&P, or the equivalent
from any other eligible rating service. In the event that ratings differ among eligible rating
services, the highest rating shall apply when determining whether a security bears an eligible
rating.
"Material litigation" means litigation that, according to
the transaction is in Minnesota by relying on other information provided by the person
governments.

Subd. 14. "In Minnesota," "in Minnesota" means at a physical location within the state
of Minnesota for a transaction requested in person. For a transaction requested electronically
or by telephone, the provider of money transmission may determine if the person requesting
the transaction is in Minnesota by relying on other information provided by the person
regarding the location of the individual's residential address or a business entity's principal
place of business or other physical address location, and any records associated with the
person that the provider of money transmission may have that indicate the location, including
but not limited to an address associated with an account.


Subd. 13. Key individual. "Key individual" means any individual ultimately responsible
for establishing or directing policies and procedures of the licensee, including but not limited
to as an executive officer, manager, director, or trustee.

Subd. 14. Licensee. "Licensee" means a person licensed under this chapter.

Subd. 15. Material litigation. "Material litigation" means litigation that, according to
United States generally accepted accounting principles, is significant to a person's financial
health and would be required to be disclosed in the person's annual audited financial
statements, report to shareholders, or similar record.

Subd. 16. Money. "Money" means a medium of exchange that is authorized or adopted
by the United States or a foreign government. Money includes a monetary unit of account
established by an intergovernmental organization or by agreement between two or more
governments.

Subd. 17. Monetary value. "Monetary value" means a medium of exchange, whether
or not redeemable in money.

Subd. 18. Money transmission. (a) "Money transmission" means:

(1) selling or issuing payment instruments to a person located in this state;

(2) selling or issuing stored value to a person located in this state; or

(b) "Money transmission" means a function or activity that a person engages in:

(1) selling or issuing payment instruments to a person located in this state;

(2) selling or issuing stored value to a person located in this state; or
(3) receiving money for transmission from a person located in this state.

(b) Money includes payroll processing services. Money does not include the provision solely of online or telecommunications services or network access.

Subd. 19. Money services business accredited state or MSB accredited state. Money services businesses accredited state or "MSB accredited state" means a state agency that is accredited by the Conference of State Bank Supervisors and Money Transmitter Regulators for the licensing and supervision of persons in financial services industries.

Subd. 20. Multistate licensing process. "Multistate licensing process" means any agreement entered into by and among state regulators relating to coordinated processing of applications for money transmission licenses, applications for the acquisition of control of a licensee, control determinations, or notice and information requirements for a change of key individuals.

Subd. 21. NMLS, "NMLS" means the Nationwide Multistate Licensing System and Registry developed by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators and owned and operated by the State Regulatory Registry, LLC, or any successor or affiliated entity, for the licensing and registration of persons in financial services industries.

Subd. 22. Outstanding money transmission obligations. (a) "Outstanding money transmission obligations" must be established and extinguished in accordance with applicable state law and means:

(1) any payment instrument or stored value issued or sold by the licensee to a person located in the United States or reported as sold by an authorized delegate of the licensee to a person that is located in the United States that has not yet been paid or refunded by or for the licensee, or escheated in accordance with applicable abandoned property laws; or

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

(b) For purposes of this subdivision, "in the United States" includes, to the extent applicable, a person in any state, territory, or possession of the United States; the District of Columbia; the Commonwealth of Puerto Rico; or a U.S. military installation that is located in a foreign country.

Subd. 23. Passive investor. "Passive investor" means a person that:

(1) does not have the power to elect a majority of key individuals or executive officers, managers, directors, trustees, or other persons exercising managerial authority of a person in control of a licensee.

(2) receiving money for transmission from a person located in this state.

(b) Money includes payroll processing services. Money does not include the provision solely of online or telecommunications services or network access.

Subd. 19. Money services business accredited state or MSB accredited state. Money services businesses accredited state or "MSB accredited state" means a state agency that is accredited by the Conference of State Bank Supervisors and Money Transmitter Regulators for the licensing and supervision of persons in financial services industries.

Subd. 20. Multistate licensing process. "Multistate licensing process" means any agreement entered into by and among state regulators relating to coordinated processing of applications for money transmission licenses, applications for the acquisition of control of a licensee, control determinations, or notice and information requirements for a change of key individuals.

Subd. 21. NMLS, "NMLS" means the Nationwide Multistate Licensing System and Registry developed by the Conference of State Bank Supervisors and the American Association for money transmission licensing and supervision.

Subd. 22. Outstanding money transmission obligations. (a) "Outstanding money transmission obligations" must be established and extinguished in accordance with applicable state law and means:

(1) any payment instrument or stored value issued or sold by the licensee to a person located in the United States or reported as sold by an authorized delegate of the licensee to a person that is located in the United States that has not yet been paid or refunded by or for the licensee, or escheated in accordance with applicable abandoned property laws; or

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

(b) For purposes of this subdivision, "in the United States" includes, to the extent applicable, a person in any state, territory, or possession of the United States; the District of Columbia; the Commonwealth of Puerto Rico; or a U.S. military installation that is located in a foreign country.

Subd. 23. Passive investor. "Passive investor" means a person that:

(1) does not have the power to elect a majority of key individuals or executive officers, managers, directors, trustees, or other persons exercising managerial authority of a person in control of a licensee.
(2) is not employed by and does not have any managerial duties of the licensee or person
in control of a licensee;
(3) does not have the power to exercise, directly or indirectly, a controlling influence
over the management or policies of a licensee or person in control of a licensee; and
(4) attests to clauses (1), (2), and (3), in a form and in a medium prescribed by the
commissioner, or commits to the passivity characteristics under clauses (1), (2), and (3) in
a written document.

Subd. 24. Payment instrument. (a) "Payment instrument" means a written or electronic
check, draft, money order, traveler's check, or other written or electronic instrument for the
transmission or payment of money or monetary value, whether or not negotiable.
(b) Payment instrument does not include stored value or any instrument that is: (1) redeemable
by the issuer only for goods or services provided by the issuer, the issuer's
affiliate, the issuer's franchisees, or an affiliate of the issuer's franchisees, except to the
extent required by applicable law to be redeemable in cash for its cash value; or (2) not sold
to the public but issued and distributed as part of a loyalty, rewards, or promotional program.

Subd. 25. Payroll processing services. "Payroll processing services" means receiving money for transmission pursuant to a contract with a person to deliver wages or salaries, make payment of payroll taxes to state and federal agencies, make payments relating to employee benefit plans, or make distributions of other authorized deductions from wages or salaries. The term payroll processing services does not include an employer performing payroll processing services on the employer's own behalf or on behalf of the employer's affiliate, or a professional employment organization subject to regulation under other applicable state law.

Subd. 26. Person. "Person" means any individual, general partnership, limited partnership, limited liability company, corporation, trust, association, joint stock corporation, or other corporate entity identified by the commissioner.

Subd. 27. Receiving money for transmission or money received for transmission. "Receiving money for transmission" or "money received for transmission" means receiving money or monetary value in the United States for transmission within or outside the United States by electronic or other means.

Subd. 28. Stored value. (a) "Stored value" means monetary value representing a claim against the issuer evidenced by an electronic or digital record, and that is intended and accepted for use as a means of redemption for money or monetary value, or payment for goods or services. Stored value includes but is not limited to prepaid access, as defined under Code of Federal Regulations, title 31, part 1010.100, as amended or recodified from time to time.
(b) Notwithstanding this subdivision, stored value does not include: (1) a payment
instrument or closed loop stored value; or (2) stored value not sold to the public but issued
and distributed as part of a loyalty, rewards, or promotional program.

Subd. 29. Tangible net worth. "Tangible net worth" means the aggregate assets of a
licensee excluding all intangible assets, less liabilities, as determined in accordance with
United States generally accepted accounting principles.

Sec. 3. [53B.29] EXEMPTIONS.
This chapter does not apply to:
(1) an operator of a payment system, to the extent the operator of a payment system
provides processing, clearing, or settlement services between or among persons exempted
by this section or licensees in connection with wire transfers, credit card transactions, debit
card transactions, stored-value transactions, automated clearing house transfers, or similar
funds transfers;
(2) a person appointed as an agent of a payee to collect and process a payment from a
payor to the payee for goods or services, other than money transmission itself, provided to
the payor by the payee, provided that:
(i) there exists a written agreement between the payee and the agent directing the agent
to collect and process payments from payors on the payee's behalf;
(ii) the payee holds the agent out to the public as accepting payments for goods or services
on the payee's behalf; and
(iii) payment for the goods and services is treated as received by the payee upon receipt
by the agent so that the payor's obligation is extinguished and there is no risk of loss to the
payor if the agent fails to remit the funds to the payee;
(3) a person that acts as an intermediary by processing payments between an entity that
has directly incurred an outstanding money transmission obligation to a sender, and the
sender's designated recipient, provided that the entity:
(i) is properly licensed or exempt from licensing requirements under this chapter;
(ii) provides a receipt, electronic record, or other written confirmation to the sender
identifying the entity as the provider of money transmission in the transaction; and
(iii) bears sole responsibility to satisfy the outstanding money transmission obligation
to the sender, including the obligation to make the sender whole in connection with any
failure to transmit the funds to the sender's designated recipient;
(4) the United States; a department, agency, or instrumentality of the United States; or
an agent of the United States;
(5) money transmission by the United States Postal Service or by an agent of the United States Postal Service;

(6) a state; county; city; any other governmental agency, governmental subdivision, or instrumentality of a state; or the state's agent;

(7) a federally insured depository financial institution; bank holding company; office of an international banking corporation; foreign bank that establishes a federal branch pursuant to the International Bank Act, United States Code, title 12, section 3102, as amended or recodified from time to time; or a person that in the ordinary course of business provides clearance and settlement services for a board of trade to the extent of its operation as or for a board;

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

(9) a board of trade designated as a contract market under the federal Commodity Exchange Act, United States Code, title 7, sections 1 to 25, as amended or recodified from time to time; or a person that in the ordinary course of business provides clearance and settlement services for a board of trade to the extent of its operation as or for a board;

(10) a registered futures commission merchant under the federal commodities laws, to the extent of the registered futures commission merchant's operation as a merchant;

(11) a person registered as a securities broker-dealer under federal or state securities laws, to the extent of the person's operation as a securities broker-dealer;

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

(13) a person expressly appointed as a third-party service provider to or agent of an entity exempt under clause (11), solely to the extent that:

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

(ii) the exempt entity assumes all risk of loss and all legal responsibility for satisfying the outstanding money transmission obligations owed to purchasers and holders of the money or monetary value by the service provider or agent; or

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

(6) a state; county; city; any other governmental agency, governmental subdivision, or instrumentality of a state; or the state's agent;

(7) a federally insured depository financial institution; bank holding company; office of an international banking corporation; foreign bank that establishes a federal branch pursuant to the International Bank Act, United States Code, title 12, section 3102, as amended or recodified from time to time; or a person that in the ordinary course of business provides clearance and settlement services for a board of trade to the extent of its operation as or for a board;

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

(9) a board of trade designated as a contract market under the federal Commodity Exchange Act, United States Code, title 7, sections 1 to 25, as amended or recodified from time to time; or a person that in the ordinary course of business provides clearance and settlement services for a board of trade to the extent of its operation as or for a board;

(10) a registered futures commission merchant under the federal commodities laws, to the extent of the registered futures commission merchant's operation as a merchant;

(11) a person registered as a securities broker-dealer under federal or state securities laws, to the extent of the person's operation as a securities broker-dealer;

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

(13) a person expressly appointed as a third-party service provider to or agent of an entity exempt under clause (11), solely to the extent that:

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

(ii) the exempt entity assumes all risk of loss and all legal responsibility for satisfying the outstanding money transmission obligations owed to purchasers and holders of the money or monetary value by the service provider or agent; or
Sec. 4. [53B.30] AUTHORITY TO REQUIRE DEMONSTRATION OF EXEMPTION.

The commissioner may require any person that claims to be exempt from licensing under section 53B.29 to provide to the commissioner information and documentation that demonstrates the person qualifies for any claimed exemption.

Sec. 5. [53B.31] IMPLEMENTATION.

Subd. 1. General authority. In order to carry out the purposes of this chapter, the commissioner may: subject to section 53B.32, paragraphs (a) and (b):

(1) enter into agreements or relationships with other government officials or federal and state regulatory agencies and regulatory associations in order to (i) improve efficiencies and reduce regulatory burden by standardizing methods or procedures, and (ii) share resources, records, or related information obtained under this chapter;

(2) use, hire, contract, or employ analytical systems, methods, or software to examine or investigate any person subject to this chapter;

(3) accept from other state or federal government agencies or officials any licensing, examination, or investigation reports made by the other state or federal government agencies or officials;

(4) accept audit reports made by an independent certified public accountant or other qualified third-party auditor for an applicant or licensee and incorporate the audit report in any report of examination or investigation.

Subd. 2. Administrative authority. The commissioner is granted broad administrative authority to: (1) administer, interpret, and enforce this chapter; (2) adopt regulations to implement this chapter; and (3) recover the costs incurred to administer and enforce this chapter by imposing and collecting proportionate and equitable fees and costs associated with applications, examinations, investigations, and other actions required to achieve the purpose of this chapter.

Sec. 6. [53B.32] CONFIDENTIALITY.

(a) All information or reports obtained by the commissioner contained in or related to an examination that is prepared by, on behalf of, or for the use of the commissioner are confidential and are not subject to disclosure under section 46.07.
The commissioner may disclose information not otherwise subject to disclosure under paragraph (a) to representatives of state or federal agencies pursuant to section 53B.31, subdivision 1.

(c) This section does not prohibit the commissioner from disclosing to the public a list of all licensees or the aggregated financial or transactional data concerning those licensees.

Sec. 7. [53B.33] SUPERVISION.

(a) The commissioner may conduct an examination or investigation of a licensee or authorized delegate or otherwise take independent action authorized by this chapter, or by a rule adopted or order issued under this chapter, as reasonably necessary or appropriate to administer and enforce this chapter, rules implementing this chapter, and other applicable law, including the Bank Secrecy Act and the USA PATRIOT Act, Public Law 107-56. The commissioner may:

(1) conduct an examination either on site or off site as the commissioner may reasonably require;

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

(3) accept the examination report of another state agency or an agency of another state or of the federal government, or a report prepared by an independent accounting firm, which on being accepted is considered for all purposes as an official report of the commissioner; and

(4) summon and examine under oath a key individual or employee of a licensee or authorized delegate and require the person to produce records regarding any matter related to the condition and business of the licensee or authorized delegate.

(b) A licensee or authorized delegate must provide, and the commissioner has full and complete access to, all records the commissioner may reasonably require to conduct a complete examination. The records must be provided at the location and in the format specified by the commissioner. The commissioner may use multistate record production standards and examination procedures when the standards reasonably achieve the requirements of this paragraph.

(c) Unless otherwise directed by the commissioner, a licensee must pay all costs reasonably incurred in connection with an examination of the licensee or the licensee's authorized delegates.

Sec. 8. [53B.34] NETWORKED SUPERVISION.

(a) To efficiently and effectively administer and enforce this chapter and to minimize regulatory burden, the commissioner is authorized to participate in multistate supervisory processes established between states and coordinated through the Conference of State Bank
Supervisors, the Money Transmitter Regulators Association, and the affiliates and successors of the Conference of State Bank Supervisors and the Money Transmitter Regulators Association for all licensees that hold licenses in this state and other states. As a participant in multistate supervision, the commissioner may:

(1) cooperate, coordinate, and share information with other state and federal regulators in accordance with section 53B.32;

(2) enter into written cooperation, coordination, or information-sharing contracts or agreements with organizations the membership of which is made up of state or federal governmental agencies; and

(3) cooperate, coordinate, and share information with organizations the membership of which is made up of state or federal governmental agencies, provided that the organizations agree in writing to maintain the confidentiality and security of the shared information in accordance with section 53B.32.

(b) The commissioner is prohibited from waiving, and nothing in this section constitutes a waiver of, the commissioner's authority to conduct an examination or investigation or otherwise take independent action authorized by this chapter, or a rule adopted or order issued under this chapter, to enforce compliance with applicable state or federal law.

(c) A joint examination or investigation, or acceptance of an examination or investigation report, does not waive an examination fee provided for in this chapter.

Sec. 9. [53B.35] RELATIONSHIP TO FEDERAL LAW.

(a) In the event state money transmission jurisdiction is conditioned on a federal law, any inconsistencies between a provision of this chapter and the federal law governing money transmission is governed by the applicable federal law to the extent of the inconsistency.

(b) In the event of any inconsistencies between this chapter and a federal law that governs pursuant to paragraph (a), the commissioner may provide interpretive guidance that:

(1) identifies the inconsistency; and

(2) identifies the appropriate means of compliance with federal law.

Sec. 10. [53B.36] LICENSE REQUIRED.

(a) A person is prohibited from engaging in the business of money transmission, or advertising, soliciting, or representing that the person provides money transmission, unless the person is licensed under this chapter.

(b) Paragraph (a) does not apply to:

(1) a person that is an authorized delegate of a person licensed under this chapter acting within the scope of authority conferred by a written contract with the licensee; or
(2) a person that is exempt under section 53B.29 and does not engage in money
transmission outside the scope of the exemption.
(a) To establish consistent licensing between Minnesota and other states, the
commissioner is authorized to:
(1) implement all licensing provisions of this chapter in a manner that is consistent with
(i) other states that have adopted substantially similar licensing requirements, or (ii) multistate
licensing processes; and
(2) participate in nationwide protocols for licensing cooperation and coordination among
state regulators, provided that the protocols are consistent with this chapter.
(b) In order to fulfill the purposes of this chapter, the commissioner is authorized to
establish relationships or contracts with NMLS or other entities designated by NMLS to
enable the commissioner to:
(1) collect and maintain records;
(2) coordinate multistate licensing processes and supervision processes;
(3) process fees; and
(4) facilitate communication between the commissioner and licensees or other persons
subject to this chapter.
(c) The commissioner is authorized to use NMLS for all aspects of licensing in accordance
with this chapter, including but not limited to license applications, applications for
acquisitions of control, surety bonds, reporting, criminal history background checks, credit
checks, fee processing, and examinations.
(d) The commissioner is authorized to use NMLS forms, processes, and functions in
accordance with this chapter. If NMLS does not provide functionality, forms, or processes
for a requirement under this chapter, the commissioner is authorized to implement the
requirements in a manner that facilitates uniformity with respect to licensing, supervision,
reporting, and regulation of licensees which are licensed in multiple jurisdictions.
(e) For the purpose of participating in the NMLS registry, the commissioner is authorized to,
by rule or order (1) waive or modify, in whole or in part, any or all of the requirements;
and (2) establish new requirements as reasonably necessary to participate in the NMLS
registry.

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Sec. 24. APPLICATION FOR LICENSE.

(a) An applicant for a license must apply in a form and in a medium as prescribed by the commissioner. The application must state or contain, as applicable:

1. the legal name and residential and business addresses of the applicant and any fictitious or trade name used by the applicant in conducting business;
2. a list of any criminal convictions of the applicant and any material litigation in which the applicant has been involved in the ten-year period next preceding the submission of the application;
3. a description of any money transmission previously provided by the applicant and the money transmission that the applicant seeks to provide in this state;
4. a list of the applicant's proposed authorized delegates and the locations in this state where the applicant and the applicant's authorized delegates propose to engage in money transmission;
5. a list of other states in which the applicant is licensed to engage in money transmission and any license revocations, suspensions, or other disciplinary action taken against the applicant in another state;
6. information concerning any bankruptcy or receivership proceedings affecting the licensee or a person in control of a licensee;
7. a sample form of contract for authorized delegates, if applicable;
8. a sample form of payment instrument or stored value, as applicable;
9. the name and address of any federally insured depository financial institution through which the applicant plans to conduct money transmission; and
10. any other information the commissioner or NMLS reasonably requires with respect to the applicant.

(b) If an applicant is a corporation, limited liability company, partnership, or other legal entity, the applicant must also provide:
1. the date of the applicant's incorporation or formation and state or country of incorporation or formation;
2. if applicable, a certificate of good standing from the state or country in which the applicant is incorporated or formed;
3. a brief description of the structure or organization of the applicant, including any parents or subsidiaries of the applicant, and whether any parents or subsidiaries are publicly traded;
4. the date of the applicant's incorporation or formation and state or country of incorporation or formation;
5. if applicable, a certificate of good standing from the state or country in which the applicant is incorporated or formed;
6. a brief description of the structure or organization of the applicant, including any parents or subsidiaries of the applicant, and whether any parents or subsidiaries are publicly traded;
(4) the legal name, any fictitious or trade name, all business and residential addresses, and the employment, as applicable, in the ten-year period next preceding the submission of the application of each key individual and person in control of the applicant;

(2) a list of any criminal convictions and material litigation in which a person in control of the applicant that is not an individual has been involved in the ten-year period preceding the submission of the application;

(6) a copy of audited financial statements of the applicant for the most recent fiscal year and for the two-year period next preceding the submission of the application or, if the commissioner deems acceptable, certified unaudited financial statements for the most recent fiscal year or other period acceptable to the commissioner;

(7) a certified copy of unaudited financial statements of the applicant for the most recent fiscal quarter;

(8) if the applicant is a publicly traded corporation, a copy of the most recent report filed with the United States Securities and Exchange Commission under section 13 of the federal Securities Exchange Act of 1934, United States Code, title 15, section 78m, as amended or recodified from time to time;

(9) if the applicant is a wholly owned subsidiary of:

(i) a corporation publicly traded in the United States, a copy of audited financial statements for the parent corporation for the most recent fiscal year or a copy of the parent corporation's most recent report filed under section 13 of the Securities Exchange Act of 1934, United States Code, title 15, section 78m, as amended or recodified from time to time; or

(ii) a corporation publicly traded outside the United States, a copy of similar documentation filed with the regulator of the parent corporation's domicile outside the United States;

(10) the name and address of the applicant's registered agent in this state; and

(11) any other information the commissioner reasonably requires with respect to the applicant.

(c) A nonrefundable application fee of $4,000 must accompany an application for a license under this section;

(d) The commissioner may: (1) waive one or more requirements of paragraphs (a) and (b); or (2) permit an applicant to submit other information in lieu of the required information.

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

(2) a list of any criminal convictions and material litigation in which a person in control of the applicant that is not an individual has been involved in the ten-year period preceding the submission of the application;

(6) a copy of audited financial statements of the applicant for the most recent fiscal year and for the two-year period next preceding the submission of the application or, if the commissioner deems acceptable, certified unaudited financial statements for the most recent fiscal year or other period acceptable to the commissioner;

(7) a certified copy of unaudited financial statements of the applicant for the most recent fiscal quarter;

(8) if the applicant is a publicly traded corporation, a copy of the most recent report filed with the United States Securities and Exchange Commission under section 13 of the federal Securities Exchange Act of 1934, United States Code, title 15, section 78m, as amended or recodified from time to time;

(9) if the applicant is a wholly owned subsidiary of:

(i) a corporation publicly traded in the United States, a copy of audited financial statements for the parent corporation for the most recent fiscal year or a copy of the parent corporation's most recent report filed under section 13 of the Securities Exchange Act of 1934, United States Code, title 15, section 78m, as amended or recodified from time to time; or

(ii) a corporation publicly traded outside the United States, a copy of similar documentation filed with the regulator of the parent corporation's domicile outside the United States;

(10) the name and address of the applicant's registered agent in this state; and

(11) any other information the commissioner reasonably requires with respect to the applicant.

(c) A nonrefundable application fee of $4,000 must accompany an application for a license under this section;

(d) The commissioner may: (1) waive one or more requirements of paragraphs (a) and (b); or (2) permit an applicant to submit other information in lieu of the required information.
Subdivision 1. Individuals with or seeking control. Any individual in control of a
licensee or applicant, any individual that seeks to acquire control of a licensee, and each
key individual must furnish to the commissioner through NMLS:

(1) the individual's fingerprints for submission to the Federal Bureau of Investigation
and the commissioner for a national criminal history background check, unless the person
currently resides outside of the United States and has resided outside of the United States
for the last ten years; and

(2) personal history and business experience in a form and in a medium prescribed by
the commissioner, to obtain:

(i) an independent credit report from a consumer reporting agency;

(ii) information related to any criminal convictions or pending charges; and

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

Subd. 2. Individuals having resided outside the United States. (a) If an individual
has resided outside of the United States at any time in the last ten years, the individual must
also provide an investigative background report prepared by an independent search firm
that meets the requirements of this subdivision.

(b) At a minimum, the search firm must:

(1) demonstrate that the search firm has sufficient knowledge, resources, and employs
accepted and reasonable methodologies to conduct the research of the background report;

(2) not be affiliated with or have an interest with the individual the search firm is
researching;

(c) At a minimum, the investigative background report must be written in English and
must contain:

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

(2) criminal records information for the past ten years, including but not limited to
felonies, misdemeanors, or similar convictions for violations of law in the countries;
provinces, states, cities, towns, and contiguous areas where the individual resided and worked;

(3) employment history;

(4) media history, including an electronic search of national and local publications, wire services, and business applications; and

(5) financial services-related regulatory history, including but not limited to money transmission, securities, banking, consumer finance, insurance, and mortgage-related industries.

Sec. 14. [53B.40] LICENSE ISSUANCE.

(a) When an application for an original license under this chapter includes all of the items and addresses all of the matters that are required, the application is complete and the commissioner must promptly notify the applicant in a record of the date on which the application is determined to be complete.

(b) The commissioner's determination that an application is complete and accepted for processing means only that the application, on the application's face, appears to include all of the items, including the criminal background check response from the Federal Bureau of Investigation, and address all of the matters that are required. The commissioner's determination that an application is complete is not an assessment of the substance of the application or of the sufficiency of the information provided.

(c) When an application is filed and considered complete under this section, the commissioner must investigate the applicant's financial condition and responsibility, financial and business experience, character, and general fitness. The commissioner may conduct an investigation of the applicant, the reasonable cost of which the applicant must pay. The commissioner must issue a license to an applicant under this section if the commissioner finds:

(1) the applicant has complied with sections 53B.38 and 53B.39; and

(2) the financial condition and responsibility, financial and business experience, competence, character, and general fitness of the key individuals and persons in control of the applicant indicate that it is in the interest of the public to permit the applicant to engage in money transmission;

(d) If an applicant avails itself of or is otherwise subject to a multistate licensing process:

(1) the commissioner is authorized to accept the investigation results of a lead investigative state for the purposes of paragraph (c); or

(2) if Minnesota is a lead investigative state, the commissioner is authorized to investigate the applicant pursuant to paragraph (c) and the time frames established by agreement through the commissioner of Investigation, and address all of the matters that are required. The commissioner's determination that an application is complete is not an assessment of the substance of the application or of the sufficiency of the information provided.

(b) The commissioner's determination that an application is complete and accepted for processing means only that the application, on the application's face, appears to include all of the items, including the criminal background check response from the Federal Bureau of Investigation, and address all of the matters that are required. The commissioner's determination that an application is complete is not an assessment of the substance of the application or of the sufficiency of the information provided.

(c) When an application is filed and considered complete under this section, the commissioner must investigate the applicant's financial condition and responsibility, financial and business experience, character, and general fitness. The commissioner may conduct an investigation of the applicant, the reasonable cost of which the applicant must pay. The commissioner must issue a license to an applicant under this section if the commissioner finds:

(1) the applicant has complied with sections 53B.38 and 53B.39; and

(2) the financial condition and responsibility, financial and business experience, competence, character, and general fitness of the key individuals and persons in control of the applicant indicate that it is in the interest of the public to permit the applicant to engage in money transmission;

(d) If an applicant avails itself of or is otherwise subject to a multistate licensing process:

(1) the commissioner is authorized to accept the investigation results of a lead investigative state for the purposes of paragraph (c); or

(2) if Minnesota is a lead investigative state, the commissioner is authorized to investigate the applicant pursuant to paragraph (c) and the time frames established by agreement through
the multistate licensing process, provided that the time frame complies with the application date the application is deemed complete. If the application is not approved or denied within 120 days after the completion date, the application is approved and the license takes effect on the first business day after the 120-day period expires.

(f) The commissioner must issue a formal written notice of the denial of a license application within 30 days of the date the decision to deny the application is made. The commissioner must set forth in the notice denial the specific reasons for the denial of the application. An applicant whose application is denied by the commissioner under this paragraph may appeal within 30 days of the date the written notice of the denial is received. The commissioner must set a hearing date that is not later than 60 days after service of the response, unless a later date is set with the consent of the denied applicant.

(g) The initial license term begins on the day the application is approved. The license expires on December 31 of the year in which the license term began, unless the initial license date is between November 1 and December 31, in which case the initial license term runs through December 31 of the following year. If a license is approved between November 1 and December 31, the applicant is subject to the renewal fee under section 53B.31, paragraph (b).

Sec. 15. [53B.41] LICENSE RENEWAL.

(a) A license under this chapter must be renewed annually. An annual renewal fee of $2,500 must be paid no more than 60 days before the license expires. The renewal term is a period of one year and begins on January 1 each year after the initial license term. The renewal term expires on December 31 of the year the renewal term begins.

(b) A licensee must submit a renewal report with the renewal fee, in a form and in a medium prescribed by the commissioner. The renewal report must state or contain a description of each material change in information submitted by the licensee in the licensee's original license application that has not been previously reported to the commissioner.

(c) The commissioner may grant an extension of the renewal date for good cause.

(d) The commissioner is authorized to use the NMLS to process license renewals, provided that the NMLS functionality is consistent with this section.

Sec. 16. [53B.42] MAINTENANCE OF LICENSE.

(a) If a licensee does not continue to meet the qualifications or satisfy the requirements that apply to an applicant for a new money transmission license, the commissioner may suspend or revoke the licensee's license in accordance with the procedures established by this chapter or other applicable state law for license suspension or revocation.

(b) A licensee must submit a renewal report with the renewal fee, in a form and in a medium prescribed by the commissioner. The renewal report must state or contain a description of each material change in information submitted by the licensee in the licensee's original license application that has not been previously reported to the commissioner.

(c) The commissioner may grant an extension of the renewal date for good cause.

(d) The commissioner is authorized to use the NMLS to process license renewals, provided that the NMLS functionality is consistent with this section.

Sec. 27. [53B.41] LICENSE RENEWAL.

(a) A license under this chapter must be renewed annually. An annual renewal fee of $2,500 must be paid no more than 60 days before the license expires. The renewal term is a period of one year and begins on January 1 each year after the initial license term. The renewal term expires on December 31 of the year the renewal term begins.

(b) A licensee must submit a renewal report with the renewal fee, in a form and in a medium prescribed by the commissioner. The renewal report must state or contain a description of each material change in information submitted by the licensee in the licensee's original license application that has not been previously reported to the commissioner.
An applicant for a money transmission license must demonstrate that the applicant meets or will meet, and a money transmission licensee must at all times meet, the requirements in sections 53B.59 to 53B.61.

Sec. 17. [53B.43] ACQUISITION OF CONTROL.

(a) Any person, or group of persons acting in concert, seeking to acquire control of a licensee must obtain the commissioner's written approval before acquiring control. An individual is not deemed to acquire control of a licensee and is not subject to these acquisition of control provisions when that individual becomes a key individual in the ordinary course of business.

(b) For the purpose of this section, a person is presumed to exercise a controlling influence when the person holds the power to vote, directly or indirectly, at least ten percent of the outstanding voting shares or voting interests of a licensee or person in control of a licensee.

A person presumed to exercise a controlling influence as defined by this subdivision can rebut the presumption of control if the person is a passive investor.

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

(d) A person, or group of persons acting in concert, seeking to acquire control of a licensee must, in cooperation with the licensee:

(1) submit an application in a form and in a medium prescribed by the commissioner; and

(2) submit a nonrefundable fee of $4,000 with the request for approval.

(e) Upon request, the commissioner may permit a licensee or the person, or group of persons acting in concert, to submit some or all information required by the commissioner pursuant to paragraph (d), clause (1), without using NMLS.

(f) The application required by paragraph (d), clause (1), must include information required by section 53B.39 for any new key individuals that have not previously completed the requirements of section 53B.39 for a licensee.

(g) When an application for acquisition of control under this section appears to include all of the items and address all of the matters that are required, the application is considered complete and the commissioner must promptly notify the applicant in a record of the date on which the application was determined to be complete.

(h) The commissioner must approve or deny the application within 60 days after the completion date. If the application is not approved or denied within 60 days after the completion date, the application is approved and the person, or group of persons acting in...
concert, are not prohibited from acquiring control. The commissioner may extend the
application period for good cause.

(j) The commissioner's determination that an application is complete and is accepted for
processing means only that the application, on the application's face, appears to include all
of the items and address all of the matters that are required. The commissioner's determination
that an application is complete is not an assessment of the application's substance or of the
sufficiency of the information provided.

(j) When an application is filed and considered complete under paragraph (a), the
commissioner must investigate the financial condition and responsibility; the financial and
business experience; character; and the general fitness of the person, or group of persons
acting in concert, seeking to acquire control. The commissioner must approve an acquisition
of control under this section if the commissioner finds:

(1) the requirements of paragraphs (d) and (f) have been met, as applicable; and
(2) the financial condition and responsibility, financial and business experience,
competence, character, and general fitness of the person, or group of persons acting in
concert, seeking to acquire control; and the competence, experience, character, and general
fitness of the key individuals and persons that control the licensee after the acquisition of
control indicate that it is in the interest of the public to permit the person, or group of persons
acting in concert, to control the licensee;

(k) If an applicant avails itself of or is otherwise subject to a multistate licensing process:

(1) the commissioner is authorized to accept the investigation results of a lead
investigative state for the purposes of paragraph (j); or
(2) if Minnesota is a lead investigative state, the commissioner is authorized to investigate
the applicant under paragraph (j) and consistent with the time frames established by
agreement through the multistate licensing process.

(l) The commissioner must issue a formal written notice of the denial of an application
to acquire control. The commissioner must set forth in the notice of denial the specific
reasons the application was denied. An applicant whose application is denied by the
commissioner under this paragraph may appeal the denial within 30 days of the date the
written notice of the denial is received. Chapter 14 applies to appeals under this paragraph.

(m) Paragraphs (a) and (d) do not apply to:

(1) a person that acts as a proxy for the sole purpose of voting at a designated meeting
of the shareholders or holders of voting shares or voting interests of a licensee or a person
in control of a licensee;
(2) a person that acquires control of a licensee by devise or descent;

concert, are not prohibited from acquiring control. The commissioner may extend the
application period for good cause.

(j) The commissioner's determination that an application is complete and is accepted for
processing means only that the application, on the application's face, appears to include all
of the items and address all of the matters that are required. The commissioner's determination
that an application is complete is not an assessment of the application's substance or of the
sufficiency of the information provided.

(j) When an application is filed and considered complete under paragraph (a), the
commissioner must investigate the financial condition and responsibility; the financial and
business experience; character; and the general fitness of the person, or group of persons
acting in concert, seeking to acquire control. The commissioner must approve an acquisition
of control under this section if the commissioner finds:

(1) the requirements of paragraphs (d) and (f) have been met, as applicable; and
(2) the financial condition and responsibility, financial and business experience,
competence, character, and general fitness of the person, or group of persons acting in
concert, seeking to acquire control; and the competence, experience, character, and general
fitness of the key individuals and persons that control the licensee after the acquisition of
control indicate that it is in the interest of the public to permit the person, or group of persons
acting in concert, to control the licensee;

(k) If an applicant avails itself of or is otherwise subject to a multistate licensing process:

(1) the commissioner is authorized to accept the investigation results of a lead
investigative state for the purposes of paragraph (j); or
(2) if Minnesota is a lead investigative state, the commissioner is authorized to investigate
the applicant under paragraph (j) and consistent with the time frames established by
agreement through the multistate licensing process.

(l) The commissioner must issue a formal written notice of the denial of an application
to acquire control. The commissioner must set forth in the notice of denial the specific
reasons the application was denied. An applicant whose application is denied by the
commissioner under this paragraph may appeal the denial within 30 days of the date the
written notice of the denial is received. Chapter 14 applies to appeals under this paragraph.

(m) Paragraphs (a) and (d) do not apply to:

(1) a person that acts as a proxy for the sole purpose of voting at a designated meeting
of the shareholders or holders of voting shares or voting interests of a licensee or a person
in control of a licensee;
(2) a person that acquires control of a licensee by devise or descent;
(3) a person that acquires control of a licensee as a personal representative, custodian, guardian, conservator, or trustee, or as an officer appointed by a court of competent jurisdiction or by operation of law;

(4) a person that is exempt under section 53B.29, clause (7);

(5) a person that the commissioner determines is not subject to paragraph (a), based on the public interest;

(6) a public offering of securities of a licensee or a person in control of a licensee; or

(7) an internal reorganization of a person controlling the licensee, where the ultimate person controlling the licensee remains the same;

(n) A person identified in paragraph (m), clause (2), (3), (4), or (6), that is cooperating with the licensee must notify the commissioner within 15 days of the date the acquisition of control occurs.

(o) Paragraphs (a) and (d) do not apply to a person that has complied with and received approval to engage in money transmission under this chapter, or that was identified as a person in control in a prior application filed with and approved by the commissioner or by another state pursuant to a multistate licensing process, provided that:

(1) the person has not had a license revoked or suspended or controlled a licensee that has had a license revoked or suspended while the person was in control of the licensee in the previous five years;

(2) if the person is a licensee, the person is well managed and has received at least a satisfactory rating for compliance at the person's most recent examination by an MSB-accredited state if a rating was given;

(3) the licensee to be acquired is projected to meet the requirements of sections 53B.59 to 53B.61 after the acquisition of control is completed, and if the person acquiring control is a licensee, the acquiring licensee is also projected to meet the requirements of sections 53B.59 to 53B.61 after the acquisition of control is completed;

(4) the licensee to be acquired does not implement any material changes to the acquired licensee's business plan as a result of the acquisition of control, and if the person acquiring control is a licensee, the acquiring licensee does not implement any material changes to the acquiring licensee's business plan as a result of the acquisition of control; and

(5) the person provides notice of the acquisition in cooperation with the licensee and attests to clauses (1), (2), (3), and (4) in a form and in a medium prescribed by the commissioner;

(p) If the notice under paragraph (o), clause (5), is not disapproved within 30 days after the date on which the notice was determined to be complete, the notice is deemed approved.
Before filing an application for approval to acquire control of a licensee, a person may request in writing a determination from the commissioner as to whether the person would be considered a person in control of a licensee upon consummation of a proposed transaction. If the commissioner determines that the person would not be a person in control of a licensee, the proposed person and transaction is not subject to paragraphs (a) and (d).

If a multistate licensing process includes a determination pursuant to paragraph (q) and an applicant avails itself or is otherwise subject to the multistate licensing process:

1. The commissioner is authorized to accept the control determination of a lead investigative state with sufficient staffing, expertise, and minimum standards for the purposes of paragraph (q); or

2. If Minnesota is a lead investigative state, the commissioner is authorized to investigate the applicant under paragraph (q) and consistent with the time frames established by agreement through the multistate licensing process.

Section 18. [53B.44] CHANGE OF KEY INDIVIDUALS; NOTICE AND INFORMATION REQUIREMENTS.

A licensee that adds or replaces any key individual must:

1. Provide notice, in a manner prescribed by the commissioner, within 15 days after the effective date of the key individual's appointment; and

2. Provide the information required under section 53B.39 within 45 days of the effective date of the key individual's appointment.

Within 90 days of the date on which the notice provided under section 53B.44, paragraph (a), was determined to be complete, the commissioner may issue a notice of disapproval of a key individual if the commissioner finds that the competence, business experience, character, or integrity of the individual is not in the best interests of the public or the customers of the licensee.

A notice of disapproval must contain a statement of the basis for disapproval and must be sent to the licensee and the disapproved individual. A licensee may appeal a notice of disapproval pursuant to chapter 14 within 30 days of the date the notice of disapproval is received.

If the notice provided under paragraph (a) is not disapproved within 90 days after the date on which the notice was determined to be complete, the key individual is deemed approved.

If a multistate licensing process includes a key individual notice review and disapproval process under this section and the licensee avails itself of or is otherwise subject to the multistate licensing process:

1. The commissioner is authorized to accept the control determination of a lead investigative state with sufficient staffing, expertise, and minimum standards for the purposes of paragraph (q); or

2. If Minnesota is a lead investigative state, the commissioner is authorized to investigate the applicant under paragraph (q) and consistent with the time frames established by agreement through the multistate licensing process.

Section 30. [53B.44] CHANGE OF KEY INDIVIDUALS; NOTICE AND INFORMATION REQUIREMENTS.

A licensee that adds or replaces any key individual must:

1. Provide notice, in a manner prescribed by the commissioner, within 15 days after the effective date of the key individual's appointment; and

2. Provide the information required under section 53B.39 within 45 days of the effective date of the key individual's appointment.

Within 90 days of the date on which the notice provided under section 53B.44, paragraph (a), was determined to be complete, the commissioner may issue a notice of disapproval of a key individual if the commissioner finds that the competence, business experience, character, or integrity of the individual is not in the best interests of the public or the customers of the licensee.

A notice of disapproval must contain a statement of the basis for disapproval and must be sent to the licensee and the disapproved individual. A licensee may appeal a notice of disapproval pursuant to chapter 14 within 30 days of the date the notice of disapproval is received.

If the notice provided under paragraph (a) is not disapproved within 90 days after the date on which the notice was determined to be complete, the key individual is deemed approved.

If a multistate licensing process includes a key individual notice review and disapproval process under this section and the licensee avails itself of or is otherwise subject to the multistate licensing process:
(1) the commissioner is authorized to accept the determination of another state if the investigating state has sufficient staffing, expertise, and minimum standards for the purposes of this section; or
(2) if Minnesota is a lead investigative state, the commissioner is authorized to investigate the applicant under paragraph (b) and the time frames established by agreement through the multistate licensing process.

Sec. 19. [53B.45] REPORT OF CONDITION.
(a) Each licensee must submit a report of condition within 45 days of the end of the calendar quarter, or within any extended time the commissioner prescribes.
(b) The report of condition must include:
(1) financial information at the licensee level;
(2) nationwide and state-specific money transmission transaction information in every jurisdiction in the United States where the licensee is licensed to engage in money transmission;
(3) a permissible investments report;
(4) transaction destination country reporting for money received for transmission, if applicable; and
(5) any other information the commissioner reasonably requires with respect to the licensee.
(c) The commissioner is authorized to use NMLS to submit the report required under paragraph (a).
(d) The information required by paragraph (b), clause (4), must only be included in a report of condition submitted within 45 days of the end of the fourth calendar quarter.

Sec. 20. [53B.46] AUDITED FINANCIAL STATEMENTS.
(a) Each licensee must, within 90 days after the end of each fiscal year, or within any extended time the commissioner prescribes, file with the commissioner:
(1) an audited financial statement of the licensee for the fiscal year prepared in accordance with United States generally accepted accounting principles; and
(2) any other information the commissioner may reasonably require.
(b) The audited financial statements must be prepared by an independent certified public accountant or independent public accountant that is satisfactory in form and content to the commissioner. If the certificate or opinion prepared by the independent certified public accountant or independent public accountant that is satisfactory in form and content to the commissioner.
(c) The audited financial statements must include or be accompanied by a certificate of opinion prepared by the independent certified public accountant or independent public accountant that is satisfactory in form and content to the commissioner. If the certificate or opinion prepared by the independent certified public accountant or independent public accountant that is satisfactory in form and content to the commissioner.

Sec. 31. [53B.45] REPORT OF CONDITION.
(a) Each licensee must submit a report of condition within 45 days of the end of the calendar quarter, or within any extended time the commissioner prescribes.
(b) The report of condition must include:
(1) financial information at the licensee level;
(2) nationwide and state-specific money transmission transaction information in every jurisdiction in the United States where the licensee is licensed to engage in money transmission;
(3) a permissible investments report;
(4) transaction destination country reporting for money received for transmission, if applicable; and
(5) any other information the commissioner reasonably requires with respect to the licensee.
(c) The commissioner is authorized to use NMLS to submit the report required under paragraph (a).
(d) The information required by paragraph (b), clause (4), must only be included in a report of condition submitted within 45 days of the end of the fourth calendar quarter.
opinion is qualified, the commissioner may order the licensee to take any action the
commissioner finds necessary to enable the independent or certified public accountant or
independent public accountant to remove the qualification.

Sec. 21. [53B.47] AUTHORIZED DELEGATE REPORTING.
(a) Each licensee must submit a report of authorized delegates within 45 days of the end
of the calendar quarter. The commissioner is authorized to use NMLS to submit the report
required by this paragraph, provided that the functionality is consistent with the requirements
of this section.

(b) The authorized delegate report must include, at a minimum, each authorized delegate's:
(1) company legal name;
(2) taxpayer employer identification number;
(3) principal provider identifier;
(4) physical address;
(5) mailing address;
(6) any business conducted in other states;
(7) any fictitious or trade name;
(8) contact person name, telephone number, and email;
(9) start date as the licensee's authorized delegate;
(10) end date acting as the licensee's authorized delegate, if applicable;
(11) court orders under section 53B.53; and
(12) any other information the commissioner reasonably requires with respect to the
authorized delegate.

Sec. 22. [53B.48] REPORTS OF CERTAIN EVENTS.
(a) A licensee must file a report with the commissioner within ten business days after
the licensee has reason to know any of the following events has occurred:
(1) a petition by or against the licensee under the United States Bankruptcy Code, United
States Code, title 11, sections 101 to 110, as amended or recodified from time to time, for
bankruptcy or reorganization has been filed;
(2) a petition by or against the licensee for receivership, the commencement of any other
judicial or administrative proceeding for the licensee's dissolution or reorganization, or the
making of a general assignment for the benefit of the licensee's creditors has been filed; or
116.19 (3) a proceeding to revoke or suspend the licensee's license in a state or country in which
116.20 the licensee engages in business or is licensed has been commenced.
116.21 (b) A licensee must file a report with the commissioner within ten business days after
116.22 the licensee has reason to know any of the following events has occurred:
116.23 (1) the licensee or a key individual or person in control of the licensee is charged with
116.24 or convicted of a felony related to money transmission activities; or
116.25 (2) an authorized delegate is charged with or convicted of a felony related to money
116.26 transmission activities.
116.27 Sec. 35. [53B.49] BANK SECRECY ACT REPORTS.
116.28 A licensee and an authorized delegate must file all reports required by federal currency
116.29 reporting, record keeping, and suspicious activity reporting requirements as set forth in the
116.30 Bank Secrecy Act and other federal and state laws pertaining to money laundering. A licensee
116.31 and authorized delegate that timely files with the appropriate federal agency a complete and
116.32 accurate report required under this section is deemed to comply with the requirements of
116.33 this section.
116.34 Sec. 24. [53B.50] RECORDS.
116.35 (a) A licensee must maintain the following records, for purposes of determining the
116.36 licensee's compliance with this chapter, for at least three years:
116.37 (1) a record of each outstanding money transmission obligation sold;
116.38 (2) a general ledger posted at least monthly containing all asset, liability, capital, income,
116.39 and expense accounts;
116.40 (3) bank statements and bank reconciliation records;
116.41 (4) records of outstanding money transmission obligations;
116.42 (5) records of each outstanding money transmission obligation paid within the three-year
116.43 period;
116.44 (6) a list of the last known names and addresses of all of the licensee's authorized
116.45 delegates; and
116.46 (7) any other records the commissioner reasonably requires by administrative rule.
116.47 (b) The items specified in paragraph (a) may be maintained in any form of record.
116.48 (c) The records specified in paragraph (a) may be maintained outside of Minnesota if
116.49 the records are made accessible to the commissioner upon seven business-days notice that
116.50 is sent in a record.
(d) All records maintained by the licensee as required under paragraphs (a) to (c) are open to inspection by the commissioner under section 53B.33, paragraph (a).

Sec. 25. [53B.51] RELATIONSHIP BETWEEN LICENSEE AND AUTHORIZED DELEGATE.

(a) For purposes of this section, "remit" means to make direct payments of money to (1) a licensee, or (2) a licensee's representative authorized to receive money or to deposit money in a bank in an account specified by the licensee;

(b) Before a licensee is authorized to conduct business through an authorized delegate or allows a person to act as the licensee's authorized delegate, the licensee must:
   (1) adopt, and update as necessary, written policies and procedures reasonably designed to ensure that the licensee's authorized delegates comply with applicable state and federal law;
   (2) enter into a written contract that complies with paragraph (d); and
   (3) conduct a reasonable risk-based background investigation sufficient for the licensee to determine whether the authorized delegate has complied and will likely comply with applicable state and federal law.

(c) An authorized delegate must operate in full compliance with this chapter.

(d) The written contract required by paragraph (b) must be signed by the licensee and the authorized delegate. The written contract must, at a minimum:
   (1) appoint the person signing the contract as the licensee's authorized delegate with the authority to conduct money transmission on behalf of the licensee;
   (2) set forth the nature and scope of the relationship between the licensee and the authorized delegate and the respective rights and responsibilities of the parties;
   (3) require the authorized delegate to agree to fully comply with all applicable state and federal laws, rules, and regulations pertaining to money transmission, including this chapter and regulations implementing this chapter, relevant provisions of the Bank Secrecy Act and the USA PATRIOT Act, Public Law 107-56;
   (4) require the authorized delegate to remit and handle money and monetary value in accordance with the terms of the contract between the licensee and the authorized delegate:
      (i) impose a trust on money and monetary value net of fees received for money transmission for the benefit of the licensee;
      (ii) require the authorized delegate to prepare and maintain records as required by this chapter or administrative rules implementing this chapter, or as reasonably requested by the commissioner;
   (5) impose a trust on money and monetary value net of fees received for money transmission for the benefit of the licensee;
   (6) require the authorized delegate to prepare and maintain records as required by this chapter or administrative rules implementing this chapter, or as reasonably requested by the commissioner;

Sec. 37. [53B.51] RELATIONSHIP BETWEEN LICENSEE AND AUTHORIZED DELEGATE.

(a) For purposes of this section, "remit" means to make direct payments of money to (1) a licensee, or (2) a licensee's representative authorized to receive money or to deposit money in a bank in an account specified by the licensee;

(b) Before a licensee is authorized to conduct business through an authorized delegate or allows a person to act as the licensee's authorized delegate, the licensee must:
   (1) adopt, and update as necessary, written policies and procedures reasonably designed to ensure that the licensee's authorized delegates comply with applicable state and federal law;
   (2) enter into a written contract that complies with paragraph (d); and
   (3) conduct a reasonable risk-based background investigation sufficient for the licensee to determine whether the authorized delegate has complied and will likely comply with applicable state and federal law.

(c) An authorized delegate must operate in full compliance with this chapter.

(d) The written contract required by paragraph (b) must be signed by the licensee and the authorized delegate. The written contract must, at a minimum:
   (1) appoint the person signing the contract as the licensee's authorized delegate with the authority to conduct money transmission on behalf of the licensee;
   (2) set forth the nature and scope of the relationship between the licensee and the authorized delegate and the respective rights and responsibilities of the parties;
   (3) require the authorized delegate to agree to fully comply with all applicable state and federal laws, rules, and regulations pertaining to money transmission, including this chapter and regulations implementing this chapter, relevant provisions of the Bank Secrecy Act and the USA PATRIOT Act, Public Law 107-56;
   (4) require the authorized delegate to remit and handle money and monetary value in accordance with the terms of the contract between the licensee and the authorized delegate:
      (i) impose a trust on money and monetary value net of fees received for money transmission for the benefit of the licensee;
      (ii) require the authorized delegate to prepare and maintain records as required by this chapter or administrative rules implementing this chapter, or as reasonably requested by the commissioner;
(7) acknowledge that the authorized delegate consents to examination or investigation by the commissioner;

(8) state that the licensee is subject to regulation by the commissioner and that as part of that regulation the commissioner may (1) suspend or revoke an authorized delegate designation, or (2) require the licensee to terminate an authorized delegate designation; and

(9) acknowledge receipt of the written policies and procedures required under paragraph (b), clause (1).

(e) If the licensee's license is suspended, revoked, surrendered, or expired, within five business days the licensee must provide documentation to the commissioner that the licensee has notified all applicable authorized delegates of the licensee whose names are in a record filed with the commissioner of the suspension, revocation, surrender, or expiration of a license. Upon suspension, revocation, surrender, or expiration of a license, applicable authorized delegates must immediately cease to provide money transmission as an authorized delegate of the licensee.

(f) An authorized delegate of a licensee holds in trust for the benefit of the licensee all money net of fees received from money transmission. If an authorized delegate commingles any funds received from money transmission with other funds or property owned or controlled by the authorized delegate, all commingled funds and other property are considered held in trust in favor of the licensee in an amount equal to the amount of money net of fees received from money transmission.

(g) An authorized delegate is prohibited from using a subdelegate to conduct money transmission on behalf of a licensee.

(h) A person is prohibited from engaging in the business of money transmission on behalf of a person not licensed under this chapter or not exempt under sections 53B.29 and 53B.30. A person that engages in the business of money transmission on behalf of a person that is controlled by the unlicensed or nonexempt person is severally liable with the unlicensed or nonexempt person.

(i) The district court in an action brought by a licensee has jurisdiction to grant appropriate equitable or legal relief, including without limitation prohibiting the authorized delegate from directly or indirectly acting as an authorized delegate for any licensee in Minnesota and the payment of restitution, damages, or other monetary relief, if the district court finds that an unauthorized delegate failed to remit money in accordance with the written contract required by section 53B.51, paragraph (b), or as otherwise directed by the licensee or required by law.

(7) acknowledge that the authorized delegate consents to examination or investigation by the commissioner;

(8) state that the licensee is subject to regulation by the commissioner and that as part of that regulation the commissioner may (1) suspend or revoke an authorized delegate designation, or (2) require the licensee to terminate an authorized delegate designation; and

(9) acknowledge receipt of the written policies and procedures required under paragraph (b), clause (1).
If the district court issues an order prohibiting a person from acting as an authorized delegate for any licensee under paragraph (a), the licensee that brought the action must report the order to the commissioner within 30 days of the date of the order and must report the order through NMLS within 90 days of the date of the order.

Sec. 28. [53B.54] TIMELY TRANSMISSION.

(a) Every licensee must forward all money received for transmission in accordance with the terms of the agreement between the licensee and the sender, unless the licensee has a reasonable belief or a reasonable basis to believe that the sender may be a victim of fraud or that a crime or violation of law, rule, or regulation has occurred, is occurring, or may occur.

(b) If a licensee fails to forward money received for transmission as provided under this section, the licensee must respond to inquiries by the sender with the reason for the failure, unless providing a response would violate a state or federal law, rule, or regulation.

Sec. 29. [53B.55] REFUNDS.

(a) This section does not apply to:

1. money received for transmission that is subject to the federal remittance rule under Code of Federal Regulations, title 12, part 1005, subpart B, as amended or recodified from time to time;

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

(b) A licensee must refund to the sender within ten days of the date the licensee receives the sender’s written request for a refund of any and all money received for transmission, unless:

1. the money has been forwarded within ten days of the date on which the money was received for transmission;

2. instructions have been given committing an equivalent amount of money to the person designated by the sender within ten days of the date on which the money was received for transmission;

3. the agreement between the licensee and the sender instructs the licensee to forward the money at a time that is beyond ten days of the date on which the money was received for transmission. If money has not been forwarded in accordance with the terms of the agreement between the licensee and the sender, the licensee must issue a refund in accordance with the other provisions of this section; or

(b) If a licensee fails to forward money received for transmission as provided under this section, the licensee must respond to inquiries by the sender with the reason for the failure, unless providing a response would violate a state or federal law, rule, or regulation.

Sec. 40. [53B.54] TIMELY TRANSMISSION.

(a) Every licensee must forward all money received for transmission in accordance with the terms of the agreement between the licensee and the sender, unless the licensee has a reasonable belief or a reasonable basis to believe that the sender may be a victim of fraud or that a crime or violation of law, rule, or regulation has occurred, is occurring, or may occur.

(b) If a licensee fails to forward money received for transmission as provided under this section, the licensee must respond to inquiries by the sender with the reason for the failure, unless providing a response would violate a state or federal law, rule, or regulation.

Sec. 41. [53B.55] REFUNDS.

(a) This section does not apply to:

1. money received for transmission that is subject to the federal remittance rule under Code of Federal Regulations, title 12, part 1005, subpart B, as amended or recodified from time to time; or

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

(b) A licensee must refund to the sender within ten days of the date the licensee receives the sender’s written request for a refund of any and all money received for transmission, unless:

1. the money has been forwarded within ten days of the date on which the money was received for transmission;

2. instructions have been given committing an equivalent amount of money to the person designated by the sender within ten days of the date on which the money was received for transmission;

3. the agreement between the licensee and the sender instructs the licensee to forward the money at a time that is beyond ten days of the date on which the money was received for transmission. If money has not been forwarded in accordance with the terms of the agreement between the licensee and the sender, the licensee must issue a refund in accordance with the other provisions of this section; or
(4) the refund is requested for a transaction that the licensee has not completed based on a reasonable belief or a reasonable basis to believe that a crime or violation of law, rule, or regulation has occurred, is occurring, or may occur.

(c) A refund request does not enable the licensee to identify:

(1) the sender's name and address or telephone number; or

(2) the particular transaction to be refunded in the event the sender has multiple transactions outstanding.

Sec. 42. [53B.56] RECEIPTS.

Subd. 1. Definition. For purposes of this section, "receipt" means a paper receipt, electronic record, or other written confirmation.

Subd. 2. Exemption. This section does not apply to:

(1) money received for transmission that is subject to the federal remittance rule under Code of Federal Regulations, title 12, part 1005, subpart B, as amended or recodified from time to time;

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

(3) money received for transmission pursuant to a written agreement between the licensee and payee to process payments for goods or services provided by the payee;

(4) payroll processing services.

Subd. 3. Transaction types; receipts form. For a transaction conducted in person, the receipt may be provided electronically if the sender requests or agrees to receive an electronic receipt. For a transaction conducted electronically or by telephone, a receipt may be provided electronically. All electronic receipts must be provided in a retainable form.

Subd. 4. Receipts required. (a) Every licensee or the licensee's authorized delegate must provide the sender a receipt for money received for transmission.

(b) The receipt must contain, as applicable:

(1) the name of the sender;

(2) the name of the designated recipient;

(3) the date of the transaction;

(4) the unique transaction or identification number;

(5) the name of the licensee, NMLS Unique ID, the licensee's business address, and the licensee's customer service telephone number;
(6) the transaction amount, expressed in United States dollars;

(7) any fee the licensee charges the sender for the transaction; and

(8) any taxes the licensee collects from the sender for the transaction.

(c) The receipt required by this section must be provided in (1) English, and (2) the
language principally used by the licensee or authorized delegate to advertise, solicit, or
negotiate, either orally or in writing, for a transaction conducted in person, electronically,
or by telephone, if the language principally used is a language other than English.

Sec. 31. [53B.57] NOTICE.

Every licensee or authorized delegate must include on a receipt or disclose on the
licensee's website or mobile application the name and telephone number of the department
and a statement that the licensee's customers can contact the department with questions or
complaints about the licensee's money transmission services.

Sec. 32. [53B.58] PAYROLL PROCESSING SERVICES; DISCLOSURES.

(a) A licensee that provides payroll processing services must:

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

(2) make available worker pay stubs or an equivalent statement to workers.

(b) Paragraph (a) does not apply to a licensee providing payroll processing services if
the licensee's client designates the intended recipients to the licensee and is responsible for
providing the disclosures required by paragraph (a), clause (2).

Sec. 33. [53B.59] NET WORTH.

(a) A licensee under this chapter must maintain at all times a tangible net worth that is
the greater of: (1) $100,000; or (2) three percent of total assets for the first $100,000,000;

(2) two percent of additional assets between $100,000,000 to $1,000,000,000; and one-half
percent of additional assets over $1,000,000,000.

(b) Tangible net worth must be demonstrated in the initial application by the applicant's
most recent audited or unaudited financial statements under section 53B.38, paragraph (b),
clause (6).

(c) Notwithstanding paragraphs (a) and (b), the commissioner has the authority, for good
cause shown, to exempt any applicant or licensee in-part or in whole from the requirements
of this section.

Sec. 34. [53B.60] SURETY BOND.

(a) An applicant for a money transmission license must provide, and a licensee must at
times maintain (1) security consisting of a surety bond in a form satisfactory to the

commissioner, or (2) with the commissioner's approval, a deposit instead of a bond in
accordance with this section.

(b) The amount of the required security under this section is:

(1) the greater of (i) $100,000, or (ii) an amount equal to one hundred percent of the
licensee's average daily money transmission liability in Minnesota, calculated for the most
recently completed three-month period, up to a maximum of $500,000; or

(2) in the event that the licensee's tangible net worth exceeds ten percent of total assets, the
licensee must maintain a surety bond of $100,000.

(c) A licensee that maintains a bond in the maximum amount provided for in paragraph
(b), clause (1) or (2), as applicable, is not required to calculate the licensee's average daily
money transmission liability in Minnesota for purposes of this section.

(d) A licensee may exceed the maximum required bond amount pursuant to section
53B.62, paragraph (a), clause (3).

(e) The security device remains effective until cancellation, which may occur only after
30 days' written notice to the commissioner. Cancellation does not affect the rights of any
claimant for any liability incurred or accrued during the period for which the bond was in
force.

(f) The security device must remain in place for no longer than five years after the
licensee ceases money transmission operations in Minnesota. Notwithstanding this paragraph,
the commissioner may permit the security device to be reduced or eliminated before that
time to the extent that the amount of the licensee's payment instruments outstanding in
Minnesota are reduced. The commissioner may also permit a licensee to substitute a letter
of credit or other form of security device acceptable to the commissioner for the security
device in place at the time the licensee ceases money transmission operations in Minnesota.

Sec. 35. [53B.61] MAINTENANCE OF PERMISSIBLE INVESTMENTS.

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

(b) Except for permissible investments enumerated in section 53B.62, paragraph (a),
the commissioner may by administrative rule or order, with respect to any licensee, limit
the extent to which a specific investment maintained by a licensee within a class of
permissible investments may be considered a permissible investment, if the specific
investment represents undue risk to customers not reflected in the market value of
investments,

(c) Permissible investments, even if commingled with other assets of the licensee, are
held in trust for the benefit of the purchasers and holders of the licensee's outstanding money
transmission obligations in the event of insolvency; the filing of a petition by or against the
licensee under the United States Bankruptcy Code, United States Code, title 11, sections
101 to 110, as amended or recodified from time to time, for bankruptcy or reorganization;
the filing of a petition by or against the licensee for receivership; the commencement of any
other judicial or administrative proceeding for the licensee's dissolution or reorganization;
or in the event of an action by a creditor against the licensee who is not a beneficiary of this
statutory trust. No permissible investments impressed with a trust pursuant to this paragraph
are subject to attachment, levy of execution, or sequestration by order of any court, except
for a beneficiary of the statutory trust.

(d) Upon the establishment of a statutory trust in accordance with paragraph (c), or when
any funds are drawn on a letter of credit pursuant to section 53B.62, paragraph (a), clause
(4), the commissioner must notify the applicable regulator of each state in which the licensee
is licensed to engage in money transmission, if any, of the establishment of the trust or the
funds drawn on the letter of credit, as applicable. Notice is deemed satisfied if performed
pursuant to a multistate agreement through NMLS. Funds drawn on a letter of credit, and
any other permissible investments held in trust for the benefit of the purchasers and holders
of the licensee's outstanding money transmission obligations, are deemed held in trust for
the benefit of the purchasers and holders of the licensee's outstanding money transmission
obligations on a pro rata and equitable basis in accordance with statutes pursuant to which
permissible investments are required to be held in Minnesota and other states, as defined
by a substantially similar statute in the other state. Any statutory trust established under this
section terminates upon extinguishment of all of the licensee's outstanding money
transmission obligations.

(e) The commissioner may by rule or by order allow other types of investments that the
commissioner determines are of sufficient liquidity and quality to be a permissible
investment. The commissioner is authorized to participate in efforts with other state regulators
to determine that other types of investments are of sufficient liquidity and quality to be a
permissible investment.

Sec. 36. [53B.62] PERMISSIBLE INVESTMENTS.

Subdivision 1. Certain investments permissible. The following investments are
permissible under section 53B.61:

(1) cash, including demand deposits, savings deposits, and funds in accounts held for
the benefit of the licensee's customers in a federally insured depository financial institution;
and cash equivalents, including ACH items in transit to the licensee and ACH items or
international wires in transit to a payee, cash in transit via armored car, cash in smart safes,
cash in licensee-owned locations, debit card or credit card funded transmission receivables
owed by any bank, or money market mutual funds rated AAA or the equivalent from any
eligible rating service;

(2) certificates of deposit or senior debt obligations of an insured depository institution,
as defined in section 3 of the Federal Deposit Insurance Act, United States Code, title 12,
section 1813, as amended or recodified from time to time, or as defined under the federal

Credit Union Act, United States Code, title 12, section 1781, as amended or recodified from
time to time;

(3) an obligation of the United States or a commission, agency, or instrumentality thereof;
an obligation that is guaranteed fully as to principal and interest by the United States; or an
obligation of a state or a governmental subdivision, agency, or instrumentality thereof;

(4) the full drawable amount of an irrevocable standby letter of credit, for which the
stated beneficiary is the commissioner, that stipulates that the beneficiary need only draw
a sight draft under the letter of credit and present the sight draft to obtain funds up to the
letter of credit amount within seven days of presentation of the items required by subdivision
2, paragraph (e); and

(5) one hundred percent of the surety bond or deposit provided for under section 53B.60
that exceeds the average daily money transmission liability in Minnesota.

Subd. 2. Letter of credit; requirements. (a) A letter of credit under subdivision 1, clause (4), must:

(1) be issued by a federally insured depository financial institution, a foreign bank that
is authorized under federal law to maintain a federal agency or federal branch office in a
state or states, or a foreign bank that is authorized under state law to maintain a branch in
a state that: (i) bears an eligible rating or whose parent company bears an eligible rating;
and (ii) is regulated, supervised, and examined by United States federal or state authorities
having regulatory authority over banks, credit unions, and trust companies;

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

(3) not contain reference to any other agreements, documents, or entities, or otherwise
provide for any security interest in the licensee; and

(4) contain an issue date and expiration date, and expressly provide for automatic
extension without a written amendment, for an additional period of one year from the present
or each future expiration date, unless the issuer of the letter of credit notifies the
commissioner in writing by certified or registered mail or courier mail or other receipted
means, at least 60 days before any expiration date, that the irrevocable letter of credit will
not be extended.

(b) In the event of any notice of expiration or nonextension of a letter of credit issued
under paragraph (a), clause (4), the licensee must demonstrate to the satisfaction of the
commissioner, 15 days before the letter of credit's expiration, that the licensee maintains
and will maintain permissible investments in accordance with section 53B.61, paragraph
(a), upon the expiration of the letter of credit. If the licensee is not able to do so, the
commissioner may draw on the letter of credit in an amount up to the amount necessary to
meet the licensee's requirements to maintain permissible investments in accordance with

(3) an obligation of the United States or a commission, agency, or instrumentality thereof;
an obligation that is guaranteed fully as to principal and interest by the United States; or an
obligation of a state or a governmental subdivision, agency, or instrumentality thereof;

(4) the full drawable amount of an irrevocable standby letter of credit, for which the
stated beneficiary is the commissioner, that stipulates that the beneficiary need only draw
a sight draft under the letter of credit and present the sight draft to obtain funds up to the
letter of credit amount within seven days of presentation of the items required by subdivision
2, paragraph (e); and

(5) one hundred percent of the surety bond or deposit provided for under section 53B.60
that exceeds the average daily money transmission liability in Minnesota.

Subd. 2. Letter of credit; requirements. (a) A letter of credit under subdivision 1, clause (4), must:

(1) be issued by a federally insured depository financial institution, a foreign bank that
is authorized under federal law to maintain a federal agency or federal branch office in a
state or states, or a foreign bank that is authorized under state law to maintain a branch in
a state that: (i) bears an eligible rating or whose parent company bears an eligible rating;
and (ii) is regulated, supervised, and examined by United States federal or state authorities
having regulatory authority over banks, credit unions, and trust companies;

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

(3) not contain reference to any other agreements, documents, or entities, or otherwise
provide for any security interest in the licensee; and

(4) contain an issue date and expiration date, and expressly provide for automatic
extension without a written amendment, for an additional period of one year from the present
or each future expiration date, unless the issuer of the letter of credit notifies the
commissioner in writing by certified or registered mail or courier mail or other receipted
means, at least 60 days before any expiration date, that the irrevocable letter of credit will
not be extended.

(b) In the event of any notice of expiration or nonextension of a letter of credit issued
under paragraph (a), clause (4), the licensee must demonstrate to the satisfaction of the
commissioner, 15 days before the letter of credit's expiration, that the licensee maintains
and will maintain permissible investments in accordance with section 53B.61, paragraph
(a), upon the expiration of the letter of credit. If the licensee is not able to do so, the
commissioner may draw on the letter of credit in an amount up to the amount necessary to
meet the licensee's requirements to maintain permissible investments in accordance with
section 53B.61, paragraph (a). Any draw under this paragraph must be offset against the licensee's outstanding money transmission obligations. The drawn funds must be held in trust by the commissioner or the commissioner's designated agent, to the extent authorized by law, as agent for the benefit of the purchasers and holders of the licensee's outstanding money transmission obligations.,

(b) The letter of credit must provide that the issuer of the letter of credit must honor, at sight, a presentation made by the beneficiary to the issuer of the following documents on or before the expiration date of the letter of credit:

(i) the original letter of credit, including any amendments; and

(ii) the filing of a petition by or against the licensee under the United States Bankruptcy Code, United States Code, title 11, sections 101 to 110, as amended or recodified from time to time, for bankruptcy or reorganization;

(iii) the seizure of assets of a licensee by a commissioner of any other state pursuant to an emergency order issued in accordance with applicable law, on the basis of an action, violation, or condition that has caused or is likely to cause the insolvency of the licensee;

(iv) the expiration or nonextension of a letter of credit; and

(d) The commissioner may designate an agent to serve on the commissioner's behalf as beneficiary to a letter of credit, provided the agent and letter of credit meet requirements the commissioner establishes. The commissioner's agent may serve as agent for multiple licensing authorities for a single irrevocable letter of credit if the proceeds of the drawable amount for the purposes of subdivision 1, clause (4), and this subdivision are assigned to the commissioner.

(e) The commissioner is authorized to participate in multistate processes designed to facilitate the issuance and administration of letters of credit, including but not limited to services provided by the NMLS and State Regulatory Registry, LLC.

Subd. 3. Other permissible investments. Unless the commissioner by administrative rule or order otherwise permits an investment to exceed the limit set forth in this subdivision, the following investments are permissible under section 53B.61 to the extent specified.
receivables that are payable to a licensee from its authorized delegates in the ordinary course of business that are less than seven days old, up to 50 percent of the aggregate value of the licensee's total permissible investments;

receivables that are payable to a licensee from a single authorized delegate in the ordinary course of business may not exceed ten percent of the aggregate value of the licensee's total permissible investments;

the following investments are permissible up to 20 percent per category and combined up to 50 percent of the aggregate value of the licensee's total permissible investments:

- (i) a short-term investment of up to six months bearing an eligible rating;
- (ii) commercial paper bearing an eligible rating;
- (iii) a bill, note, bond, or debenture bearing an eligible rating;
- (iv) United States tri-party repurchase agreements collateralized at 100 percent or more bearing an eligible rating;
- (v) money market mutual funds rated less than "AAA" and equal to or higher than "A-" by S&P, or the equivalent from any other eligible rating service; and
- (vi) a mutual fund or other investment fund composed solely and exclusively of one or more permissible investments listed in subdivision 1, clauses (1) to (3); and
- (vii) a short-term investment of up to six months bearing an eligible rating; and
- (viii) cash, including demand deposits, savings deposits, and funds in accounts held for the benefit of the licensee's customers, at foreign depository institutions are permissible up to ten percent of the aggregate value of the licensee's total permissible investments if the licensee has received a satisfactory rating in the licensee's most recent examination and the foreign depository institution:
- (i) has an eligible rating;
- (ii) is registered under the Foreign Account Tax Compliance Act, Public Law 111-147;
- (iii) is not located in any country subject to sanctions from the Office of Foreign Asset Control; and
- (iv) is not located in a high-risk or noncooperative jurisdiction, as designated by the Financial Action Task Force.

Sec. 37. [53B.63] SUSPENSION; REVOCATION.

(a) The commissioner may suspend or revoke a license or order a licensee to revoke the designation of an authorized delegate if:

(1) receivables that are payable to a licensee from its authorized delegates in the ordinary course of business that are less than seven days old, up to 50 percent of the aggregate value of the licensee's total permissible investments;

(2) of the receivables permissible under clause (1), receivables that are payable to a licensee from a single authorized delegate in the ordinary course of business may not exceed ten percent of the aggregate value of the licensee's total permissible investments;

(3) the following investments are permissible up to 20 percent per category and combined up to 50 percent of the aggregate value of the licensee's total permissible investments:

- (i) a short-term investment of up to six months bearing an eligible rating;
- (ii) commercial paper bearing an eligible rating;
- (iii) a bill, note, bond, or debenture bearing an eligible rating;
- (iv) United States tri-party repurchase agreements collateralized at 100 percent or more bearing an eligible rating;
- (v) money market mutual funds rated less than "AAA" and equal to or higher than "A-" by S&P, or the equivalent from any other eligible rating service; and
- (vi) a mutual fund or other investment fund composed solely and exclusively of one or more permissible investments listed in subdivision 1, clauses (1) to (3); and
- (vii) a short-term investment of up to six months bearing an eligible rating; and
- (viii) cash, including demand deposits, savings deposits, and funds in accounts held for the benefit of the licensee's customers, at foreign depository institutions are permissible up to ten percent of the aggregate value of the licensee's total permissible investments if the licensee has received a satisfactory rating in the licensee's most recent examination and the foreign depository institution:
- (i) has an eligible rating;
- (ii) is registered under the Foreign Account Tax Compliance Act, Public Law 111-147;
- (iii) is not located in any country subject to sanctions from the Office of Foreign Asset Control; and
- (iv) is not located in a high-risk or noncooperative jurisdiction, as designated by the Financial Action Task Force.

Sec. 49. [53B.63] SUSPENSION; REVOCATION.

(a) The commissioner may suspend or revoke a license or order a licensee to revoke the designation of an authorized delegate if:
the licensee violates this chapter, or an administrative rule adopted or an order issued under this chapter;  
(2) the licensee does not cooperate with an examination or investigation conducted by the commissioner;  
(3) the licensee engages in fraud, intentional misrepresentation, or gross negligence;  
(4) an authorized delegate is convicted of a violation of a state or federal statute prohibiting money laundering, or violates an administrative rule adopted or an order issued under this chapter, as a result of the licensee's willful misconduct or willful blindness;  
(5) the competence, experience, character, or general fitness of the licensee, authorized delegate, person in control of a licensee, key individual, or responsible person of the authorized delegate indicates that it is not in the public interest to permit the person to provide money transmission;  
(6) the licensee engages in an unsafe or unsound practice;  
(7) the licensee is insolvent, suspends payment of the licensee's obligations, or makes a general assignment for the benefit of the licensee's creditors; or  
(8) the licensee does not remove an authorized delegate after the commissioner issues and serves upon the licensee a final order that includes a finding that the authorized delegate has violated this chapter.  
(b) When determining whether a licensee is engaging in an unsafe or unsound practice, the commissioner may consider the size and condition of the licensee's money transmission, the magnitude of the loss, the gravity of the violation of this chapter, and the previous conduct of the person involved.  
Sec. 38. [53B.64] AUTHORIZED DELEGATES; SUSPENSION AND REVOCATION.  
(a) The commissioner may issue an order suspending or revoking the designation of an authorized delegate if the commissioner finds:  
(1) the authorized delegate violated this chapter, or an administrative rule adopted or an order issued under this chapter;  
(2) the authorized delegate did not cooperate with an examination or investigation conducted by the commissioner;  
(3) the authorized delegate engaged in fraud, intentional misrepresentation, or gross negligence;  
(4) the authorized delegate is convicted of a violation of a state or federal anti-money laundering statute;  
(5) the competence, experience, character, or general fitness of the licensee, authorized delegate, person in control of a licensee, key individual, or responsible person of the authorized delegate indicates that it is not in the public interest to permit the person to provide money transmission;  
(6) the licensee engages in an unsafe or unsound practice;  
(7) the licensee is insolvent, suspends payment of the licensee's obligations, or makes a general assignment for the benefit of the licensee's creditors; or  
(8) the licensee does not remove an authorized delegate after the commissioner issues and serves upon the licensee a final order that includes a finding that the authorized delegate has violated this chapter.  
(b) When determining whether a licensee is engaging in an unsafe or unsound practice, the commissioner may consider the size and condition of the licensee's money transmission, the magnitude of the loss, the gravity of the violation of this chapter, and the previous conduct of the person involved.  
Sec. 50. [53B.64] AUTHORIZED DELEGATES; SUSPENSION AND REVOCATION.  
(a) The commissioner may issue an order suspending or revoking the designation of an authorized delegate if the commissioner finds:  
(1) the authorized delegate violated this chapter, or an administrative rule adopted or an order issued under this chapter;  
(2) the authorized delegate did not cooperate with an examination or investigation conducted by the commissioner;  
(3) the authorized delegate engaged in fraud, intentional misrepresentation, or gross negligence;  
(4) the authorized delegate is convicted of a violation of a state or federal anti-money laundering statute;
(5) the competence, experience, character, or general fitness of the authorized delegate
or a person in control of the authorized delegate indicates that it is not in the public interest
to permit the authorized delegate to provide money transmission, or
(6) the authorized delegate is engaging in an unsafe or unsound practice.
(b) When determining whether an authorized delegate is engaging in an unsafe or unsound
practice, the commissioner may consider the size and condition of the authorized delegate's
provision of money transmission, the magnitude of the loss, the gravity of the violation of
this chapter, or an administrative rule adopted or order issued under this chapter, and the
previous conduct of the authorized delegate.
(c) An authorized delegate may apply for relief from a suspension or revocation of
designation as an authorized delegate in the same manner as a licensee.
Sec. 39. [53B.65] ENFORCEMENT.
Section 45.027 applies to this chapter.
Sec. 40. [53B.66] CRIMINAL PENALTIES.
(a) A person who intentionally makes a false statement, misrepresentation, or false
certification in a record filed or required to be maintained under this chapter or that
intentionally makes a false entry or omits a material entry in a record filed or required to
be maintained under this chapter is guilty of a felony.
(b) A person who knowingly engages in an activity for which a license is required under
this chapter without being licensed under this chapter, and who receives more than $1,000
in compensation within a 30-day period from the activity, is guilty of a felony.
(c) A person who knowingly engages in an activity for which a license is required under
this chapter without being licensed under this chapter, and who receives more than $500
in compensation within a 30-day period from the activity, is guilty of a gross misdemeanor.
(d) A person who knowingly engages in an activity for which a license is required under
this chapter without being licensed under this chapter, and who receives no more than $500
in compensation within a 30-day period from the activity, is guilty of a misdemeanor.
Sec. 41. [53B.67] SEVERABILITY.
If any provision of this chapter or the chapter's application to any person or circumstance
is held invalid, the invalidity does not affect other provisions or applications of this chapter
that can be given effect without the invalid provision or application.
Sec. 42. [53B.68] TRANSITION PERIOD.
(a) A person licensed in Minnesota to engage in the business of money transmission is
not subject to the provisions of this chapter to the extent that this chapter's provisions conflict
with the laws of this state in which the person was licensed prior to the effective date of
this chapter.
with current law or establish new requirements not imposed under current law until the
licensee renews the licensee's current license or for five months after the effective date of
this chapter, whichever is later.
(b) Notwithstanding paragraph (a), a licensee is only required to amend the licensee's
authorized delegate contracts for contracts entered into or amended after the effective
date or the completion of any transition period contemplated under paragraph (a). Nothing in
this section limits an authorized delegate's obligations to operate in full compliance with
this chapter, as required under section 53B.51, paragraph (c).
Sec. 43. [53B.69] DEFINITIONS.
Subdivision 1. Terms. For purposes of sections 53B.70 to 53B.74, the following terms
have the meaning given them:
Subd. 2. Control of virtual currency. "Control of virtual currency," when used in
reference to a transaction or relationship involving virtual currency, means the power to
execute unilaterally or prevent indefinitely a virtual currency transaction.
Subd. 3. Exchange. "Exchange," used as a verb, means to assume control of virtual
currency from or on behalf of a person, at least momentarily, to sell, trade, or convert:
(1) virtual currency for money, bank credit, or one or more forms of virtual currency;
or
(2) money or bank credit for one or more forms of virtual currency.
Subd. 4. Transfer. "Transfer" means to assume control of virtual currency from or on
behalf of a person and to:
(1) credit the virtual currency to the account of another person;
(2) move the virtual currency from one account of a person to another account of the
same person; or
(3) relinquish control of virtual currency to another person.
Subd. 5. United States dollar equivalent of virtual currency. "United States dollar
equivalent of virtual currency" means the equivalent value of a particular virtual currency
in United States dollars shown on a virtual-currency exchange based in the United States
for a particular date or period specified in this chapter.
Subd. 6. Virtual currency. (a) "Virtual currency" means a digital representation of value
that:
(1) is used as a medium of exchange, unit of account, or store of value; and
(2) is not money, whether or not denominated in money.
(b) Notwithstanding paragraph (a), a licensee is only required to amend the licensee's
authorized delegate contracts for contracts entered into or amended after the effective
date or the completion of any transition period contemplated under paragraph (a). Nothing in
this section limits an authorized delegate's obligations to operate in full compliance with
this chapter, as required under section 53B.51, paragraph (c).
(b) Virtual currency does not include:

(1) a transaction in which a merchant grants, as part of an affinity or rewards program, value that cannot be taken from or exchanged with the merchant for money, bank credit, or virtual currency; or

(2) a digital representation of value issued by or on behalf of a publisher and used solely within an online game, game platform, or family of games sold by the same publisher or offered on the same game platform.

Subd. 7. Virtual-currency administration. "Virtual-currency administration" means issuing virtual currency with the authority to redeem the currency for money, bank credit, or other virtual currency.

Subd. 8. Virtual-currency control-services vendor. "Virtual-currency control-services vendor" means a person that has control of virtual currency solely under an agreement with a virtual-currency administration, whether directly or through an agreement with a virtual-currency control-services vendor.

(b) Virtual currency does not include:

(1) a transaction in which a merchant grants, as part of an affinity or rewards program, value that cannot be taken from or exchanged with the merchant for money, bank credit, or virtual currency; or

(2) a digital representation of value issued by or on behalf of a publisher and used solely within an online game, game platform, or family of games sold by the same publisher or offered on the same game platform.

Subd. 7. Virtual-currency administration. "Virtual-currency administration" means issuing virtual currency with the authority to redeem the currency for money, bank credit, or other virtual currency.

Subd. 8. Virtual-currency control-services vendor. "Virtual-currency control-services vendor" means a person that has control of virtual currency solely under an agreement with a virtual-currency administration, whether directly or through an agreement with a virtual-currency control-services vendor.

(a) Sections 53B.71 to 53B.74 do not apply to the exchange, transfer, or storage of virtual currency or to virtual-currency administration to the extent the Electronic Fund Transfer Act of 1978, United States Code, title 15, sections 1693 to 1693r, as amended or recodified from time to time; the Securities Exchange Act of 1934, United States Code, title 15, sections 78a to 78oo, as amended or recodified from time to time; the Commodities Exchange Act of 1936, United States Code, title 7, sections 1 to 27f, as amended or recodified from time to time; or chapter 80A govern the activity.
(b) Sections 53B.71 to 53B.74 do not apply to activity by:

(1) a person that:

(i) contributes only connectivity software or computing power to a decentralized virtual currency, or to a protocol governing transfer of the digital representation of value;

(ii) provides only data storage or security services for a business engaged in virtual-currency business activity and does not otherwise engage in virtual-currency business activity on behalf of another person; or

(iii) provides only to a person otherwise exempt from this chapter virtual currency as:

(a) for academic purposes;

(b) for personal, family, or household purposes; or

(c) for academic purposes;

(2) a person using virtual currency, including creating, investing, buying or selling, or obtaining virtual currency as payment for the purchase or sale of goods or services, solely:

(i) on the person's own behalf;

(ii) for personal, family, or household purposes; or

(iii) for academic purposes;

(3) a person whose virtual-currency business activity with or on behalf of persons is reasonably expected to be valued, in the aggregate, on an annual basis at $5,000 or less, as measured by the United States dollar equivalent of virtual currency;

(4) an attorney to the extent of providing escrow services to a person;

(5) a title insurance company to the extent of providing escrow services to a person; or

(6) a securities intermediary, as defined under section 336.9-102(14), or a commodity intermediary, as defined under section 336.9-102(17), that:

(i) does not engage in the ordinary course of business in virtual-currency business activity with or on behalf of a person in addition to maintaining securities accounts or commodities accounts and is regulated as a securities intermediary or commodity intermediary under federal law, law of Minnesota other than this chapter, or law of another state; and

(ii) affords a person protections comparable to those set forth under section 53B.37.

(c) Sections 53B.71 to 53B.74 do not apply to a secured creditor, as defined under sections 336.9-101 to 336.9-809 or to a creditor with a judicial lien or lien arising by operation of law on collateral that is virtual currency, or to a protocol governing transfer of the digital representation of value of the creditor is limited to enforcement of the security interest in compliance with sections 336.9-101 to 336.9-809 or lien in compliance with the law applicable to the lien.

(d) Sections 53B.71 to 53B.74 do not apply to a virtual-currency control-services vendor.
Sections 53B.71 to 53B.74 do not apply to a person that:

- (i) does not receive compensation from a person to:
- (ii) conduct virtual-currency business activity; or
- (2) is engaged in testing products or services with the person’s own money.

The commissioner may determine that a person or class of persons, given facts particular to the person or class, should be exempt from this chapter, whether the person or class is covered by requirements imposed under federal law on a money-service business.

Sec. 57. [53B.71] VIRTUAL CURRENCY BUSINESS ACTIVITY; CONDITIONS

(a) A person may not engage in virtual-currency business activity, or hold itself out as being able to engage in virtual-currency business activity, with or on behalf of another person unless the person is:

- (1) licensed in Minnesota by the commissioner under section 53B.40; or
- (2) exempt from licensing under section 53B.29.

(b) A person that is licensed to engage in virtual-currency business activity is engaged in the business of money transmission and is subject to the requirements of this chapter.

Sec. 46. [53B.72] REQUIRED DISCLOSURES.

(a) A licensee that engages in virtual-currency business activity must provide to a person who uses the licensee’s products or services the disclosures required by paragraph (b) and any additional disclosure the commissioner by administrative rule determines reasonably necessary to protect persons. The commissioner must determine by administrative rule the time and form required for disclosure. A disclosure required by this section must be made separately from any other information provided by the licensee and in a clear and conspicuous manner in a record the person may keep. A licensee may propose for the commissioner’s approval alternate disclosures as more appropriate for the licensee’s virtual-currency business activity with or on behalf of persons.

(b) Before establishing a relationship with a person, a licensee must disclose, to the extent applicable to the virtual-currency business activity the licensee undertakes with the person:

- (1) a schedule of fees and charges the licensee may assess, the manner by which fees and charges are calculated if the fees and charges are not set in advance and disclosed, and the timing of the fees and charges;
- (2) whether the product or service provided by the licensee is covered by;

The commissioner may determine that a person or class of persons, given facts particular to the person or class, should be exempt from this chapter, whether the person or class is covered by requirements imposed under federal law on a money-service business.

Sec. 58. [53B.72] REQUIRED DISCLOSURES.

(a) A licensee that engages in virtual-currency business activity must provide to a person who uses the licensee’s products or services the disclosures required by paragraph (b) and any additional disclosure the commissioner by administrative rule determines reasonably necessary to protect persons. The commissioner must determine by administrative rule the time and form required for disclosure. A disclosure required by this section must be made separately from any other information provided by the licensee and in a clear and conspicuous manner in a record the person may keep. A licensee may propose for the commissioner’s approval alternate disclosures as more appropriate for the licensee’s virtual-currency business activity with or on behalf of persons.

(b) Before establishing a relationship with a person, a licensee must disclose, to the extent applicable to the virtual-currency business activity the licensee undertakes with the person:

- (1) a schedule of fees and charges the licensee may assess, the manner by which fees and charges are calculated if the fees and charges are not set in advance and disclosed, and the timing of the fees and charges;
- (2) whether the product or service provided by the licensee is covered by;
(i) a form of insurance or is otherwise guaranteed against loss by an agency of the United States;

(A) up to the full United States dollar equivalent of virtual currency purchased from the licensee or for control of virtual currency by the licensee as of the date of the placement or purchase, including the maximum amount provided by insurance under the Federal Deposit Insurance Corporation or otherwise available from the Securities Investor Protection Corporation; or

(B) if not provided at the full United States dollar equivalent of virtual currency purchased from the licensee or for control of virtual currency by the licensee, the maximum amount of coverage for each person expressed in the United States dollar equivalent of the virtual currency; or

(ii) private insurance against theft or loss, including cyber theft or theft by other means;

(3) the irrevocability of a transfer or exchange and any exception to irrevocability;

(i) liability for an unauthorized, mistaken, or accidental transfer or exchange;

(ii) the person's responsibility to provide notice to the licensee of the transfer or exchange;

(iv) general error-resolution rights applicable to the transfer or exchange; and

(v) the method for the person to update the person's contact information with the licensee;

(5) that the date or time when the transfer or exchange is made and the person's account is debited may differ from the date or time when the person initiates the instruction to make the transfer or exchange;

(6) whether the person has a right to stop a preauthorized payment or revoke authorization for a transfer, and the procedure to initiate a stop-payment order or revoke authorization for a subsequent transfer;

(7) the person's right to receive a receipt, trade ticket, or other evidence of the transfer or exchange;

(B) the person's right to at least 30 days' prior notice of a change in the licensee's fee schedule, other terms and conditions of operating the licensee's virtual-currency business activity with the person, and the policies applicable to the person's account; and

(9) that virtual currency is not money.
(c) Except as otherwise provided in paragraph (d), at the conclusion of a virtual-currency transaction with or on behalf of a person, a licensee must provide the person a confirmation in a record. The record must contain:

1. The name and contact information of the licensee, including information the person may need to ask a question or file a complaint;
2. The type, value, date, precise time, and amount of the transaction; and
3. The fee charged for the transaction, including any charge for conversion of virtual currency to money, bank credit, or other virtual currency.

(d) If a licensee discloses that it provides a daily confirmation in the initial disclosure under paragraph (c), the licensee may elect to provide a single, daily confirmation for all transactions with or on behalf of a person on that day instead of a per-transaction confirmation.

Sec. 47. [53B.73] PROPERTY INTERESTS AND ENTITLEMENTS TO VIRTUAL CURRENCY.

(a) A licensee that has control of virtual currency for one or more persons must maintain control of virtual currency in each type of virtual currency sufficient to satisfy the aggregate entitlements of the persons to the type of virtual currency.

(b) If a licensee violates paragraph (a), the property interests of the persons in the virtual currency are pro rata property interests in the type of virtual currency to which the persons are entitled, without regard to the time the persons became entitled to the virtual currency or the licensee obtained control of the virtual currency.

(c) The virtual currency referred to in this section is:
1. Held for the persons entitled to the virtual currency;
2. Not property of the licensee;
3. Not subject to the claims of creditors of the licensee; and
4. A permissible investment under this chapter.

Sec. 48. [53B.74] VIRTUAL CURRENCY BUSINESS ACTIVITIES; ADDITIONAL REQUIREMENTS.

(a) A licensee engaged in virtual currency business activities may include virtual currency in the licensee's calculation of tangible net worth, by measuring the average value of the virtual currency in United States dollar equivalent over the prior six months, excluding control of virtual currency for a person entitled to the protections under section 53B.73.

(b) A licensee must maintain, for all virtual-currency business activity with or on behalf of a person five years after the date of the activity, a record of:
(1) each of the licensee’s transactions with or on behalf of the person, or for the licensee’s account in Minnesota, including:

(i) the identity of the person;

(ii) the form of the transaction;

(iii) the amount, date, and payment instructions given by the person; and

(iv) the account number, name, and United States Postal Service address of the person, and, to the extent feasible, other parties to the transaction;

(2) the aggregate number of transactions and aggregate value of transactions by the licensee with or on behalf of the person and for the licensee’s account in this state, expressed in the United States dollar equivalent of the virtual currency for the previous 12 calendar months;

(3) each transaction in which the licensee exchanges one form of virtual currency for money or another form of virtual currency with or on behalf of the person;

(4) a general ledger posted at least monthly that lists all of the licensee’s assets, liabilities, capital, income, and expenses;

(5) each business-call report the licensee is required to create or provide to the department or NMLS;

(6) bank statements and bank reconciliation records for the licensee and the name, account number, and United States Postal Service address of each bank the licensee uses to conduct virtual-currency business activity with or on behalf of the person;

(7) a report of any dispute with the person; and

(8) a report of any virtual-currency business activity transaction with or on behalf of a person which the licensee was unable to complete.

A licensee must maintain records required by paragraph (b) in a form that enables the commissioner to determine whether the licensee is in compliance with this chapter, any court order, and law of Minnesota other than this chapter.

Sec. 61. Minnesota Statutes 2022, section 56.131, subdivision 1, is amended to read:

Subdivision 1. Interest rates and charges. (a) On any loan in a principal amount not exceeding $100,000 or 15 percent of a Minnesota corporate licensee’s capital stock and surplus as defined in section 53.015, if greater, a licensee may contract for and receive interest, finance charges, and other charges as provided in section 47.59.

(b) A licensee making a loan that is a consumer small loan, as defined in section 47.60, subdivision 1, paragraph (a), must comply with section 47.60. A licensee making a loan...
that is a consumer short-term loan, as defined in section 47.601, subdivision 1, paragraph
d, must comply with section 47.601.

(b) With respect to a loan secured by an interest in real estate, and having a maturity
of more than 60 months, the original schedule of installment payments must fully amortize
the principal and interest on the loan. The original schedule of installment payments for any
other loan secured by an interest in real estate must provide for payment amounts that are
sufficient to pay all interest scheduled to be due on the loan.

With respect to a loan secured by an interest in real estate, and having a maturity
of more than 60 months, the original schedule of installment payments must fully amortize
the principal and interest on the loan. The original schedule of installment payments for any
other loan secured by an interest in real estate must provide for payment amounts that are
sufficient to pay all interest scheduled to be due on the loan.

A licensee may contract for and collect a delinquency charge as provided for in
section 47.59, subdivision 6, paragraph (a), clause (4).

A licensee may grant extensions, deferments, or conversions to interest-bearing
loans as provided in section 47.59, subdivision 5.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2023, and
applies to consumer small loans and consumer short-term loans originated on or after that
date.
Subd. 6. *External audit.* "External audit" means the formal report, prepared by an independent certified public accountant, expressing an opinion on whether the financial statements are:

(1) presented fairly, in all material aspects, in accordance with the applicable financial reporting framework; and

(2) inclusive of an evaluation of the adequacy of a company's internal control structure.


Subd. 8. **Interim serviced prior to sale.** "Interim serviced prior to sale" means the collection of a limited number of contractual mortgage payments immediately after origination on loans held for sale but no longer than a period of ninety days prior to the loans being sold into the secondary market.

Subd. 9. **Internal audit.** "Internal audit" means the internal activity of performing independent and objective assurance and consulting to evaluate and improve the effectiveness of company operations, risk management, internal controls, and governance processes.

Subd. 10. **Mortgage-backed security.** "Mortgage-backed security" means a financial instrument, often debt securities, collateralized by residential mortgages.

Subd. 11. **Mortgage call report.** "Mortgage call report" means the quarterly or annual report of residential real estate loan origination, servicing, and financial information completed by companies licensed in NMLS.

Subd. 12. **Mortgage servicing rights.** "Mortgage servicing rights" means the contractual right to service a residential mortgage loan on behalf of the owner of the associated mortgage in exchange for compensation specified in the servicing contract.

Subd. 13. **Mortgage servicing rights investor.** "Mortgage servicing rights investor" or "master servicer" means an entity that (1) invests in and owns mortgage servicing rights; and (2) relies on subservicers to administer the loans on the mortgage servicing rights investor's behalf.

Subd. 14. **Nationwide Multistate Licensing System.** "Nationwide Multistate Licensing System" or "NMLS" has the meaning given in section 58A.02, subdivision 8.

Subd. 15. **Operating liquidity.** "Operating liquidity" means the money necessary for an entity to perform normal business operations, including payment of rent, salaries, interest expenses, and other typical expenses associated with operating the entity.

Subd. 16. **Residential mortgage loans serviced.** "Residential mortgage loans serviced" means the specific portfolio or portfolios of residential mortgage loans for which a licensee

Subd. 17. **Residential mortgage loans serviced.** "Residential mortgage loans serviced" means the specific portfolio or portfolios of residential mortgage loans for which a licensee

Subd. 18. **Residential mortgage loans serviced.** "Residential mortgage loans serviced" means the specific portfolio or portfolios of residential mortgage loans for which a licensee
is contractually responsible to the owner or owners of the mortgage loans for the defined
servicing activities.

Subd. 17. Reverse mortgage. "Reverse mortgage" has the meaning given in section
47.58, subdivision 1, paragraph (a).

Subd. 18. Risk management assessment. "Risk management assessment" means the
functional evaluations performed under the risk management program and the reports
provided to the board of directors under the relevant governance protocol.

Subd. 19. Risk management program. "Risk management program" means the policies
and procedures designed to identify, measure, monitor, and mitigate risk commensurate
with the covered institution's size and complexity.

Subd. 20. Servicer. "Servicer" has the meaning given in section 58.02, subdivision 20.

Subd. 21. Servicing liquidity. "Servicing liquidity" or "liquidity" means the financial
resources necessary to manage liquidity risk arising from servicing functions required in
acquiring and financing mortgage servicing rights; hedging costs, including margin calls,
associated with the mortgage servicing rights asset and financing facilities; and advances
or costs of advance financing for principal, interest, taxes, insurance, and any other servicing
related advances.

Subd. 22. Subservicer. "Subservicer" means the entity performing routine administration
of residential mortgage loans as the agent of a servicer or mortgage servicing rights investor
under the terms of a subservicing contract.

Subd. 23. Subservicing for others. "Subservicing for others" means the contractual
activities performed by subservicers on behalf of a servicer or mortgage servicing rights
investor.

Subd. 24. Tangible net worth. "Tangible net worth" means total equity less receivables
due from related entities, less goodwill and other intangibles, less pledged assets.

Subd. 25. Whole loans. "Whole loans" means a loan where a mortgage and the underlying
credit risk is owned and held on a balance sheet of the entity possessing all ownership rights.

Sec. 7. [58.21] APPLICABILITY; EXCLUSIONS.

Subdivision 1. Applicability. Sections 58.20 to 58.23 apply to covered institutions. For
entities within a holding company or an affiliated group of companies, sections 58.20 to
58.23 apply at the covered institution level.

Subd. 2. Exclusions. (a) Sections 58.20 to 58.23 do not apply to (1) persons except
from licensing under section 58.04 and 58.05; and (2) an institution of the Farm Credit
System established and authorized in accordance with the Farm Credit Act of 1971, as
amended, United States Code, title 12, section 1201 et seq.
(b) Section 58.22 does not apply to (1) servicers that solely own or conduct reverse mortgage servicing; or (2) the reverse mortgage portfolio administered by a covered institution.

Sec. 8. [58.22] FINANCIAL CONDITION.

Subdivision 1. Compliance required. A covered institution must maintain capital and liquidity in compliance with this section.

Subd. 2. Generally accepted accounting principles. For the purposes of complying with the capital and liquidity requirements of this section, all financial data must be determined in accordance with generally accepted accounting principles.

Subd. 3. Federal Housing Finance Agency eligibility requirements; policies and procedures. (a) A covered institution that meets the Federal Housing Finance Agency eligibility requirements for enterprise single-family sellers and servicers with respect to capital, net worth ratio, and liquidity must be approved by the Federal Housing Finance Agency.

(b) A covered institution must maintain written policies and procedures that implement the capital and servicing liquidity requirements of this section. The policies and procedures implemented pursuant to this paragraph must include a sustainable written methodology to satisfy the requirements of paragraph (a) and must be made available to the commissioner upon request.

Subd. 4. Operating liquidity. (a) A covered institution must maintain sufficient allowable assets for liquidity, in addition to the amounts required for servicing liquidity, to cover normal business operations.

(b) Covered institutions must have sound cash management and business operating plans that (1) match the complexity of the institution; and (2) ensure normal business operations.

(c) Management must develop, establish, and implement plans, policies, and procedures to maintain operating liquidity sufficient for the ongoing needs of the covered institution.

Plans, policies, and procedures implemented pursuant to this paragraph must contain sustainable, written methodologies to maintain sufficient operating liquidity and must be made available to the commissioner upon request.

Sec. 9. [58.23] CORPORATE GOVERNANCE.

Subdivision 1. Board of directors required. A covered institution must establish and maintain a board of directors that is responsible for oversight of the covered institution.

Subd. 2. Board of directors; alternative. If a covered institution has not received approval to service loans by a government-sponsored enterprise or the Government National Mortgage Association, or if a government-sponsored enterprise or the Government National Mortgage Association has granted approval for a board of directors alternative, the covered

(Sec. 64. [58.22] FINANCIAL CONDITION.

Subdivision 1. Compliance required. A covered institution must maintain capital and liquidity in compliance with this section.

Subd. 2. Generally accepted accounting principles. For the purposes of complying with the capital and liquidity requirements of this section, all financial data must be determined in accordance with generally accepted accounting principles.

Subd. 3. Federal Housing Finance Agency eligibility requirements; policies and procedures. (a) A covered institution that meets the Federal Housing Finance Agency eligibility requirements for enterprise single-family sellers and servicers with respect to capital, net worth ratio, and liquidity must be approved by the Federal Housing Finance Agency.

(b) A covered institution must maintain written policies and procedures that implement the capital and servicing liquidity requirements of this section. The policies and procedures implemented pursuant to this paragraph must include a sustainable written methodology to satisfy the requirements of paragraph (a) and must be made available to the commissioner upon request.

Subd. 4. Operating liquidity. (a) A covered institution must maintain sufficient allowable assets for liquidity, in addition to the amounts required for servicing liquidity, to cover normal business operations.

(b) Covered institutions must have sound cash management and business operating plans that (1) match the complexity of the institution; and (2) ensure normal business operations.

(c) Management must develop, establish, and implement plans, policies, and procedures to maintain operating liquidity sufficient for the ongoing needs of the covered institution.

Plans, policies, and procedures implemented pursuant to this paragraph must contain sustainable, written methodologies to maintain sufficient operating liquidity and must be made available to the commissioner upon request.

Sec. 65. [58.23] CORPORATE GOVERNANCE.

Subdivision 1. Board of directors required. A covered institution must establish and maintain a board of directors that is responsible for oversight of the covered institution.

Subd. 2. Board of directors; alternative. If a covered institution has not received approval to service loans by a government-sponsored enterprise or the Government National Mortgage Association, or if a government-sponsored enterprise or the Government National Mortgage Association has granted approval for a board of directors alternative, the covered
institution may establish a similar body constituted to exercise oversight and fulfill the
responsibilities specified under subdivision 3.

Subd. 3. Board of directors; responsibilities. The board of directors must:

1. establish a written corporate governance framework, including appropriate internal
governance framework, and must make the corporate governance framework available to
the commissioner upon request;

2. monitor and ensure the covered institution complies with (i) the corporate governance
framework; and (ii) sections 38.20 to this section; and

3. perform accurate and timely regulatory reporting, including filing the mortgage call
report.

Subd. 4. Internal audit. The board of directors must establish internal audit requirements
that (1) are appropriate for the size, complexity, and risk profile of the servicer; and (2)
ensure appropriate independence to provide a reliable evaluation of the servicer's internal
control structure, risk management, and governance. The board-established internal audit
requirements and the results of internal audits must be made available to the commissioner
upon request.

Subd. 5. External audit. (a) A covered institution must receive an external audit, including audited financial statements and audit reports, that is conducted by an independent
public accountant annually. The external audit must be made available to the commissioner
upon request.

(b) The external audit must include, at a minimum:

1. annual financial statements, including (i) a balance sheet; (ii) a statement of operations
and income statement; and (iii) cash flows, including notes and supplemental schedules
prepared in accordance with generally accepted accounting principles;

2. an assessment of the internal control structure;

3. a computation of tangible net worth;

4. validation of mortgage servicing rights valuation and reserve methodology, if applicable;

5. verification of adequate fidelity and errors and omissions insurance; and

6. testing of controls related to risk management activities, including compliance and
stress testing, if applicable.

Subd. 6. Risk management. (a) Under oversight by the board of directors, a covered
institution must establish a risk management program that identifies, measures, monitors,
and controls risk commensurate with the covered institution's size and complexity. The risk
management program must have appropriate processes and models in place to measure,
monitor, and mitigate financial risks and changes to the servicer’s risk profile and assets
being serviced.

(b) The risk management program must be scaled to the size and complexity of the
organization, including but not limited to:

1. The potential that a borrower or counterparty fails to perform on an obligation;
2. The potential that the servicer (i) is unable to meet the servicer's obligations as the
obligations come due as a result of an inability to liquidate assets or obtain adequate funding;
3. The risk resulting from (i) inadequate or failed internal processes, people, and systems;
or (ii) external events;
4. The risk to the servicer's condition resulting from adverse movements in market rates
or prices;
5. The risk of regulatory sanctions, fines, penalties, or losses resulting from the failure
to comply with laws, rules, regulations, or other supervisory requirements that apply to the
servicer;
6. The potential that legal proceedings against the institution resulting in unenforceable
contracts, lawsuits, legal sanctions, or adverse judgments can disrupt or otherwise negatively
affect the servicer’s operations or condition; and
7. The risk to earnings and capital arising from negative publicity regarding the servicer's
business practices.

Subd. 7. Risk management assessment. A covered institution must conduct a risk
management assessment on an annual basis. The risk management assessment must conclude
with a formal report to the board of directors and must be made available to the commissioner
upon request. A covered institution must maintain evidence of risk management activities
throughout the year and must include the evidence of risk management activities as part of the
report. The risk management assessment must include issue findings and the response
or action taken to address the issue findings.

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Sec. 49. [SBB.011] STUDENT LOAN ADVOCATE.

Subdivision 1. Designation of a student loan advocate. The commissioner of commerce
must designate a student loan advocate within the Department of Commerce to provide:
timely assistance to borrowers and to effectuate this chapter.

Subd. 2. Duties. The student loan advocate has the following duties:
(1) receive, review, and attempt to resolve complaints from borrowers, including but
not limited to attempts to resolve borrower complaints in collaboration with institutions of
higher education, student loan servicers, and any other participants in student loan lending;
(2) compile and analyze data on borrower complaints received under clause (1);
(3) help borrowers understand the rights and responsibilities under the terms of student
loans;
(4) provide information to the public, state agencies, legislators, and relevant stakeholders
regarding the problems and concerns of borrowers;
(5) make recommendations to resolve the problems of borrowers;
(6) analyze and monitor the development and implementation of federal, state, and local
laws, regulations, and policies relating to borrowers, and recommend any changes deemed
necessary;
(7) review the complete student loan history for any borrower who has provided written
consent to conduct the review;
(8) increase public awareness that the advocate is available to assist in resolving the
student loan servicing concerns of potential and actual borrowers, institutions of higher
education, student loan servicers, and any other participant in student loan lending; and
(9) take other actions as necessary to fulfill the duties of the advocate, as provided under
this section.

Subd. 3. Student loan education course. The advocate must establish and maintain a
borrower education course. The course must include educational presentations and materials
regarding important topics in student loans, including but not limited to:
(1) the meaning of important terminology used in student lending;
(2) documentation requirements;
(3) monthly payment obligations;
(4) income-based repayment options;
(5) the availability of state and federal loan forgiveness programs; and
(6) disclosure requirements.

Subd. 4. Reporting. By January 15 of each odd-numbered year, the advocate must report
to the legislative committees with jurisdiction over commerce and higher education. The
report must describe the advocate's implementation of this section, the outcomes achieved
by the advocate during the previous two years, and recommendations to improve the
regulation of student loan servicers.
Sec. 67. Minnesota Statutes 2022, section 80A.50, is amended to read:

(4) the Appendix, as promulgated by the Securities and Exchange Commission, and a consent upon the expiration of the filing being renewed.

(3) part of an amendment to a federal registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933 (15 U.S.C. Section 77r(b)(4)(D)), a rule under this chapter may require the filing of any or all of the following records:

(A) before the initial offer of a federal covered security in this state, all records that are to be filed. A previously filed consent to service of process complying with section 80A.88 signed by the issuer;

(B) after the initial offer of the federal covered security in this state, all records that are part of an amendment to a federal registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933; and

(C) to the extent necessary or appropriate to compute fees, a report of the value of the federal covered securities sold or offered to persons present in this state, if the sales data are not included in records filed with the Securities and Exchange Commission.

(2) Notice filing effectiveness and renewal. A notice filing under subsection (a) is effective for one year commencing on the later of the notice filing or the effectiveness of the offering filed with the Securities and Exchange Commission. On or before expiration, the issuer may renew a notice filing by filing a copy of those records filed by the issuer with the Securities and Exchange Commission that are required by rule or order under this chapter to be filed. A previously filed consent to service of process complying with section 80A.88 may be incorporated by reference in a renewal. A renewed notice filing becomes effective upon the expiration of the filing being renewed.

(3) Notice filings for federal covered securities under section 18(b)(4)(D). With respect to a security that is a federal covered security under Section 18(b)(4)(D) of the Securities Act of 1933 (15 U.S.C. Section 77r(b)(4)(D)), a rule under this chapter may require a notice filing by or on behalf of an issuer to include a copy of Form D, including the Appendix, as promulgated by the Securities and Exchange Commission, and a consent to service of process complying with section 80A.88 signed by the issuer not later than 15 days after the first sale of the federal covered security in this state.

(4) Stop orders. Except with respect to a federal security under Section 18(b)(1) of the Securities Act of 1933 (15 U.S.C. Section 77r(b)(1)), if the administrator finds that there is a failure to comply with a notice or fee requirement of this section, the administrator may issue a stop order suspending the offer and sale of a federal covered security in this state.
If the deficiency is corrected, the stop order is void as of the time of its issuance and no penalty may be imposed by the administrator.

(b) Small corporation offering registration.

(1) Registration required. A security meeting the conditions set forth in this section may be registered as set forth in this section.

(2) Availability. Registration under this section is available only to the issuer of securities and not to an affiliate of the issuer or to any other person for resale of the issuer's securities.

The issuer must be organized under the laws of one of the states or possessions of the United States. The securities offered must be exempt from registration under the Securities Act of 1933 pursuant to Rule 504 of Regulation D (15 U.S.C. Section 77c).

(3) Disqualification. Registration under this section is not available to any of the following issuers:

(A) an issuer subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934;

(B) an investment company;

(C) a development stage company that either has no specific business plan or purpose or has indicated that its business plan is to engage in a merger or acquisition with an unidentified company or companies or other entity or person;

(D) an issuer if the issuer or any of its predecessors, officers, directors, governors, partners, ten percent stock or equity holders, promoters, or any selling agents of the securities to be offered, or any officer, director, governor, or partner of the selling agent:

(i) has filed a registration statement that is the subject of a currently effective registration stop order entered under a federal or state securities law within five years before the filing of the small corporate offering registration application;

(ii) has been convicted within five years before the filing of the small corporate offering registration application of a felony or misdemeanor in connection with the offer, purchase, or sale of a security or a felony involving fraud or deceit, including, but not limited to, forgery, embezzlement, obtaining money under false pretenses, larceny, or conspiracy to defraud;

(iii) is currently subject to a state administrative enforcement order or judgment entered by a state securities administrator or the Securities and Exchange Commission within five years before the filing of the small corporate offering registration application, or is subject to a federal or state administrative enforcement order or judgment in which fraud or deceit, including, but not limited to, making untrue statements of material facts or omitting to state material facts, was found and the order or judgment was entered within five years before the filing of the small corporate offering registration application;

If the deficiency is corrected, the stop order is void as of the time of its issuance and no penalty may be imposed by the administrator.

(b) Small corporation offering registration.

(1) Registration required. A security meeting the conditions set forth in this section may be registered as set forth in this section.

(2) Availability. Registration under this section is available only to the issuer of securities and not to an affiliate of the issuer or to any other person for resale of the issuer's securities.

The issuer must be organized under the laws of one of the states or possessions of the United States. The securities offered must be exempt from registration under the Securities Act of 1933 pursuant to Rule 504 of Regulation D (15 U.S.C. Section 77c).

(3) Disqualification. Registration under this section is not available to any of the following issuers:

(A) an issuer subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934;

(B) an investment company;

(C) a development stage company that either has no specific business plan or purpose or has indicated that its business plan is to engage in a merger or acquisition with an unidentified company or companies or other entity or person;

(D) an issuer if the issuer or any of its predecessors, officers, directors, governors, partners, ten percent stock or equity holders, promoters, or any selling agents of the securities to be offered, or any officer, director, governor, or partner of the selling agent:

(i) has filed a registration statement that is the subject of a currently effective registration stop order entered under a federal or state securities law within five years before the filing of the small corporate offering registration application;

(ii) has been convicted within five years before the filing of the small corporate offering registration application of a felony or misdemeanor in connection with the offer, purchase, or sale of a security or a felony involving fraud or deceit, including, but not limited to, forgery, embezzlement, obtaining money under false pretenses, larceny, or conspiracy to defraud;

(iii) is currently subject to a state administrative enforcement order or judgment entered by a state securities administrator or the Securities and Exchange Commission within five years before the filing of the small corporate offering registration application, or is subject to a federal or state administrative enforcement order or judgment in which fraud or deceit, including, but not limited to, making untrue statements of material facts or omitting to state material facts, was found and the order or judgment was entered within five years before the filing of the small corporate offering registration application;
(iv) is currently subject to an order, judgment, or decree of a court of competent
jurisdiction temporarily restraining or enjoining, or is subject to an order, judgment, or
decree of a court of competent jurisdiction permanently restraining or enjoining the party
from engaging in or continuing any conduct or practice in connection with the purchase or
sale of any security or involving the making of a false filing with a state or with the Securities
and Exchange Commission entered within five years before the filing of the small corporate
offering registration application; or

(v) is subject to a state's administrative enforcement order, or judgment that prohibits,
denies, or revokes the use of an exemption for registration in connection with the offer,
purchase, or sale of securities,

(I) except that clauses (i) to (iv) do not apply if the person subject to the disqualification
is duly licensed or registered to conduct securities-related business in the state in which the
administrative order or judgment was entered against the person or if the dealer employing
the party is licensed or registered in this state and the form BD filed in this state discloses
the order, conviction, judgment, or decree relating to the person, and

(II) except that the disqualification under this subdivision is automatically waived if the
state securities administrator or federal agency that created the basis for disqualification
determines upon a showing of good cause that it is not necessary under the circumstances
to deny the registration.

(4) Filing and effectiveness of registration statement. A small corporate offering
registration statement must be filed with the administrator. If no stop order is in effect and
no proceeding is pending under section 80A.54, such registration statement shall become
effective automatically at the close of business on the 20th day after filing of the registration
statement or the last amendment of the registration statement or at such earlier time as the
administrator may designate by rule or order. For the purposes of a nonissuer transaction,
other than by an affiliate of the issuer, all outstanding securities of the same class identified
in the small corporate offering registration statement as a security registered under this
chapter are considered to be registered while the small corporate offering registration
statement is effective. A small corporate offering registration statement is effective for one
year after its effective date or for any longer period designated in an order under this chapter.
A small corporate offering registration statement may be withdrawn only with the approval
of the administrator.

(5) Contents of registration statement. A small corporate offering registration statement
under this section shall be on Form U-7, including exhibits required by the instructions
thereto, as adopted by the North American Securities Administrators Association, or such
alternative form as may be designated by the administrator by rule or order and must include:

(A) a consent to service of process complying with section 80A.88;
(B) a statement of the type and amount of securities to be offered and the amount of
securities to be offered in this state;
(C) a specimen or copy of the security being registered, unless the security is
uncertificated, a copy of the issuer's articles of incorporation and bylaws or their substantial
equivalents in effect, and a copy of any indenture or other instrument covering the security
to be registered;

(D) a signed or conformed copy of an opinion of counsel concerning the legality of the
securities being registered which states whether the securities, when sold, will be validly
issued, fully paid, and nonassessable and, if debt securities, binding obligations of the issuer;

(E) the states (i) in which the securities are proposed to be offered; (ii) in which a
registration statement or similar filing has been made in connection with the offering
including information as to effectiveness of each such filing; and (iii) in which a stop order
or similar proceeding has been entered or in which proceedings or actions seeking such an
order are pending;

(F) a copy of the offering document proposed to be delivered to offerees; and

(G) a copy of any other pamphlet, circular, form letter, advertisement, or other sales
literature intended as of the effective date to be used in connection with the offering and
any solicitation of interest used in compliance with section 80A.46(17)(B).

(6) Copy to purchaser. A copy of the offering document as filed with the administrator
must be delivered to each person purchasing the securities prior to sale of the securities to
such person.

(c) Offering limit. Offers and sales of securities under a small corporate offering
registration as set forth in this section are allowed up to the limit prescribed by Code of
Federal Regulations, title 17, part 230.504(b)(2), as amended.

Sec. 44. [332.71] DEFINITIONS.

Subd. 1. Scope. For the purposes of sections 332.71 to 332.75, the definitions in
this section have the meanings given them.

Subd. 2. Coerced debt. (a) "Coerced debt" means all or a portion of debt in a debtor's
name that has been incurred as a result of:

1. the use of the debtor's personal information without the debtor's knowledge,
2. the use or threat of force, intimidation, undue influence, harassment, fraud, deception,
corruption, or other similar means against the debtor; or
3. economic abuse perpetrated against the debtor;
4. Coerced debt does not include secured debt.

Subd. 3. Economic abuse. "Economic abuse" means any act or series of acts committed
against a person in their capacity as a debtor which is intended to cause the person to
allege a debt which is not owed, or to consent to the collection of a debt which is not owed.

Sec. 45. [332.72] OFFERING LIMITS.

Subd. 1. General. The offering limits in this section apply to offers or sales of securities
under a small corporate offering registration as set forth in this section.

Subd. 2. Coerced debt. (a) "Coerced debt" means all or a portion of debt in a debtor's
name that has been incurred as a result of:

1. the use of the debtor's personal information without the debtor's knowledge,
2. the use or threat of force, intimidation, undue influence, harassment, fraud, deception,
corruption, or other similar means against the debtor; or
3. economic abuse perpetrated against the debtor;
4. Coerced debt does not include secured debt.

Subd. 3. Economic abuse. "Economic abuse" means any act or series of acts committed
against a person in their capacity as a debtor which is intended to cause the person to
allege a debt which is not owed, or to consent to the collection of a debt which is not owed.
Subd. 3. Creditor. "Creditor" means a person, or the person's successor, assignee, or agent, claiming to own or have the right to collect a debt owed by the debtor.

Subd. 4. Debtor. "Debtor" means a person who (1) is a victim of domestic abuse, harassment, or sex or labor trafficking, and (2) owes coerced debt.

Subd. 5. Documentation. "Documentation" means a writing that identifies a debt or a portion of a debt as coerced debt, describes the circumstances under which the coerced debt was incurred, and takes the form of:

(1) a police report;
(2) a Federal Trade Commission identity theft report;
(3) an order in a dissolution proceeding under chapter 518 that declares that one or more debts are coerced; or
(4) a sworn written certification.

Subd. 6. Domestic abuse. "Domestic abuse" has the meaning given in section 518B.01, subdivision 2.

Subd. 7. Economic abuse. "Economic abuse" means behavior in the context of a domestic relationship that controls, restrains, restricts, impairs, or interferes with the ability of a victim of domestic abuse, harassment, or sex or labor trafficking to acquire, use, or maintain economic resources, including but not limited to:

(1) withholding or restricting access to, or the acquisition of, money, assets, credit, or financial information;
(2) interfering with the victim's ability to work and earn wages; or
(3) exerting undue influence over a person's financial and economic behavior or decisions.

Subd. 8. Harassment. "Harassment" has the meaning given in section 609.748.

Subd. 9. Labor trafficking. "Labor trafficking" has the meaning given in section 609.281, subdivision 5.

Subd. 10. Qualified third-party professional. "Qualified third-party professional" means:

(1) a domestic abuse advocate, as defined under section 595.02, subdivision 1, paragraph (l);
(2) a sexual assault counselor, as defined under section 595.02, subdivision 1, paragraph (k);
(3) a licensed health care provider, mental health care provider, social worker, or marriage and family therapist; or

Subd. 11. Survivors. "Survivors" means the following:

(1) a person who was the victim of domestic abuse, harassment, or sex or labor trafficking, or
(2) a person who is a family or household member of the victim of domestic abuse, harassment, or sex or labor trafficking.

Subd. 12. Victim. "Victim" means a person who has suffered physical, sexual, or economic harm because of domestic abuse, harassment, or sex or labor trafficking.

Subd. 13. Vulnerable adult. "Vulnerable adult" means a person who is 18 years of age or older who needs assistance because of disability, injury, illness, or violence.

Subd. 14. Work force. "Work force" means the labor pool for providing goods and services, and includes the following:

(1) the labor pool for providing goods and services;
(2) the labor pool for providing goods and services for the state of Minnesota; and
(3) the labor pool for providing goods and services for the United States of America.
(4) a nonprofit organization in Minnesota that provides direct assistance to victims of domestic abuse, sexual assault, or sex or labor trafficking.

Subd. 11. Sex trafficking. "Sex trafficking" has the meaning given in section 609.321, subdivision 7a.

Subd. 12. Sworn written certification. "Sworn written certification" means a statement by a qualified third-party professional in the following form:

CERTIFICATION OF QUALIFIED THIRD-PARTY PROFESSIONAL

I, .................... (name of qualified third-party professional), do hereby certify under penalty of perjury as follows:

1. I am a licensed health care provider, mental health care provider, social worker, marriage and family therapist, domestic abuse advocate, as that term is defined in Minnesota Statutes, section 595.02, subdivision 1, paragraph (l), or sexual assault counselor, as that term is defined in Minnesota Statutes, section 595.02, subdivision 1, paragraph (k), or a staff member of a nonprofit organization that provides direct assistance to victims of domestic abuse, sexual assault, or sex or labor trafficking, who has had in-person contact or face-to-face contact through an electronic medium with .................... (name of debtor).

2. Based on my professional interactions with the debtor and information presented to me in my professional capacity, I have a reasonable basis to believe .................... (name of debtor) is a victim of domestic abuse, harassment, sex trafficking or labor trafficking and has incurred all or a portion of debt that is coerced debt, as that term is defined in Minnesota Statutes, section 332.71, subdivision 2.

3. Based on my professional interactions with the debtor and on information presented to me, I have reason to believe that the circumstances under which the coerced debt was incurred are as follows:

4. The following debts or portions of the debts have been identified to me as coerced:

   (Printed name of qualified third party)
   (Signature of qualified third party)
   (Business address and business telephone)
   (Date)

EFFECTIVE DATE. This section is effective January 1, 2024, and applies to all debts incurred on or after that date.
Sec. 69. [332.72] COERCED DEBT PROHIBITED.

A person is prohibited from causing another person to incur coerced debt.

**EFFECTIVE DATE.** This section is effective January 1, 2024, and applies to all debts incurred on or after that date.

Sec. 46. [332.73] NOTICE TO CREDITOR OF COERCED DEBT.

Subdivision 1. Notification. (a) Before taking an affirmative action under section 332.74, a debtor must, by certified mail, notify a creditor that the debt or a portion of a debt on which the creditor demands payment is coerced debt and request that the creditor cease all collection activity on the coerced debt. The notification and request must be in writing and include documentation. The creditor, within 30 days of the date the notification and request is received, must notify the debtor in writing of the creditor's decision to either immediately cease all collection activity or continue to pursue collection.

(b) If a creditor ceases collection but subsequently decides to resume collection activity, the creditor must notify the debtor ten days prior to the date the collection activity resumes.

(c) A debtor must not proceed with an action under section 332.74 until the 30-day period provided under paragraph (a) has expired.

Subd. 2. Sale or assignment of coerced debt. A creditor may sell or assign a debt for which the creditor has been notified is coerced debt to another party if the creditor selling or assigning the debt includes notification to the buyer or assignee that the debtor has asserted the debt is coerced debt.

Subd. 3. No inference upon cessation of collection activity. The fact that a creditor ceases collection activity under this section or section 332.74 does not create an inference or presumption regarding the validity or invalidity of a debt for which a debtor is liable or not liable. The exercise or nonexercise of rights under this section is not a waiver of any other debtor or creditor rights or defenses.

**EFFECTIVE DATE.** This section is effective January 1, 2024, and applies to all debts incurred on or after that date.

Sec. 47. [332.74] DEBTOR REMEDIES.

Subdivision 1. Right to petition for declaration and injunction. A debtor alleging violation of section 332.72 may petition for equitable relief in the district court in the county where the debtor lives or where the coerced debt was incurred. The petition must include:

1. the notice to the creditor required under section 332.73, subdivision 1;
2. consistent with Rule 11 of the Minnesota Rules of General Practice, information identifying (i) the account or accounts associated with the coerced debt, and (ii) the person in whose name the debt was incurred; and
Subd. 3. Relief. (a) If a debtor shows by a preponderance of the evidence that the debtor has been aggrieved by a violation of section 332.72 and the debtor has incurred coerced debt, the debtor is entitled to one or more of the following:

(1) a declaratory judgment that the debt or portion of a debt is coerced debt;

(2) an injunction prohibiting the creditor from (i) holding or attempting to hold the debtor liable for the debt or portion of a debt, or (ii) enforcing a judgment related to the coerced debt; and

(3) an order dismissing any cause of action brought by the creditor to enforce or collect the coerced debt from the debtor or, if only a portion of the debt is established as coerced debt, an order directing that the judgment, if any, in the action be amended to reflect only the portion of the debt that is not coerced debt.

(b) If the court orders relief for the debtor under paragraph (a), the court, after the creditor's motion has been served by United States mail to the last known address of the person who violated section 332.72, shall issue a judgment in favor of the creditor against the person in the amount of the debt or a portion thereof.

(c) This subdivision applies regardless of the judicial district in which the creditor's action or the debtor's petition was filed.

Subd. 4. Affirmative defense. In an action against a debtor to satisfy a debt, it is an affirmative defense that the debtor incurred coerced debt.

Subd. 5. Burden. In any affirmative action taken under subdivision 1 or any affirmative defense asserted in subdivision 4, the debtor bears the burden to show by a preponderance of the evidence that the debtor incurred coerced debt. There is a presumption that the debtor has incurred coerced debt if the person alleged to have caused the debtor to incur the coerced debt has been criminally convicted, entered a guilty plea, or entered an Alford plea under section 609.27, 609.282, 609.323, or 609.527.

Subd. 6. Statute of limitations tolled. (a) The statute of limitations under section 541.05 is tolled during the pendency of a proceeding instituted under this section.
(b) A creditor is prohibited from filing a collection action regarding a debt that is the
subject of a proceeding instituted under this section while the proceeding is pending.

(c) If a debtor commences a proceeding under this section while a collection action is
pending against the debtor regarding a debt that is subject to the proceeding, the court must
immediately stay the collection action pending the disposition of the proceeding under this
section.

EFFECTIVE DATE. This section is effective January 1, 2024, and applies to all debts
incurred on or after that date.

Sec. 49. [332.75] CREDITOR REMEDIES.

The commissioner of commerce shall amend Minnesota Rules, part 2876.3021, subpart
2, to remove the prohibition on use of unaudited financial statements if the aggregate amount
of all previous sales of securities by the applicant, exclusive of debt financing with banks
and similar commercial lenders, exceeds $1,000,000. The commissioner of commerce may
use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1,
clause (3), to amend the rule under this section, and Minnesota Statutes, section 14.386,
does not apply except as provided under Minnesota Statutes, section 14.388.

(a) The grants provided under article 1, section 3, to the Minnesota Council on Economic
Education must be used by the council to:

1. provide professional development to Minnesota teachers of courses or content related
to personal finance or consumer protection for students in grades 9 through 12;
2. support the direct-to-student ancillary personal finance programs that Minnesota
teachers supervise and coach or that the Minnesota Council on Economic Education delivers
directly to students; and
3. provide support to geographically diverse affiliated higher education-based centers
for economic education engaged in financial literacy education as it pertains to financial
literacy education initiatives, including those based at Minnesota State University Mankato,
St. Cloud State University, and St. Catherine University, as their work relates to activities
in clauses (1) and (2).
(b) The Minnesota Council on Economic Education must prepare and submit reports to
the commissioner of education in the form and manner prescribed by the commissioner
that:

1. describe the number and type of in-person and online teacher professional
development opportunities provided by the Minnesota Council on Economic Education or
its affiliated state centers;
2. list the content, length, and location of the programs;
3. identify the number of preservice and licensed teachers receiving professional
development through each of these opportunities;
4. summarize evaluations of professional opportunities for teachers; and
5. list the number, types, and summary evaluations of the direct-to-student ancillary
personal finance programs that are supported with funds from the grant.

(c) By February 15 of each year following the receipt of a grant, the Minnesota Council on
Economic Education must provide a mid-year report to the commissioner of education
and, on August 15 of each year following receipt of a grant, the Minnesota Council on
Economic Education must prepare a year-end report according to the requirements of
paragraph (b). The reports must be prepared and filed according to Minnesota Statutes,
section 3.195. The commissioner may request additional information as necessary.

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(b) Minnesota Statutes 2022, sections 53B.01; 53B.02; 53B.03; 53B.04; 53B.05; 53B.06;
53B.07; 53B.08; 53B.09; 53B.10; 53B.11; 53B.12; 53B.13; 53B.14; 53B.15; 53B.16;
53B.17; 53B.18; 53B.19; 53B.20; 53B.21; 53B.22; 53B.23; 53B.24; 53B.25; 53B.26; and
53B.27, subdivisions 1, 2, 5, 6, and 7, are repealed.

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(b) Minnesota Statutes 2022, section 48.10, is repealed.

(b) Minnesota Statutes 2022, section 48.10, is repealed.