

46.14

ARTICLE 3

46.15

FINANCIAL INSTITUTIONS

S2219-2

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

1.29 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.16), the Antitrust Act (sections 325D.49 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.

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

46.17 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.

46.21 (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 1; 53B.38; 53B.41; 53B.43; 53C.02; 56.02; 58.10; 58A.045, subdivision 2; 59A.03; 216C.437, subdivision 12; 332A.04; and 332B.04.~~

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

S2219-2

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

2.11 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

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FINANCIAL INSTITUTIONS

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

83.30 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.

84.3 (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 1; 53B.38; 53B.41; 53B.43; 53C.02; 56.02; 58.10; 58A.045, subdivision 2; 59A.03; 216C.437, subdivision 12; 332A.04; and 332B.04.~~

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

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

84.13 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

2.13 financial institution's offices, they shall have the authority, in the reasonable exercise of
2.14 their discretion, to determine not to open any of its offices on any business day or, if having
2.15 opened, to close an office during the continuation of the emergency, even if the commissioner
2.16 does not issue a proclamation of emergency. The office closed shall remain closed until the
2.17 time that the officers determine the emergency has ended, and for the further time reasonably
2.18 necessary to reopen. No financial institution office shall remain closed for more than 48
2.19 consecutive hours in a Monday through Friday period, excluding other legal holidays,
2.20 without the prior approval of the commissioner.

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84.16 their discretion, to determine not to open any of its offices on any business day or, if having
84.17 opened, to close an office during the continuation of the emergency, even if the commissioner
84.18 does not issue a proclamation of emergency. The office closed shall remain closed until the
84.19 time that the officers determine the emergency has ended, and for the further time reasonably
84.20 necessary to reopen. No financial institution office shall remain closed for more than 48
84.21 consecutive hours in a Monday through Friday period, excluding other legal holidays,
84.22 without the prior approval of the commissioner.

84.23 Sec. 3. Minnesota Statutes 2022, section 47.59, subdivision 2, is amended to read:

84.24 Subd. 2. **Application.** Extensions of credit or purchases of extensions of credit by
84.25 financial institutions under sections 47.20, 47.21, 47.201, 47.204, 47.58, 47.60, 48.153,
84.26 48.185, 48.195, 59A.01 to 59A.15, 334.01, 334.011, 334.012, 334.022, 334.06, and 334.061
84.27 to 334.19 may, but need not, be made according to those sections in lieu of the authority
84.28 set forth in this section to the extent those sections authorize the financial institution to make
84.29 extensions of credit or purchase extensions of credit under those sections. If a financial
84.30 institution elects to make an extension of credit or to purchase an extension of credit under
84.31 those other sections, the extension of credit or the purchase of an extension of credit is
84.32 subject to those sections and not this section, except this subdivision, and except as expressly
84.33 provided in those sections. A financial institution may also charge an organization a rate of
85.1 interest and any charges agreed to by the organization and may calculate and collect finance
85.2 and other charges in any manner agreed to by that organization. Except for extensions of
85.3 credit a financial institution elects to make under section 334.01, 334.011, 334.012, 334.022,
85.4 334.06, or 334.061 to 334.19, chapter 334 does not apply to extensions of credit made
85.5 according to this section or the sections listed in this subdivision. This subdivision does not
85.6 authorize a financial institution to extend credit or purchase an extension of credit under
85.7 any of the sections listed in this subdivision if the financial institution is not authorized to
85.8 do so under those sections. A financial institution extending credit under any of the sections
85.9 listed in this subdivision shall specify in the promissory note, contract, or other loan document
85.10 the section under which the extension of credit is made.

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

85.14 Sec. 4. Minnesota Statutes 2022, section 47.60, subdivision 1, is amended to read:

85.15 Subdivision 1. **Definitions.** For purposes of this section, the terms defined have the
85.16 meanings given them:

85.17 (a) "Consumer small loan" is a loan transaction in which cash is advanced to a borrower
85.18 for the borrower's own personal, family, or household purpose. A consumer small loan is
85.19 a short-term, unsecured loan to be repaid in a single installment. The cash advance of a
85.20 consumer small loan is equal to or less than \$350. A consumer small loan includes an

85.21 indebtedness evidenced by but not limited to a promissory note or agreement to defer the
 85.22 presentation of a personal check for a fee.

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

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

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

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

86.2 Subd. 2. **Authorization, terms, conditions, and prohibitions.** (a) *In lieu of the interest,*
 86.3 *finance charges, or fees in any other law connection with a consumer small loan, a consumer*
 86.4 *small loan lender may charge the following: an annual percentage rate of up to 36 percent.*
 86.5 *No other charges or payments are permitted or may be received by the lender in connection*
 86.6 *with a consumer small loan.*

86.7 (1) *on any amount up to and including \$50, a charge of \$5.50 may be added;*

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

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

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

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

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

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

86.22 (e) On a loan transaction in which cash is advanced in exchange for a personal check,
 86.23 a return check charge may be charged as authorized by section 604.113, subdivision 2,

86.24 paragraph (a). The civil penalty provisions of section 604.113, subdivision 2, paragraph
86.25 (b), may not be demanded or assessed against the borrower.

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

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

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

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

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

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

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

87.18 (1) directly or indirectly holds, acquires, or maintains the predominant economic interest,
87.19 risk, or reward in a loan or lending business; or

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

87.23 (c) A person is a consumer small loan lender subject to the requirements of this section
87.24 if the totality of the circumstances indicate that a person is a lender and the transaction is
87.25 structured to evade the requirements of this section. Circumstances that weigh in favor of
87.26 a person being a lender in a transaction include but are not limited to instances where a
87.27 person:

87.28 (1) indemnifies, insures, or protects a person not subject to this section from any costs
87.29 or risks related to a loan;
87.30 (2) predominantly designs, controls, or operates lending activity;
87.31 (3) holds the trademark or intellectual property rights in the brand, underwriting system,
87.32 or other core aspects of a lending business; or
88.1 (4) purports to act as an agent or service provider, or acts in another capacity, for a person
88.2 not subject to this section while acting directly as a lender in one or more states.
88.3 **EFFECTIVE DATE; APPLICATION.** This section is effective August 1, 2023, and
88.4 applies to consumer small loans and consumer short-term loans originated on or after that
88.5 date.
88.6 Sec. 7. Minnesota Statutes 2022, section 47.601, subdivision 1, is amended to read:
88.7 Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in this
88.8 subdivision have the meanings given.
88.9 (b) "Borrower" means an individual who obtains a consumer short-term loan primarily
88.10 for personal, family, or household purposes.
88.11 (c) "Commissioner" means the commissioner of commerce.
88.12 (d) "Consumer short-term loan" means a loan to a borrower which has a principal amount,
88.13 or an advance on a credit limit, of \$1,000 \$1,300 or less and requires a minimum payment
88.14 within 60 days of loan origination or credit advance of more than 25 percent of the principal
88.15 balance or credit advance. For the purposes of this section, each new advance of money to
88.16 a borrower under a consumer short-term loan agreement constitutes a new consumer
88.17 short-term loan. A "consumer short-term loan" does not include any transaction made under
88.18 chapter 325J or a loan made by a consumer short-term lender where, in the event of default
88.19 on the loan, the sole recourse for recovery of the amount owed, other than a lawsuit for
88.20 damages for the debt, is to proceed against physical goods pledged by the borrower as
88.21 collateral for the loan.
88.22 (e) "Consumer short-term lender" means an individual or entity engaged in the business
88.23 of making or arranging consumer short-term loans, other than a state or federally chartered
88.24 bank, savings bank, or credit union. For the purposes of this paragraph, arranging consumer
88.25 short-term loans includes but is not limited to any substantial involvement in facilitating,
88.26 marketing, lead-generating, underwriting, servicing, or collecting consumer short-term
88.27 loans.
88.28 **EFFECTIVE DATE; APPLICATION.** This section is effective August 1, 2023, and
88.29 applies to consumer small loans and consumer short-term loans originated on or after that
88.30 date.

89.1 Sec. 8. Minnesota Statutes 2022, section 47.601, subdivision 2, is amended to read:

89.2 Subd. 2. **Consumer short-term loan contract.** (a) No contract or agreement between

89.3 a consumer short-term loan lender and a borrower residing in Minnesota may contain the

89.4 following:

89.5 (1) a provision selecting a law other than Minnesota law under which the contract is

89.6 construed or enforced;

89.7 (2) a provision choosing a forum for dispute resolution other than the state of Minnesota;

89.8 or

89.9 (3) a provision limiting class actions against a consumer short-term lender for violations

89.10 of subdivision 3 or for making consumer short-term loans:

89.11 (i) without a required license issued by the commissioner; or

89.12 (ii) in which interest rates, fees, charges, or loan amounts exceed those allowable under

89.13 section 47.59, subdivision 6, or 47.60, subdivision 2, other than by de minimis amounts if

89.14 no pattern or practice exists.

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

89.16 (c) A consumer short-term loan lender must furnish a copy of the written loan contract

89.17 to each borrower. The contract and disclosures must be written in the language in which

89.18 the loan was negotiated with the borrower and must contain:

89.19 (1) the name; address, which may not be a post office box; and telephone number of the

89.20 lender making the consumer short-term loan;

89.21 (2) the name and title of the individual employee or representative who signs the contract

89.22 on behalf of the lender;

89.23 (3) an itemization of the fees and interest charges to be paid by the borrower;

89.24 (4) in bold, 24-point type, the annual percentage rate as computed under United States

89.25 Code, chapter 15, section 1606; and

89.26 (5) a description of the borrower's payment obligations under the loan.

89.27 (d) The holder or assignee of a check or other instrument evidencing an obligation of a

89.28 borrower in connection with a consumer short-term loan takes the instrument subject to all

89.29 claims by and defenses of the borrower against the consumer short-term lender.

90.1 **EFFECTIVE DATE; APPLICATION.** This section is effective August 1, 2023, and

90.2 applies to consumer small loans and consumer short-term loans originated on or after that

90.3 date.

90.4 Sec. 9. Minnesota Statutes 2022, section 47.601, is amended by adding a subdivision to
90.5 read:

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

90.8 (1) making loans disguised as a personal property sale and leaseback transaction;

90.9 (2) disguising loan proceeds as a cash rebate for the pretextual installment sale of goods
90.10 or services; or

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

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

90.18 (1) directly or indirectly holds, acquires, or maintains the predominant economic interest,
90.19 risk, or reward in a loan or lending business; or

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

90.23 (c) A person is a consumer short-term loan lender subject to the requirements of this
90.24 section if the totality of the circumstances indicate that a person is a lender and the transaction
90.25 is structured to evade the requirements of this section. Circumstances that weigh in favor
90.26 of a person being a lender in a transaction include but are not limited to instances where a
90.27 person:

90.28 (1) indemnifies, insures, or protects a person not subject to this section from any costs
90.29 or risks related to a loan;

90.30 (2) predominantly designs, controls, or operates lending activity;

90.31 (3) holds the trademark or intellectual property rights in the brand, underwriting system,
90.32 or other core aspects of a lending business; or

91.1 (4) purports to act as an agent or service provider, or acts in another capacity, for a person
91.2 not subject to this section while acting directly as a lender in one or more states.

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

91.6 Sec. 10. **Minnesota Statutes 2022, section 47.601, subdivision 6, is amended to read:**

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

91.10 (1) all money collected or received in connection with the loan;

91.11 (2) actual, incidental, and consequential damages;

91.12 (3) statutory damages of up to \$1,000 per violation;

91.13 (4) costs, disbursements, and reasonable attorney fees; and

91.14 (5) injunctive relief.

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

91.17 (1) by a consumer short-term lender who has not obtained an applicable license from
91.18 the commissioner;

91.19 (2) in violation of any provision of subdivision 2 or 3; or

91.20 (3) in which interest, fees, charges, or loan amounts exceed the interest, fees, charges,
91.21 or loan amounts allowable under sections 47.59, subdivision 6, and section 47.60, subdivision
91.22 2.

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

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

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

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

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

92.4 Subdivision 1. **Requirement.** By July 30 each year, a credit union with more than
92.5 \$1,000,000,000 in assets must submit a completed climate risk disclosure survey to the
92.6 commissioner. The commissioner must provide the form used to submit a climate risk
92.7 disclosure survey.

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

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

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

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

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

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

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

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47.1 Sec. 2. **[53B.28] DEFINITIONS.**

47.2 Subdivision 1. **Terms.** For the purposes of this chapter, the terms defined in this section
 47.3 have the meanings given them.

93.6 Sec. 14. **[53B.28] DEFINITIONS.**

93.7 Subdivision 1. **Terms.** For the purposes of this chapter, the terms defined in this section
 93.8 have the meanings given them.

47.4 Subd. 2. **Acting in concert.** "Acting in concert" means persons knowingly acting together
 47.5 with a common goal of jointly acquiring control of a licensee, whether or not pursuant to
 47.6 an express agreement.

47.7 Subd. 3. **Authorized delegate.** "Authorized delegate" means a person a licensee
 47.8 designates to engage in money transmission on behalf of the licensee.

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

47.16 Subd. 5. **Bank Secrecy Act.** "Bank Secrecy Act" means the Bank Secrecy Act under
 47.17 United States Code, title 31, section 5311, et seq., and the Bank Secrecy Act's implementing
 47.18 regulations, as amended and recodified from time to time.

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

47.24 Subd. 7. **Control.** "Control" means:

47.25 (1) the power to vote, directly or indirectly, at least 25 percent of the outstanding voting
 47.26 shares or voting interests of a licensee or person in control of a licensee;

47.27 (2) the power to elect or appoint a majority of key individuals or executive officers,
 47.28 managers, directors, trustees, or other persons exercising managerial authority of a person
 47.29 in control of a licensee; or

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

48.1 Subd. 8. **Eligible rating.** "Eligible rating" means a credit rating of any of the three highest
 48.2 rating categories provided by an eligible rating service, whereby each category may include
 48.3 rating category modifiers such as "plus" or "minus" or the equivalent for any other eligible
 48.4 rating service. Long-term credit ratings are deemed eligible if the rating is equal to A- or
 48.5 higher or the equivalent from any other eligible rating service. Short-term credit ratings are
 48.6 deemed eligible if the rating is equal to or higher than A-2 or SP-2 by S&P, or the equivalent
 48.7 from any other eligible rating service. In the event that ratings differ among eligible rating
 48.8 services, the highest rating shall apply when determining whether a security bears an eligible
 48.9 rating.

93.9 Subd. 2. **Acting in concert.** "Acting in concert" means persons knowingly acting together
 93.10 with a common goal of jointly acquiring control of a licensee, whether or not pursuant to
 93.11 an express agreement.

93.12 Subd. 3. **Authorized delegate.** "Authorized delegate" means a person a licensee
 93.13 designates to engage in money transmission on behalf of the licensee.

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

93.21 Subd. 5. **Bank Secrecy Act.** "Bank Secrecy Act" means the Bank Secrecy Act under
 93.22 United States Code, title 31, section 5311, et seq., and the Bank Secrecy Act's implementing
 93.23 regulations, as amended and recodified from time to time.

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

93.29 Subd. 7. **Control.** "Control" means:

93.30 (1) the power to vote, directly or indirectly, at least 25 percent of the outstanding voting
 93.31 shares or voting interests of a licensee or person in control of a licensee;

94.1 (2) the power to elect or appoint a majority of key individuals or executive officers,
 94.2 managers, directors, trustees, or other persons exercising managerial authority of a person
 94.3 in control of a licensee; or

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

94.6 Subd. 8. **Eligible rating.** "Eligible rating" means a credit rating of any of the three highest
 94.7 rating categories provided by an eligible rating service, whereby each category may include
 94.8 rating category modifiers such as "plus" or "minus" or the equivalent for any other eligible
 94.9 rating service. Long-term credit ratings are deemed eligible if the rating is equal to A- or
 94.10 higher or the equivalent from any other eligible rating service. Short-term credit ratings are
 94.11 deemed eligible if the rating is equal to or higher than A-2 or SP-2 by S&P, or the equivalent
 94.12 from any other eligible rating service. In the event that ratings differ among eligible rating
 94.13 services, the highest rating shall apply when determining whether a security bears an eligible
 94.14 rating.

48.10 **Subd. 9. Eligible rating service.** "Eligible rating service" means any Nationally
 48.11 Recognized Statistical Rating Organization (NRSRO), as defined by the United States
 48.12 Securities and Exchange Commission and any other organization designated by the
 48.13 commissioner by rule or order.

48.14 **Subd. 10. Federally insured depository financial institution.** "Federally insured
 48.15 depository financial institution" means a bank, credit union, savings and loan association,
 48.16 trust company, savings association, savings bank, industrial bank, or industrial loan company
 48.17 organized under the laws of the United States or any state of the United States, when the
 48.18 bank, credit union, savings and loan association, trust company, savings association, savings
 48.19 bank, industrial bank, or industrial loan company has federally insured deposits.

48.20 **Subd. 11. In Minnesota.** "In Minnesota" means at a physical location within the state
 48.21 of Minnesota for a transaction requested in person. For a transaction requested electronically
 48.22 or by telephone, the provider of money transmission may determine if the person requesting
 48.23 the transaction is in Minnesota by relying on other information provided by the person
 48.24 regarding the location of the individual's residential address or a business entity's principal
 48.25 place of business or other physical address location, and any records associated with the
 48.26 person that the provider of money transmission may have that indicate the location, including
 48.27 but not limited to an address associated with an account.

48.28 **Subd. 12. Individual.** "Individual" means a natural person.

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

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

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

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

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

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

49.10 (1) selling or issuing payment instruments to a person located in this state;
 49.11 (2) selling or issuing stored value to a person located in this state; or

94.15 **Subd. 9. Eligible rating service.** "Eligible rating service" means any Nationally
 94.16 Recognized Statistical Rating Organization (NRSRO), as defined by the United States
 94.17 Securities and Exchange Commission and any other organization designated by the
 94.18 commissioner by rule or order.

94.19 **Subd. 10. Federally insured depository financial institution.** "Federally insured
 94.20 depository financial institution" means a bank, credit union, savings and loan association,
 94.21 trust company, savings association, savings bank, industrial bank, or industrial loan company
 94.22 organized under the laws of the United States or any state of the United States, when the
 94.23 bank, credit union, savings and loan association, trust company, savings association, savings
 94.24 bank, industrial bank, or industrial loan company has federally insured deposits.

94.25 **Subd. 11. In Minnesota.** "In Minnesota" means at a physical location within the state
 94.26 of Minnesota for a transaction requested in person. For a transaction requested electronically
 94.27 or by telephone, the provider of money transmission may determine if the person requesting
 94.28 the transaction is in Minnesota by relying on other information provided by the person
 94.29 regarding the location of the individual's residential address or a business entity's principal
 94.30 place of business or other physical address location, and any records associated with the
 94.31 person that the provider of money transmission may have that indicate the location, including
 94.32 but not limited to an address associated with an account.

94.33 **Subd. 12. Individual.** "Individual" means a natural person.

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

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

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

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

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

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

95.16 (1) selling or issuing payment instruments to a person located in this state;
 95.17 (2) selling or issuing stored value to a person located in this state; or

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

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

49.15 Subd. 19. **Money services business accredited state or MSB accredited state.** "Money
 49.16 services businesses accredited state" or "MSB accredited state" means a state agency that
 49.17 is accredited by the Conference of State Bank Supervisors and Money Transmitter Regulators
 49.18 Association for money transmission licensing and supervision.

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

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

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

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

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

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

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

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

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

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

95.21 Subd. 19. **Money services business accredited state or MSB accredited state.** "Money
 95.22 services businesses accredited state" or "MSB accredited state" means a state agency that
 95.23 is accredited by the Conference of State Bank Supervisors and Money Transmitter Regulators
 95.24 Association for money transmission licensing and supervision.

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

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

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

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

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

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

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

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

50.17 (2) is not employed by and does not have any managerial duties of the licensee or person
 50.18 in control of a licensee;

50.19 (3) does not have the power to exercise, directly or indirectly, a controlling influence
 50.20 over the management or policies of a licensee or person in control of a licensee; and

50.21 (4) attests to clauses (1), (2), and (3), in a form and in a medium prescribed by the
 50.22 commissioner, or commits to the passivity characteristics under clauses (1), (2), and (3) in
 50.23 a written document.

50.24 **Subd. 24. Payment instrument.** (a) "Payment instrument" means a written or electronic
 50.25 check, draft, money order, traveler's check, or other written or electronic instrument for the
 50.26 transmission or payment of money or monetary value, whether or not negotiable.

50.27 (b) Payment instrument does not include stored value or any instrument that is: (1)
 50.28 redeemable by the issuer only for goods or services provided by the issuer, the issuer's
 50.29 affiliate, the issuer's franchisees, or an affiliate of the issuer's franchisees, except to the
 50.30 extent required by applicable law to be redeemable in cash for its cash value; or (2) not sold
 50.31 to the public but issued and distributed as part of a loyalty, rewards, or promotional program.

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

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

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

51.14 **Subd. 28. Stored value.** (a) "Stored value" means monetary value representing a claim
 51.15 against the issuer evidenced by an electronic or digital record, and that is intended and
 51.16 accepted for use as a means of redemption for money or monetary value, or payment for
 51.17 goods or services. Stored value includes but is not limited to prepaid access, as defined
 51.18 under Code of Federal Regulations, title 31, part 1010.100, as amended or recodified from
 51.19 time to time.

96.22 (2) is not employed by and does not have any managerial duties of the licensee or person
 96.23 in control of a licensee;

96.24 (3) does not have the power to exercise, directly or indirectly, a controlling influence
 96.25 over the management or policies of a licensee or person in control of a licensee; and

96.26 (4) attests to clauses (1), (2), and (3), in a form and in a medium prescribed by the
 96.27 commissioner, or commits to the passivity characteristics under clauses (1), (2), and (3) in
 96.28 a written document.

96.29 **Subd. 24. Payment instrument.** (a) "Payment instrument" means a written or electronic
 96.30 check, draft, money order, traveler's check, or other written or electronic instrument for the
 96.31 transmission or payment of money or monetary value, whether or not negotiable.

97.1 (b) Payment instrument does not include stored value or any instrument that is: (1)
 97.2 redeemable by the issuer only for goods or services provided by the issuer, the issuer's
 97.3 affiliate, the issuer's franchisees, or an affiliate of the issuer's franchisees, except to the
 97.4 extent required by applicable law to be redeemable in cash for its cash value; or (2) not sold
 97.5 to the public but issued and distributed as part of a loyalty, rewards, or promotional program.

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

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

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

97.21 **Subd. 28. Stored value.** (a) "Stored value" means monetary value representing a claim
 97.22 against the issuer evidenced by an electronic or digital record, and that is intended and
 97.23 accepted for use as a means of redemption for money or monetary value, or payment for
 97.24 goods or services. Stored value includes but is not limited to prepaid access, as defined
 97.25 under Code of Federal Regulations, title 31, part 1010.100, as amended or recodified from
 97.26 time to time.

51.20 (b) Notwithstanding this subdivision, stored value does not include: (1) a payment
 51.21 instrument or closed loop stored value; or (2) stored value not sold to the public but issued
 51.22 and distributed as part of a loyalty, rewards, or promotional program.

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

51.26 Sec. 3. **[53B.29] EXEMPTIONS.**

51.27 This chapter does not apply to:

51.28 (1) an operator of a payment system, to the extent the operator of a payment system
 51.29 provides processing, clearing, or settlement services between or among persons exempted
 51.30 by this section or licensees in connection with wire transfers, credit card transactions, debit
 51.31 card transactions, stored-value transactions, automated clearing house transfers, or similar
 51.32 funds transfers;

52.1 (2) a person appointed as an agent of a payee to collect and process a payment from a
 52.2 payor to the payee for goods or services, other than money transmission itself, provided to
 52.3 the payor by the payee, provided that:

52.4 (i) there exists a written agreement between the payee and the agent directing the agent
 52.5 to collect and process payments from payors on the payee's behalf;

52.6 (ii) the payee holds the agent out to the public as accepting payments for goods or services
 52.7 on the payee's behalf; and

52.8 (iii) payment for the goods and services is treated as received by the payee upon receipt
 52.9 by the agent so that the payor's obligation is extinguished and there is no risk of loss to the
 52.10 payor if the agent fails to remit the funds to the payee;

52.11 (3) a person that acts as an intermediary by processing payments between an entity that
 52.12 has directly incurred an outstanding money transmission obligation to a sender, and the
 52.13 sender's designated recipient, provided that the entity:

52.14 (i) is properly licensed or exempt from licensing requirements under this chapter;

52.15 (ii) provides a receipt, electronic record, or other written confirmation to the sender
 52.16 identifying the entity as the provider of money transmission in the transaction; and

52.17 (iii) bears sole responsibility to satisfy the outstanding money transmission obligation
 52.18 to the sender, including the obligation to make the sender whole in connection with any
 52.19 failure to transmit the funds to the sender's designated recipient;

52.20 (4) the United States; a department, agency, or instrumentality of the United States; or
 52.21 an agent of the United States;

97.27 (b) Notwithstanding this subdivision, stored value does not include: (1) a payment
 97.28 instrument or closed loop stored value; or (2) stored value not sold to the public but issued
 97.29 and distributed as part of a loyalty, rewards, or promotional program.

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

98.1 Sec. 15. **[53B.29] EXEMPTIONS.**

98.2 This chapter does not apply to:

98.3 (1) an operator of a payment system, to the extent the operator of a payment system
 98.4 provides processing, clearing, or settlement services between or among persons exempted
 98.5 by this section or licensees in connection with wire transfers, credit card transactions, debit
 98.6 card transactions, stored-value transactions, automated clearing house transfers, or similar
 98.7 funds transfers;

98.8 (2) a person appointed as an agent of a payee to collect and process a payment from a
 98.9 payor to the payee for goods or services, other than money transmission itself, provided to
 98.10 the payor by the payee, provided that:

98.11 (i) there exists a written agreement between the payee and the agent directing the agent
 98.12 to collect and process payments from payors on the payee's behalf;

98.13 (ii) the payee holds the agent out to the public as accepting payments for goods or services
 98.14 on the payee's behalf; and

98.15 (iii) payment for the goods and services is treated as received by the payee upon receipt
 98.16 by the agent so that the payor's obligation is extinguished and there is no risk of loss to the
 98.17 payor if the agent fails to remit the funds to the payee;

98.18 (3) a person that acts as an intermediary by processing payments between an entity that
 98.19 has directly incurred an outstanding money transmission obligation to a sender, and the
 98.20 sender's designated recipient, provided that the entity:

98.21 (i) is properly licensed or exempt from licensing requirements under this chapter;

98.22 (ii) provides a receipt, electronic record, or other written confirmation to the sender
 98.23 identifying the entity as the provider of money transmission in the transaction; and

98.24 (iii) bears sole responsibility to satisfy the outstanding money transmission obligation
 98.25 to the sender, including the obligation to make the sender whole in connection with any
 98.26 failure to transmit the funds to the sender's designated recipient;

98.27 (4) the United States; a department, agency, or instrumentality of the United States; or
 98.28 an agent of the United States;

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

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

52.26 (7) a federally insured depository financial institution; bank holding company; office of
 52.27 an international banking corporation; foreign bank that establishes a federal branch pursuant
 52.28 to the International Bank Act, United States Code, title 12, section 3102, as amended or
 52.29 recodified from time to time; corporation organized pursuant to the Bank Service Corporation
 52.30 Act, United States Code, title 12, sections 1861 to 1867, as amended or recodified from
 52.31 time to time; or corporation organized under the Edge Act, United States Code, title 12,
 52.32 sections 611 to 633, as amended or recodified from time to time;

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

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

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

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

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

53.17 (13) a person expressly appointed as a third-party service provider to or agent of an
 53.18 entity exempt under clause (7), solely to the extent that:

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

53.22 (ii) the exempt entity assumes all risk of loss and all legal responsibility for satisfying
 53.23 the outstanding money transmission obligations owed to purchasers and holders of the
 53.24 outstanding money transmission obligations upon receipt of the purchaser's or holder's
 53.25 money or monetary value by the service provider or agent; or

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

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

99.1 (7) a federally insured depository financial institution; bank holding company; office of
 99.2 an international banking corporation; foreign bank that establishes a federal branch pursuant
 99.3 to the International Bank Act, United States Code, title 12, section 3102, as amended or
 99.4 recodified from time to time; corporation organized pursuant to the Bank Service Corporation
 99.5 Act, United States Code, title 12, sections 1861 to 1867, as amended or recodified from
 99.6 time to time; or corporation organized under the Edge Act, United States Code, title 12,
 99.7 sections 611 to 633, as amended or recodified from time to time;

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

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

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

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

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

99.24 (13) a person expressly appointed as a third-party service provider to or agent of an
 99.25 entity exempt under clause (7), solely to the extent that:

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

99.29 (ii) the exempt entity assumes all risk of loss and all legal responsibility for satisfying
 99.30 the outstanding money transmission obligations owed to purchasers and holders of the
 99.31 outstanding money transmission obligations upon receipt of the purchaser's or holder's
 99.32 money or monetary value by the service provider or agent; or

53.26 (14) a person exempt by regulation or order if the commissioner finds that (i) the
 53.27 exemption is in the public interest, and (ii) the regulation of the person is not necessary for
 53.28 the purposes of this chapter.

54.1 **Sec. 4. [53B.30] AUTHORITY TO REQUIRE DEMONSTRATION OF
 54.2 EXEMPTION.**

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

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

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

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

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

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

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

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

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

54.28 (a) All information or reports obtained by the commissioner contained in or related to
 54.29 an examination that is prepared by, on behalf of, or for the use of the commissioner are
 54.30 confidential and are not subject to disclosure under section 46.07.

100.1 (14) a person exempt by regulation or order if the commissioner finds that (i) the
 100.2 exemption is in the public interest, and (ii) the regulation of the person is not necessary for
 100.3 the purposes of this chapter.

100.4 **Sec. 16. [53B.30] AUTHORITY TO REQUIRE DEMONSTRATION OF
 100.5 EXEMPTION.**

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

100.9 **Sec. 17. [53B.31] IMPLEMENTATION.**

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

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

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

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

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

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

101.1 **Sec. 18. [53B.32] CONFIDENTIALITY.**

101.2 (a) All information or reports obtained by the commissioner contained in or related to
 101.3 an examination that is prepared by, on behalf of, or for the use of the commissioner are
 101.4 confidential and are not subject to disclosure under section 46.07.

55.1 (b) The commissioner may disclose information not otherwise subject to disclosure
 55.2 under paragraph (a) to representatives of state or federal agencies pursuant to section 53B.31,
 55.3 subdivision 1.

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

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

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

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

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

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

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

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

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

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

56.2 (a) To efficiently and effectively administer and enforce this chapter and to minimize
 56.3 regulatory burden, the commissioner is authorized to participate in multistate supervisory
 56.4 processes established between states and coordinated through the Conference of State Bank

101.5 (b) The commissioner may disclose information not otherwise subject to disclosure
 101.6 under paragraph (a) to representatives of state or federal agencies pursuant to section 53B.31,
 101.7 subdivision 1.

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

101.10 Sec. 19. **[53B.33] SUPERVISION.**

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

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

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

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

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

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

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

102.6 Sec. 20. **[53B.34] NETWORKED SUPERVISION.**

102.7 (a) To efficiently and effectively administer and enforce this chapter and to minimize
 102.8 regulatory burden, the commissioner is authorized to participate in multistate supervisory
 102.9 processes established between states and coordinated through the Conference of State Bank

56.5 Supervisors, the Money Transmitter Regulators Association, and the affiliates and successors
 56.6 of the Conference of State Bank Supervisors and the Money Transmitter Regulators
 56.7 Association for all licensees that hold licenses in this state and other states. As a participant
 56.8 in multistate supervision, the commissioner may:

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

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

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

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

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

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

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

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

56.30 (1) identifies the inconsistency; and

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

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

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

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

57.6 (1) a person that is an authorized delegate of a person licensed under this chapter acting
 57.7 within the scope of authority conferred by a written contract with the licensee; or

102.10 Supervisors, the Money Transmitter Regulators Association, and the affiliates and successors
 102.11 of the Conference of State Bank Supervisors and the Money Transmitter Regulators
 102.12 Association for all licensees that hold licenses in this state and other states. As a participant
 102.13 in multistate supervision, the commissioner may:

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

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

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

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

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

102.29 **Sec. 21. [53B.35] RELATIONSHIP TO FEDERAL LAW.**

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

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

103.3 (1) identifies the inconsistency; and

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

103.5 **Sec. 22. [53B.36] LICENSE REQUIRED.**

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

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

103.10 (1) a person that is an authorized delegate of a person licensed under this chapter acting
 103.11 within the scope of authority conferred by a written contract with the licensee; or

57.8 (2) a person that is exempt under section 53B.29 and does not engage in money
 57.9 transmission outside the scope of the exemption.

57.10 (c) A license issued under section 53B.40 is not transferable or assignable.

57.11 **Sec. 11. [53B.37] CONSISTENT STATE LICENSING.**

57.12 (a) To establish consistent licensing between Minnesota and other states, the
 57.13 commissioner is authorized to:

57.14 (1) implement all licensing provisions of this chapter in a manner that is consistent with
 57.15 (i) other states that have adopted substantially similar licensing requirements, or (ii) multistate
 57.16 licensing processes; and

57.17 (2) participate in nationwide protocols for licensing cooperation and coordination among
 57.18 state regulators, provided that the protocols are consistent with this chapter.

57.19 (b) In order to fulfill the purposes of this chapter, the commissioner is authorized to
 57.20 establish relationships or contracts with NMLS or other entities designated by NMLS to
 57.21 enable the commissioner to:

57.22 (1) collect and maintain records;

57.23 (2) coordinate multistate licensing processes and supervision processes;

57.24 (3) process fees; and

57.25 (4) facilitate communication between the commissioner and licensees or other persons
 57.26 subject to this chapter.

57.27 (c) The commissioner is authorized to use NMLS for all aspects of licensing in accordance
 57.28 with this chapter, including but not limited to license applications, applications for
 57.29 acquisitions of control, surety bonds, reporting, criminal history background checks, credit
 57.30 checks, fee processing, and examinations.

58.1 (d) The commissioner is authorized to use NMLS forms, processes, and functions in
 58.2 accordance with this chapter. If NMLS does not provide functionality, forms, or processes
 58.3 for a requirement under this chapter, the commissioner is authorized to implement the
 58.4 requirements in a manner that facilitates uniformity with respect to licensing, supervision,
 58.5 reporting, and regulation of licensees which are licensed in multiple jurisdictions.

58.6 (e) For the purpose of participating in the NMLS registry, the commissioner is authorized
 58.7 to, by rule or order: (1) waive or modify, in whole or in part, any or all of the requirements;
 58.8 and (2) establish new requirements as reasonably necessary to participate in the NMLS
 58.9 registry.

103.12 (2) a person that is exempt under section 53B.29 and does not engage in money
 103.13 transmission outside the scope of the exemption.

103.14 (c) A license issued under section 53B.40 is not transferable or assignable.

103.15 **Sec. 23. [53B.37] CONSISTENT STATE LICENSING.**

103.16 (a) To establish consistent licensing between Minnesota and other states, the
 103.17 commissioner is authorized to:

103.18 (1) implement all licensing provisions of this chapter in a manner that is consistent with
 103.19 (i) other states that have adopted substantially similar licensing requirements, or (ii) multistate
 103.20 licensing processes; and

103.21 (2) participate in nationwide protocols for licensing cooperation and coordination among
 103.22 state regulators, provided that the protocols are consistent with this chapter.

103.23 (b) In order to fulfill the purposes of this chapter, the commissioner is authorized to
 103.24 establish relationships or contracts with NMLS or other entities designated by NMLS to
 103.25 enable the commissioner to:

103.26 (1) collect and maintain records;

103.27 (2) coordinate multistate licensing processes and supervision processes;

103.28 (3) process fees; and

104.1 (4) facilitate communication between the commissioner and licensees or other persons
 104.2 subject to this chapter.

104.3 (c) The commissioner is authorized to use NMLS for all aspects of licensing in accordance
 104.4 with this chapter, including but not limited to license applications, applications for
 104.5 acquisitions of control, surety bonds, reporting, criminal history background checks, credit
 104.6 checks, fee processing, and examinations.

104.7 (d) The commissioner is authorized to use NMLS forms, processes, and functions in
 104.8 accordance with this chapter. If NMLS does not provide functionality, forms, or processes
 104.9 for a requirement under this chapter, the commissioner is authorized to implement the
 104.10 requirements in a manner that facilitates uniformity with respect to licensing, supervision,
 104.11 reporting, and regulation of licensees which are licensed in multiple jurisdictions.

104.12 (e) For the purpose of participating in the NMLS registry, the commissioner is authorized
 104.13 to, by rule or order: (1) waive or modify, in whole or in part, any or all of the requirements;
 104.14 and (2) establish new requirements as reasonably necessary to participate in the NMLS
 104.15 registry.

58.10 Sec. 12. **[53B.38] APPLICATION FOR LICENSE.**

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

58.13 (1) the legal name and residential and business addresses of the applicant and any
 58.14 fictitious or trade name used by the applicant in conducting business;

58.15 (2) a list of any criminal convictions of the applicant and any material litigation in which
 58.16 the applicant has been involved in the ten-year period next preceding the submission of the
 58.17 application;

58.18 (3) a description of any money transmission previously provided by the applicant and
 58.19 the money transmission that the applicant seeks to provide in this state;

58.20 (4) a list of the applicant's proposed authorized delegates and the locations in this state
 58.21 where the applicant and the applicant's authorized delegates propose to engage in money
 58.22 transmission;

58.23 (5) a list of other states in which the applicant is licensed to engage in money transmission
 58.24 and any license revocations, suspensions, or other disciplinary action taken against the
 58.25 applicant in another state;

58.26 (6) information concerning any bankruptcy or receivership proceedings affecting the
 58.27 licensee or a person in control of a licensee;

58.28 (7) a sample form of contract for authorized delegates, if applicable;

58.29 (8) a sample form of payment instrument or stored value, as applicable;

58.30 (9) the name and address of any federally insured depository financial institution through
 58.31 which the applicant plans to conduct money transmission; and

59.1 (10) any other information the commissioner or NMLS reasonably requires with respect
 59.2 to the applicant.

59.3 (b) If an applicant is a corporation, limited liability company, partnership, or other legal
 59.4 entity, the applicant must also provide:

59.5 (1) the date of the applicant's incorporation or formation and state or country of
 59.6 incorporation or formation;

59.7 (2) if applicable, a certificate of good standing from the state or country in which the
 59.8 applicant is incorporated or formed;

59.9 (3) a brief description of the structure or organization of the applicant, including any
 59.10 parents or subsidiaries of the applicant, and whether any parents or subsidiaries are publicly
 59.11 traded;

104.16 Sec. 24. **[53B.38] APPLICATION FOR LICENSE.**

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

104.19 (1) the legal name and residential and business addresses of the applicant and any
 104.20 fictitious or trade name used by the applicant in conducting business;

104.21 (2) a list of any criminal convictions of the applicant and any material litigation in which
 104.22 the applicant has been involved in the ten-year period next preceding the submission of the
 104.23 application;

104.24 (3) a description of any money transmission previously provided by the applicant and
 104.25 the money transmission that the applicant seeks to provide in this state;

104.26 (4) a list of the applicant's proposed authorized delegates and the locations in this state
 104.27 where the applicant and the applicant's authorized delegates propose to engage in money
 104.28 transmission;

104.29 (5) a list of other states in which the applicant is licensed to engage in money transmission
 104.30 and any license revocations, suspensions, or other disciplinary action taken against the
 104.31 applicant in another state;

105.1 (6) information concerning any bankruptcy or receivership proceedings affecting the
 105.2 licensee or a person in control of a licensee;

105.3 (7) a sample form of contract for authorized delegates, if applicable;

105.4 (8) a sample form of payment instrument or stored value, as applicable;

105.5 (9) the name and address of any federally insured depository financial institution through
 105.6 which the applicant plans to conduct money transmission; and

105.7 (10) any other information the commissioner or NMLS reasonably requires with respect
 105.8 to the applicant.

105.9 (b) If an applicant is a corporation, limited liability company, partnership, or other legal
 105.10 entity, the applicant must also provide:

105.11 (1) the date of the applicant's incorporation or formation and state or country of
 105.12 incorporation or formation;

105.13 (2) if applicable, a certificate of good standing from the state or country in which the
 105.14 applicant is incorporated or formed;

105.15 (3) a brief description of the structure or organization of the applicant, including any
 105.16 parents or subsidiaries of the applicant, and whether any parents or subsidiaries are publicly
 105.17 traded;

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

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

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

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

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

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

59.29 (i) a corporation publicly traded in the United States, a copy of audited financial
 59.30 statements for the parent corporation for the most recent fiscal year or a copy of the parent
 59.31 corporation's most recent report filed under section 13 of the Securities Exchange Act of
 60.1 1934, United States Code, title 15, section 78m, as amended or recodified from time to time;
 60.2 or

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

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

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

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

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

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

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

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

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

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

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

106.4 (i) a corporation publicly traded in the United States, a copy of audited financial
 106.5 statements for the parent corporation for the most recent fiscal year or a copy of the parent
 106.6 corporation's most recent report filed under section 13 of the Securities Exchange Act of
 106.7 1934, United States Code, title 15, section 78m, as amended or recodified from time to time;
 106.8 or

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

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

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

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

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

60.13 Sec. 13. **[53B.39] INFORMATION REQUIREMENTS; CERTAIN INDIVIDUALS.**

60.14 **Subdivision 1. Individuals with or seeking control.** Any individual in control of a
 60.15 licensee or applicant, any individual that seeks to acquire control of a licensee, and each
 60.16 key individual must furnish to the commissioner through NMLS:

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

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

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

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

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

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

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

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

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

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

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

61.14 (2) criminal records information for the past ten years, including but not limited to
 61.15 felonies, misdemeanors, or similar convictions for violations of law in the countries,

106.19 Sec. 25. **[53B.39] INFORMATION REQUIREMENTS; CERTAIN INDIVIDUALS.**

106.20 **Subdivision 1. Individuals with or seeking control.** Any individual in control of a
 106.21 licensee or applicant, any individual that seeks to acquire control of a licensee, and each
 106.22 key individual must furnish to the commissioner through NMLS:

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

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

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

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

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

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

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

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

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

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

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

107.21 (2) criminal records information for the past ten years, including but not limited to
 107.22 felonies, misdemeanors, or similar convictions for violations of law in the countries,

61.16 provinces, states, cities, towns, and contiguous areas where the individual resided and
 61.17 worked;

61.18 (3) employment history;

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

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

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

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

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

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

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

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

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

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

62.18 (2) if Minnesota is a lead investigative state, the commissioner is authorized to investigate
 62.19 the applicant pursuant to paragraph (c) and the time frames established by agreement through

107.23 provinces, states, cities, towns, and contiguous areas where the individual resided and
 107.24 worked;

107.25 (3) employment history;

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

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

108.1 Sec. 26. **[53B.40] LICENSE ISSUANCE.**

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

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

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

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

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

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

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

108.27 (2) if Minnesota is a lead investigative state, the commissioner is authorized to investigate
 108.28 the applicant pursuant to paragraph (c) and the time frames established by agreement through

62.20 the multistate licensing process, provided that the time frame complies with the application
 62.21 review period provided under paragraph (e).

62.22 (e) The commissioner must approve or deny the application within 120 days after the
 62.23 date the application is deemed complete. If the application is not approved or denied within
 62.24 120 days after the completion date, the application is approved and the license takes effect
 62.25 on the first business day after the 120-day period expires.

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

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

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

63.8 (a) A license under this chapter must be renewed annually. An annual renewal fee of
 63.9 \$2,500 must be paid no more than 60 days before the license expires. The renewal term is
 63.10 a period of one year and begins on January 1 each year after the initial license term. The
 63.11 renewal term expires on December 31 of the year the renewal term begins.

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

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

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

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

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

108.29 the multistate licensing process, provided that the time frame complies with the application
 108.30 review period provided under paragraph (e).

108.31 (e) The commissioner must approve or deny the application within 120 days after the
 108.32 date the application is deemed complete. If the application is not approved or denied within
 109.1 120 days after the completion date, the application is approved and the license takes effect
 109.2 on the first business day after the 120-day period expires.

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

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

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

109.17 (a) A license under this chapter must be renewed annually. An annual renewal fee of
 109.18 \$2,500 must be paid no more than 60 days before the license expires. The renewal term is
 109.19 a period of one year and begins on January 1 each year after the initial license term. The
 109.20 renewal term expires on December 31 of the year the renewal term begins.

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

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

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

109.28 Sec. 28. **[53B.42] MAINTENANCE OF LICENSE.**

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

63.24 (b) An applicant for a money transmission license must demonstrate that the applicant
 63.25 meets or will meet, and a money transmission licensee must at all times meet, the
 63.26 requirements in sections 53B.59 to 53B.61.

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

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

64.3 (b) For the purpose of this section, a person is presumed to exercise a controlling influence
 64.4 when the person holds the power to vote, directly or indirectly, at least ten percent of the
 64.5 outstanding voting shares or voting interests of a licensee or person in control of a licensee.
 64.6 A person presumed to exercise a controlling influence as defined by this subdivision can
 64.7 rebut the presumption of control if the person is a passive investor.

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

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

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

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

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

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

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

64.28 (h) The commissioner must approve or deny the application within 60 days after the
 64.29 completion date. If the application is not approved or denied within 60 days after the
 64.30 completion date, the application is approved and the person, or group of persons acting in

110.1 (b) An applicant for a money transmission license must demonstrate that the applicant
 110.2 meets or will meet, and a money transmission licensee must at all times meet, the
 110.3 requirements in sections 53B.59 to 53B.61.

110.4 Sec. 29. **[53B.43] ACQUISITION OF CONTROL.**

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

110.10 (b) For the purpose of this section, a person is presumed to exercise a controlling influence
 110.11 when the person holds the power to vote, directly or indirectly, at least ten percent of the
 110.12 outstanding voting shares or voting interests of a licensee or person in control of a licensee.
 110.13 A person presumed to exercise a controlling influence as defined by this subdivision can
 110.14 rebut the presumption of control if the person is a passive investor.

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

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

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

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

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

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

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

111.3 (h) The commissioner must approve or deny the application within 60 days after the
 111.4 completion date. If the application is not approved or denied within 60 days after the
 111.5 completion date, the application is approved and the person, or group of persons acting in

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

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

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

65.11 (1) the requirements of paragraphs (d) and (f) have been met, as applicable; and

65.12 (2) the financial condition and responsibility, financial and business experience,
 65.13 competence, character, and general fitness of the person, or group of persons acting in
 65.14 concert, seeking to acquire control; and the competence, experience, character, and general
 65.15 fitness of the key individuals and persons that control the licensee after the acquisition of
 65.16 control indicate that it is in the interest of the public to permit the person, or group of persons
 65.17 acting in concert, to control the licensee.

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

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

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

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

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

65.30 (1) a person that acts as a proxy for the sole purpose of voting at a designated meeting
 65.31 of the shareholders or holders of voting shares or voting interests of a licensee or a person
 65.32 in control of a licensee;

65.33 (2) a person that acquires control of a licensee by devise or descent;

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

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

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

111.18 (1) the requirements of paragraphs (d) and (f) have been met, as applicable; and

111.19 (2) the financial condition and responsibility, financial and business experience,
 111.20 competence, character, and general fitness of the person, or group of persons acting in
 111.21 concert, seeking to acquire control; and the competence, experience, character, and general
 111.22 fitness of the key individuals and persons that control the licensee after the acquisition of
 111.23 control indicate that it is in the interest of the public to permit the person, or group of persons
 111.24 acting in concert, to control the licensee.

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

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

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

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

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

112.4 (1) a person that acts as a proxy for the sole purpose of voting at a designated meeting
 112.5 of the shareholders or holders of voting shares or voting interests of a licensee or a person
 112.6 in control of a licensee;

112.7 (2) a person that acquires control of a licensee by devise or descent;

66.1 (3) a person that acquires control of a licensee as a personal representative, custodian,
 66.2 guardian, conservator, or trustee, or as an officer appointed by a court of competent
 66.3 jurisdiction or by operation of law;

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

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

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

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

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

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

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

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

66.23 (3) the licensee to be acquired is projected to meet the requirements of sections 53B.59
 66.24 to 53B.61 after the acquisition of control is completed, and if the person acquiring control
 66.25 is a licensee, the acquiring licensee is also projected to meet the requirements of sections
 66.26 53B.59 to 53B.61 after the acquisition of control is completed;

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

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

67.4 (p) If the notice under paragraph (o), clause (5), is not disapproved within 30 days after
 67.5 the date on which the notice was determined to be complete, the notice is deemed approved.

112.8 (3) a person that acquires control of a licensee as a personal representative, custodian,
 112.9 guardian, conservator, or trustee, or as an officer appointed by a court of competent
 112.10 jurisdiction or by operation of law;

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

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

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

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

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

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

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

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

112.30 (3) the licensee to be acquired is projected to meet the requirements of sections 53B.59
 112.31 to 53B.61 after the acquisition of control is completed, and if the person acquiring control
 113.1 is a licensee, the acquiring licensee is also projected to meet the requirements of sections
 113.2 53B.59 to 53B.61 after the acquisition of control is completed;

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

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

113.10 (p) If the notice under paragraph (o), clause (5), is not disapproved within 30 days after
 113.11 the date on which the notice was determined to be complete, the notice is deemed approved.

67.6 (q) Before filing an application for approval to acquire control of a licensee, a person
 67.7 may request in writing a determination from the commissioner as to whether the person
 67.8 would be considered a person in control of a licensee upon consummation of a proposed
 67.9 transaction. If the commissioner determines that the person would not be a person in control
 67.10 of a licensee, the proposed person and transaction is not subject to paragraphs (a) and (d).

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

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

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

67.19 **Sec. 18. 53B.44 CHANGE OF KEY INDIVIDUALS; NOTICE AND
 67.20 INFORMATION REQUIREMENTS.**

67.21 (a) A licensee that adds or replaces any key individual must:

67.22 (1) provide notice, in a manner prescribed by the commissioner, within 15 days after
 67.23 the effective date of the key individual's appointment; and

67.24 (2) provide the information required under section 53B.39 within 45 days of the effective
 67.25 date of the key individual's appointment.

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

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

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

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

113.12 (q) Before filing an application for approval to acquire control of a licensee, a person
 113.13 may request in writing a determination from the commissioner as to whether the person
 113.14 would be considered a person in control of a licensee upon consummation of a proposed
 113.15 transaction. If the commissioner determines that the person would not be a person in control
 113.16 of a licensee, the proposed person and transaction is not subject to paragraphs (a) and (d).

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

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

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

113.25 **Sec. 30. 53B.44 CHANGE OF KEY INDIVIDUALS; NOTICE AND
 113.26 INFORMATION REQUIREMENTS.**

113.27 (a) A licensee that adds or replaces any key individual must:

113.28 (1) provide notice, in a manner prescribed by the commissioner, within 15 days after
 113.29 the effective date of the key individual's appointment; and

113.30 (2) provide the information required under section 53B.39 within 45 days of the effective
 113.31 date of the key individual's appointment.

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

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

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

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

68.9 (1) the commissioner is authorized to accept the determination of another state if the
 68.10 investigating state has sufficient staffing, expertise, and minimum standards for the purposes
 68.11 of this section; or

68.12 (2) if Minnesota is a lead investigative state, the commissioner is authorized to investigate
 68.13 the applicant under paragraph (b) and the time frames established by agreement through
 68.14 the multistate licensing process.

68.15 Sec. 19. **[53B.45] REPORT OF CONDITION.**

68.16 (a) Each licensee must submit a report of condition within 45 days of the end of the
 68.17 calendar quarter, or within any extended time the commissioner prescribes.

68.18 (b) The report of condition must include:

68.19 (1) financial information at the licensee level;

68.20 (2) nationwide and state-specific money transmission transaction information in every
 68.21 jurisdiction in the United States where the licensee is licensed to engage in money
 68.22 transmission;

68.23 (3) a permissible investments report;

68.24 (4) transaction destination country reporting for money received for transmission, if
 68.25 applicable; and

68.26 (5) any other information the commissioner reasonably requires with respect to the
 68.27 licensee.

68.28 (c) The commissioner is authorized to use NMLS to submit the report required under
 68.29 paragraph (a).

68.30 (d) The information required by paragraph (b), clause (4), must only be included in a
 68.31 report of condition submitted within 45 days of the end of the fourth calendar quarter.

69.1 Sec. 20. **[53B.46] AUDITED FINANCIAL STATEMENTS.**

69.2 (a) Each licensee must, within 90 days after the end of each fiscal year, or within any
 69.3 extended time the commissioner prescribes, file with the commissioner:

69.4 (1) an audited financial statement of the licensee for the fiscal year prepared in accordance
 69.5 with United States generally accepted accounting principles; and

69.6 (2) any other information the commissioner may reasonably require.

69.7 (b) The audited financial statements must be prepared by an independent certified public
 69.8 accountant or independent public accountant who is satisfactory to the commissioner.

69.9 (c) The audited financial statements must include or be accompanied by a certificate of
 69.10 opinion prepared by the independent certified public accountant or independent public
 69.11 accountant that is satisfactory in form and content to the commissioner. If the certificate or

114.16 (1) the commissioner is authorized to accept the determination of another state if the
 114.17 investigating state has sufficient staffing, expertise, and minimum standards for the purposes
 114.18 of this section; or

114.19 (2) if Minnesota is a lead investigative state, the commissioner is authorized to investigate
 114.20 the applicant under paragraph (b) and the time frames established by agreement through
 114.21 the multistate licensing process.

114.22 Sec. 31. **[53B.45] REPORT OF CONDITION.**

114.23 (a) Each licensee must submit a report of condition within 45 days of the end of the
 114.24 calendar quarter, or within any extended time the commissioner prescribes.

114.25 (b) The report of condition must include:

114.26 (1) financial information at the licensee level;

114.27 (2) nationwide and state-specific money transmission transaction information in every
 114.28 jurisdiction in the United States where the licensee is licensed to engage in money
 114.29 transmission;

114.30 (3) a permissible investments report;

114.31 (4) transaction destination country reporting for money received for transmission, if
 114.32 applicable; and

115.1 (5) any other information the commissioner reasonably requires with respect to the
 115.2 licensee.

115.3 (c) The commissioner is authorized to use NMLS to submit the report required under
 115.4 paragraph (a).

115.5 (d) The information required by paragraph (b), clause (4), must only be included in a
 115.6 report of condition submitted within 45 days of the end of the fourth calendar quarter.

115.7 Sec. 32. **[53B.46] AUDITED FINANCIAL STATEMENTS.**

115.8 (a) Each licensee must, within 90 days after the end of each fiscal year, or within any
 115.9 extended time the commissioner prescribes, file with the commissioner:

115.10 (1) an audited financial statement of the licensee for the fiscal year prepared in accordance
 115.11 with United States generally accepted accounting principles; and

115.12 (2) any other information the commissioner may reasonably require.

115.13 (b) The audited financial statements must be prepared by an independent certified public
 115.14 accountant or independent public accountant who is satisfactory to the commissioner.

115.15 (c) The audited financial statements must include or be accompanied by a certificate of
 115.16 opinion prepared by the independent certified public accountant or independent public
 115.17 accountant that is satisfactory in form and content to the commissioner. If the certificate or

69.12 opinion is qualified, the commissioner may order the licensee to take any action the
 69.13 commissioner finds necessary to enable the independent or certified public accountant or
 69.14 independent public accountant to remove the qualification.

69.15 **Sec. 21. [53B.47] AUTHORIZED DELEGATE REPORTING.**

69.16 (a) Each licensee must submit a report of authorized delegates within 45 days of the end
 69.17 of the calendar quarter. The commissioner is authorized to use NMLS to submit the report
 69.18 required by this paragraph, provided that the functionality is consistent with the requirements
 69.19 of this section.

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

70.4 **Sec. 22. [53B.48] REPORTS OF CERTAIN EVENTS.**

70.5 (a) A licensee must file a report with the commissioner within ten business days after
 70.6 the licensee has reason to know any of the following events has occurred:
 70.7 (1) a petition by or against the licensee under the United States Bankruptcy Code, United
 70.8 States Code, title 11, sections 101 to 110, as amended or recodified from time to time, for
 70.9 bankruptcy or reorganization has been filed;
 70.10 (2) a petition by or against the licensee for receivership, the commencement of any other
 70.11 judicial or administrative proceeding for the licensee's dissolution or reorganization, or the
 70.12 making of a general assignment for the benefit of the licensee's creditors has been filed; or

115.18 opinion is qualified, the commissioner may order the licensee to take any action the
 115.19 commissioner finds necessary to enable the independent or certified public accountant or
 115.20 independent public accountant to remove the qualification.

115.21 **Sec. 33. [53B.47] AUTHORIZED DELEGATE REPORTING.**

115.22 (a) Each licensee must submit a report of authorized delegates within 45 days of the end
 115.23 of the calendar quarter. The commissioner is authorized to use NMLS to submit the report
 115.24 required by this paragraph, provided that the functionality is consistent with the requirements
 115.25 of this section.

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

116.10 **Sec. 34. [53B.48] REPORTS OF CERTAIN EVENTS.**

116.11 (a) A licensee must file a report with the commissioner within ten business days after
 116.12 the licensee has reason to know any of the following events has occurred:
 116.13 (1) a petition by or against the licensee under the United States Bankruptcy Code, United
 116.14 States Code, title 11, sections 101 to 110, as amended or recodified from time to time, for
 116.15 bankruptcy or reorganization has been filed;
 116.16 (2) a petition by or against the licensee for receivership, the commencement of any other
 116.17 judicial or administrative proceeding for the licensee's dissolution or reorganization, or the
 116.18 making of a general assignment for the benefit of the licensee's creditors has been filed; or

70.13 (3) a proceeding to revoke or suspend the licensee's license in a state or country in which
 70.14 the licensee engages in business or is licensed has been commenced.

70.15 (b) A licensee must file a report with the commissioner within ten business days after
 70.16 the licensee has reason to know any of the following events has occurred:

70.17 (1) the licensee or a key individual or person in control of the licensee is charged with
 70.18 or convicted of a felony related to money transmission activities; or

70.19 (2) an authorized delegate is charged with or convicted of a felony related to money
 70.20 transmission activities.

70.21 **Sec. 23. [53B.49] BANK SECRECY ACT REPORTS.**

70.22 A licensee and an authorized delegate must file all reports required by federal currency
 70.23 reporting, record keeping, and suspicious activity reporting requirements as set forth in the
 70.24 Bank Secrecy Act and other federal and state laws pertaining to money laundering. A licensee
 70.25 and authorized delegate that timely files with the appropriate federal agency a complete and
 70.26 accurate report required under this section is deemed to comply with the requirements of
 70.27 this section.

70.28 **Sec. 24. [53B.50] RECORDS.**

70.29 (a) A licensee must maintain the following records, for purposes of determining the
 70.30 licensee's compliance with this chapter, for at least three years:

71.1 (1) a record of each outstanding money transmission obligation sold;

71.2 (2) a general ledger posted at least monthly containing all asset, liability, capital, income,
 71.3 and expense accounts;

71.4 (3) bank statements and bank reconciliation records;

71.5 (4) records of outstanding money transmission obligations;

71.6 (5) records of each outstanding money transmission obligation paid within the three-year
 71.7 period;

71.8 (6) a list of the last known names and addresses of all of the licensee's authorized
 71.9 delegates; and

71.10 (7) any other records the commissioner reasonably requires by administrative rule.

71.11 (b) The items specified in paragraph (a) may be maintained in any form of record.

71.12 (c) The records specified in paragraph (a) may be maintained outside of Minnesota if
 71.13 the records are made accessible to the commissioner upon seven business-days' notice that
 71.14 is sent in a record.

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
 117.1 Bank Secrecy Act and other federal and state laws pertaining to money laundering. A licensee
 117.2 and authorized delegate that timely files with the appropriate federal agency a complete and
 117.3 accurate report required under this section is deemed to comply with the requirements of
 117.4 this section.

117.5 **Sec. 36. [53B.50] RECORDS.**

117.6 (a) A licensee must maintain the following records, for purposes of determining the
 117.7 licensee's compliance with this chapter, for at least three years:

117.8 (1) a record of each outstanding money transmission obligation sold;

117.9 (2) a general ledger posted at least monthly containing all asset, liability, capital, income,
 117.10 and expense accounts;

117.11 (3) bank statements and bank reconciliation records;

117.12 (4) records of outstanding money transmission obligations;

117.13 (5) records of each outstanding money transmission obligation paid within the three-year
 117.14 period;

117.15 (6) a list of the last known names and addresses of all of the licensee's authorized
 117.16 delegates; and

117.17 (7) any other records the commissioner reasonably requires by administrative rule.

117.18 (b) The items specified in paragraph (a) may be maintained in any form of record.

117.19 (c) The records specified in paragraph (a) may be maintained outside of Minnesota if
 117.20 the records are made accessible to the commissioner upon seven business-days' notice that
 117.21 is sent in a record.

71.15 (d) All records maintained by the licensee as required under paragraphs (a) to (c) are
 71.16 open to inspection by the commissioner under section 53B.33, paragraph (a).

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

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

71.22 (b) Before a licensee is authorized to conduct business through an authorized delegate
 71.23 or allows a person to act as the licensee's authorized delegate, the licensee must:

71.24 (1) adopt, and update as necessary, written policies and procedures reasonably designed
 71.25 to ensure that the licensee's authorized delegates comply with applicable state and federal
 71.26 law;

71.27 (2) enter into a written contract that complies with paragraph (d); and

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

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

72.2 (d) The written contract required by paragraph (b) must be signed by the licensee and
 72.3 the authorized delegate. The written contract must, at a minimum:

72.4 (1) appoint the person signing the contract as the licensee's authorized delegate with the
 72.5 authority to conduct money transmission on behalf of the licensee;

72.6 (2) set forth the nature and scope of the relationship between the licensee and the
 72.7 authorized delegate and the respective rights and responsibilities of the parties;

72.8 (3) require the authorized delegate to agree to fully comply with all applicable state and
 72.9 federal laws, rules, and regulations pertaining to money transmission, including this chapter
 72.10 and regulations implementing this chapter, relevant provisions of the Bank Secrecy Act and
 72.11 the USA PATRIOT Act, Public Law 107-56;

72.12 (4) require the authorized delegate to remit and handle money and monetary value in
 72.13 accordance with the terms of the contract between the licensee and the authorized delegate;

72.14 (5) impose a trust on money and monetary value net of fees received for money
 72.15 transmission for the benefit of the licensee;

72.16 (6) require the authorized delegate to prepare and maintain records as required by this
 72.17 chapter or administrative rules implementing this chapter, or as reasonably requested by
 72.18 the commissioner;

117.22 (d) All records maintained by the licensee as required under paragraphs (a) to (c) are
 117.23 open to inspection by the commissioner under section 53B.33, paragraph (a).

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

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

117.29 (b) Before a licensee is authorized to conduct business through an authorized delegate
 117.30 or allows a person to act as the licensee's authorized delegate, the licensee must:

118.1 (1) adopt, and update as necessary, written policies and procedures reasonably designed
 118.2 to ensure that the licensee's authorized delegates comply with applicable state and federal
 118.3 law;

118.4 (2) enter into a written contract that complies with paragraph (d); and

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

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

118.9 (d) The written contract required by paragraph (b) must be signed by the licensee and
 118.10 the authorized delegate. The written contract must, at a minimum:

118.11 (1) appoint the person signing the contract as the licensee's authorized delegate with the
 118.12 authority to conduct money transmission on behalf of the licensee;

118.13 (2) set forth the nature and scope of the relationship between the licensee and the
 118.14 authorized delegate and the respective rights and responsibilities of the parties;

118.15 (3) require the authorized delegate to agree to fully comply with all applicable state and
 118.16 federal laws, rules, and regulations pertaining to money transmission, including this chapter
 118.17 and regulations implementing this chapter, relevant provisions of the Bank Secrecy Act and
 118.18 the USA PATRIOT Act, Public Law 107-56;

118.19 (4) require the authorized delegate to remit and handle money and monetary value in
 118.20 accordance with the terms of the contract between the licensee and the authorized delegate;

118.21 (5) impose a trust on money and monetary value net of fees received for money
 118.22 transmission for the benefit of the licensee;

118.23 (6) require the authorized delegate to prepare and maintain records as required by this
 118.24 chapter or administrative rules implementing this chapter, or as reasonably requested by
 118.25 the commissioner;

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

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

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

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

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

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

73.9 **Sec. 26. [53B.52] UNAUTHORIZED ACTIVITIES.**

73.10 A person is prohibited from engaging in the business of money transmission on behalf
 73.11 of a person not licensed under this chapter or not exempt under sections 53B.29 and 53B.30.
 73.12 A person that engages in the business of money transmission on behalf of a person that is
 73.13 not licensed under this chapter or not exempt under sections 53B.29 and 53B.30 provides
 73.14 money transmission to the same extent as if the person were a licensee, and is jointly and
 73.15 severally liable with the unlicensed or nonexempt person.

73.16 **Sec. 27. [53B.53] PROHIBITED AUTHORIZED DELEGATES.**

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

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

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

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

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

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

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

119.16 **Sec. 38. [53B.52] UNAUTHORIZED ACTIVITIES.**

119.17 A person is prohibited from engaging in the business of money transmission on behalf
 119.18 of a person not licensed under this chapter or not exempt under sections 53B.29 and 53B.30.
 119.19 A person that engages in the business of money transmission on behalf of a person that is
 119.20 not licensed under this chapter or not exempt under sections 53B.29 and 53B.30 provides
 119.21 money transmission to the same extent as if the person were a licensee, and is jointly and
 119.22 severally liable with the unlicensed or nonexempt person.

119.23 **Sec. 39. [53B.53] PROHIBITED AUTHORIZED DELEGATES.**

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

73.24 (b) If the district court issues an order prohibiting a person from acting as an authorized
 73.25 delegate for any licensee under paragraph (a), the licensee that brought the action must
 73.26 report the order to the commissioner within 30 days of the date of the order and must report
 73.27 the order through NMLS within 90 days of the date of the order.

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

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

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

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

74.7 (a) This section does not apply to:

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

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

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

74.16 (1) the money has been forwarded within ten days of the date on which the money was
 74.17 received for transmission;

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

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

119.31 (b) If the district court issues an order prohibiting a person from acting as an authorized
 119.32 delegate for any licensee under paragraph (a), the licensee that brought the action must
 120.1 report the order to the commissioner within 30 days of the date of the order and must report
 120.2 the order through NMLS within 90 days of the date of the order.

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

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

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

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

120.13 (a) This section does not apply to:

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

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

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

120.22 (1) the money has been forwarded within ten days of the date on which the money was
 120.23 received for transmission;

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

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

74.26 (4) the refund is requested for a transaction that the licensee has not completed based
 74.27 on a reasonable belief or a reasonable basis to believe that a crime or violation of law, rule,
 74.28 or regulation has occurred, is occurring, or may occur.

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

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

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

75.3 Sec. 30. **[53B.56] RECEIPTS.**

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

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

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

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

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

75.14 (4) payroll processing services.

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

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

75.21 (b) The receipt must contain, as applicable:

75.22 (1) the name of the sender;

75.23 (2) the name of the designated recipient;

75.24 (3) the date of the transaction;

75.25 (4) the unique transaction or identification number;

75.26 (5) the name of the licensee, NMLS Unique ID, the licensee's business address, and the
 75.27 licensee's customer service telephone number;

121.1 (4) the refund is requested for a transaction that the licensee has not completed based
 121.2 on a reasonable belief or a reasonable basis to believe that a crime or violation of law, rule,
 121.3 or regulation has occurred, is occurring, or may occur.

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

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

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

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

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

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

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

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

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

121.19 (4) payroll processing services.

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

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

121.26 (b) The receipt must contain, as applicable:

121.27 (1) the name of the sender;

121.28 (2) the name of the designated recipient;

121.29 (3) the date of the transaction;

121.30 (4) the unique transaction or identification number;

122.1 (5) the name of the licensee, NMLS Unique ID, the licensee's business address, and the
 122.2 licensee's customer service telephone number;

75.28	<u>(6) the transaction amount, expressed in United States dollars;</u>	122.3	<u>(6) the transaction amount, expressed in United States dollars;</u>
75.29	<u>(7) any fee the licensee charges the sender for the transaction; and</u>	122.4	<u>(7) any fee the licensee charges the sender for the transaction; and</u>
75.30	<u>(8) any taxes the licensee collects from the sender for the transaction.</u>	122.5	<u>(8) any taxes the licensee collects from the sender for the transaction.</u>
76.1	<u>(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.</u>	122.6	<u>(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.</u>
76.5	Sec. 31. [53B.57] NOTICE.	122.10	Sec. 43. [53B.57] NOTICE.
76.6	<u>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.</u>	122.11	<u>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.</u>
76.10	Sec. 32. [53B.58] PAYROLL PROCESSING SERVICES; DISCLOSURES.	122.15	Sec. 44. [53B.58] PAYROLL PROCESSING SERVICES; DISCLOSURES.
76.11	<u>(a) A licensee that provides payroll processing services must:</u>	122.16	<u>(a) A licensee that provides payroll processing services must:</u>
76.12	<u>(1) issue reports to clients detailing client payroll obligations in advance of the payroll funds being deducted from an account; and</u>	122.17	<u>(1) issue reports to clients detailing client payroll obligations in advance of the payroll funds being deducted from an account; and</u>
76.13	<u>(2) make available worker pay stubs or an equivalent statement to workers.</u>	122.19	<u>(2) make available worker pay stubs or an equivalent statement to workers.</u>
76.14	<u>(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).</u>	122.20	<u>(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).</u>
76.18	Sec. 33. [53B.59] NET WORTH.	122.23	Sec. 45. [53B.59] NET WORTH.
76.19	<u>(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; 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.</u>	122.24	<u>(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; 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.</u>
76.23	<u>(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).</u>	122.28	<u>(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).</u>
76.26	<u>(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.</u>	123.1	<u>(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.</u>
77.1	Sec. 34. [53B.60] SURETY BOND.	123.4	Sec. 46. [53B.60] SURETY BOND.
77.2	<u>(a) An applicant for a money transmission license must provide, and a licensee must at all times maintain (1) security consisting of a surety bond in a form satisfactory to the</u>	123.5	<u>(a) An applicant for a money transmission license must provide and a licensee must at all times maintain (1) security consisting of a surety bond in a form satisfactory to the</u>
77.3		123.6	

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

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

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

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

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

77.15 (d) A licensee may exceed the maximum required bond amount pursuant to section
 77.16 53B.62, paragraph (a), clause (5).

77.17 (e) The security device remains effective until cancellation, which may occur only after
 77.18 30 days' written notice to the commissioner. Cancellation does not affect the rights of any
 77.19 claimant for any liability incurred or accrued during the period for which the bond was in
 77.20 force.

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

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

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

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

78.7 (c) Permissible investments, even if commingled with other assets of the licensee, are
 78.8 held in trust for the benefit of the purchasers and holders of the licensee's outstanding money

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

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

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

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

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

123.18 (d) A licensee may exceed the maximum required bond amount pursuant to section
 123.19 53B.62, paragraph (a), clause (5).

123.20 (e) The security device remains effective until cancellation, which may occur only after
 123.21 30 days' written notice to the commissioner. Cancellation does not affect the rights of any
 123.22 claimant for any liability incurred or accrued during the period for which the bond was in
 123.23 force.

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

124.1 **Sec. 47. [53B.61] MAINTENANCE OF PERMISSIBLE INVESTMENTS.**

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

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

124.12 (c) Permissible investments, even if commingled with other assets of the licensee, are
 124.13 held in trust for the benefit of the purchasers and holders of the licensee's outstanding money

78.9 transmission obligations in the event of insolvency; the filing of a petition by or against the
 78.10 licensee under the United States Bankruptcy Code, United States Code, title 11, sections
 78.11 101 to 110, as amended or recodified from time to time, for bankruptcy or reorganization;
 78.12 the filing of a petition by or against the licensee for receivership; the commencement of any
 78.13 other judicial or administrative proceeding for the licensee's dissolution or reorganization;
 78.14 or in the event of an action by a creditor against the licensee who is not a beneficiary of this
 78.15 statutory trust. No permissible investments impressed with a trust pursuant to this paragraph
 78.16 are subject to attachment, levy of execution, or sequestration by order of any court, except
 78.17 for a beneficiary of the statutory trust.

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

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

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

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

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

79.13 (2) certificates of deposit or senior debt obligations of an insured depository institution,
 79.14 as defined in section 3 of the Federal Deposit Insurance Act, United States Code, title 12,

124.14 transmission obligations in the event of insolvency; the filing of a petition by or against the
 124.15 licensee under the United States Bankruptcy Code, United States Code, title 11, sections
 124.16 101 to 110, as amended or recodified from time to time, for bankruptcy or reorganization;
 124.17 the filing of a petition by or against the licensee for receivership; the commencement of any
 124.18 other judicial or administrative proceeding for the licensee's dissolution or reorganization;
 124.19 or in the event of an action by a creditor against the licensee who is not a beneficiary of this
 124.20 statutory trust. No permissible investments impressed with a trust pursuant to this paragraph
 124.21 are subject to attachment, levy of execution, or sequestration by order of any court, except
 124.22 for a beneficiary of the statutory trust.

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

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

125.8 Sec. 48. **[53B.62] PERMISSIBLE INVESTMENTS.**

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

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

125.18 (2) certificates of deposit or senior debt obligations of an insured depository institution,
 125.19 as defined in section 3 of the Federal Deposit Insurance Act, United States Code, title 12,

79.15 section 1813, as amended or recodified from time to time, or as defined under the federal
 79.16 Credit Union Act, United States Code, title 12, section 1781, as amended or recodified from
 79.17 time to time;

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

79.21 (4) the full drawable amount of an irrevocable standby letter of credit, for which the
 79.22 stated beneficiary is the commissioner, that stipulates that the beneficiary need only draw
 79.23 a sight draft under the letter of credit and present the sight draft to obtain funds up to the
 79.24 letter of credit amount within seven days of presentation of the items required by subdivision
 79.25 2, paragraph (c); and

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

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

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

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

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

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

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

125.20 section 1813, as amended or recodified from time to time, or as defined under the federal
 125.21 Credit Union Act, United States Code, title 12, section 1781, as amended or recodified from
 125.22 time to time;

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

125.26 (4) the full drawable amount of an irrevocable standby letter of credit, for which the
 125.27 stated beneficiary is the commissioner, that stipulates that the beneficiary need only draw
 125.28 a sight draft under the letter of credit and present the sight draft to obtain funds up to the
 125.29 letter of credit amount within seven days of presentation of the items required by subdivision
 125.30 2, paragraph (c); and

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

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

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

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

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

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

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

80.20 section 53B.61, paragraph (a). Any draw under this paragraph must be offset against the
 80.21 licensee's outstanding money transmission obligations. The drawn funds must be held in
 80.22 trust by the commissioner or the commissioner's designated agent, to the extent authorized
 80.23 by law, as agent for the benefit of the purchasers and holders of the licensee's outstanding
 80.24 money transmission obligations.

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

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

80.29 (2) a written statement from the beneficiary stating that any of the following events have
 80.30 occurred:

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

81.1 (ii) the filing of a petition by or against the licensee for receivership, or the
 81.2 commencement of any other judicial or administrative proceeding for the licensee's
 81.3 dissolution or reorganization;

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

81.8 (iv) the beneficiary has received notice of expiration or nonextension of a letter of credit
 81.9 and the licensee failed to demonstrate to the satisfaction of the beneficiary that the licensee
 81.10 will maintain permissible investments in accordance with section 53B.61, paragraph (a),
 81.11 upon the expiration or nonextension of the letter of credit.

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

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

81.21 Subd. 3. **Other permissible investments.** Unless the commissioner by administrative
 81.22 rule or order otherwise permits an investment to exceed the limit set forth in this subdivision,
 81.23 the following investments are permissible under section 53B.61 to the extent specified:

126.26 section 53B.61, paragraph (a). Any draw under this paragraph must be offset against the
 126.27 licensee's outstanding money transmission obligations. The drawn funds must be held in
 126.28 trust by the commissioner or the commissioner's designated agent, to the extent authorized
 126.29 by law, as agent for the benefit of the purchasers and holders of the licensee's outstanding
 126.30 money transmission obligations.

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

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

127.1 (2) a written statement from the beneficiary stating that any of the following events have
 127.2 occurred:

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

127.6 (ii) the filing of a petition by or against the licensee for receivership, or the
 127.7 commencement of any other judicial or administrative proceeding for the licensee's
 127.8 dissolution or reorganization;

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

127.13 (iv) the beneficiary has received notice of expiration or nonextension of a letter of credit
 127.14 and the licensee failed to demonstrate to the satisfaction of the beneficiary that the licensee
 127.15 will maintain permissible investments in accordance with section 53B.61, paragraph (a),
 127.16 upon the expiration or nonextension of the letter of credit.

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

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

127.26 Subd. 3. **Other permissible investments.** Unless the commissioner by administrative
 127.27 rule or order otherwise permits an investment to exceed the limit set forth in this subdivision,
 127.28 the following investments are permissible under section 53B.61 to the extent specified:

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

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

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

81.32 (i) a short-term investment of up to six months bearing an eligible rating;

81.33 (ii) commercial paper bearing an eligible rating;

82.1 (iii) a bill, note, bond, or debenture bearing an eligible rating;

82.2 (iv) United States tri-party repurchase agreements collateralized at 100 percent or more
 82.3 with United States government or agency securities, municipal bonds, or other securities
 82.4 bearing an eligible rating;

82.5 (v) money market mutual funds rated less than "AAA" and equal to or higher than "A-"
 82.6 by S&P, or the equivalent from any other eligible rating service; and

82.7 (vi) a mutual fund or other investment fund composed solely and exclusively of one or
 82.8 more permissible investments listed in subdivision 1, clauses (1) to (3); and

82.9 (4) cash, including demand deposits, savings deposits, and funds in accounts held for
 82.10 the benefit of the licensee's customers, at foreign depository institutions are permissible up
 82.11 to ten percent of the aggregate value of the licensee's total permissible investments, if the
 82.12 licensee has received a satisfactory rating in the licensee's most recent examination and the
 82.13 foreign depository institution:

82.14 (i) has an eligible rating;

82.15 (ii) is registered under the Foreign Account Tax Compliance Act, Public Law 111-147;

82.16 (iii) is not located in any country subject to sanctions from the Office of Foreign Asset
 82.17 Control; and

82.18 (iv) is not located in a high-risk or noncooperative jurisdiction, as designated by the
 82.19 Financial Action Task Force.

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

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

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

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

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

128.6 (i) a short-term investment of up to six months bearing an eligible rating;

128.7 (ii) commercial paper bearing an eligible rating;

128.8 (iii) a bill, note, bond, or debenture bearing an eligible rating;

128.9 (iv) United States tri-party repurchase agreements collateralized at 100 percent or more
 128.10 with United States government or agency securities, municipal bonds, or other securities
 128.11 bearing an eligible rating;

128.12 (v) money market mutual funds rated less than "AAA" and equal to or higher than "A-"
 128.13 by S&P, or the equivalent from any other eligible rating service; and

128.14 (vi) a mutual fund or other investment fund composed solely and exclusively of one or
 128.15 more permissible investments listed in subdivision 1, clauses (1) to (3); and

128.16 (4) cash, including demand deposits, savings deposits, and funds in accounts held for
 128.17 the benefit of the licensee's customers, at foreign depository institutions are permissible up
 128.18 to ten percent of the aggregate value of the licensee's total permissible investments, if the
 128.19 licensee has received a satisfactory rating in the licensee's most recent examination and the
 128.20 foreign depository institution:

128.21 (i) has an eligible rating;

128.22 (ii) is registered under the Foreign Account Tax Compliance Act, Public Law 111-147;

128.23 (iii) is not located in any country subject to sanctions from the Office of Foreign Asset
 128.24 Control; and

128.25 (iv) is not located in a high-risk or noncooperative jurisdiction, as designated by the
 128.26 Financial Action Task Force.

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

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

82.23 (1) the licensee violates this chapter, or an administrative rule adopted or an order issued
 82.24 under this chapter;

82.25 (2) the licensee does not cooperate with an examination or investigation conducted by
 82.26 the commissioner;

82.27 (3) the licensee engages in fraud, intentional misrepresentation, or gross negligence;

82.28 (4) an authorized delegate is convicted of a violation of a state or federal statute
 82.29 prohibiting money laundering, or violates an administrative rule adopted or an order issued
 82.30 under this chapter, as a result of the licensee's willful misconduct or willful blindness;

83.1 (5) the competence, experience, character, or general fitness of the licensee, authorized
 83.2 delegate, person in control of a licensee, key individual, or responsible person of the
 83.3 authorized delegate indicates that it is not in the public interest to permit the person to
 83.4 provide money transmission;

83.5 (6) the licensee engages in an unsafe or unsound practice;

83.6 (7) the licensee is insolvent, suspends payment of the licensee's obligations, or makes a
 83.7 general assignment for the benefit of the licensee's creditors; or

83.8 (8) the licensee does not remove an authorized delegate after the commissioner issues
 83.9 and serves upon the licensee a final order that includes a finding that the authorized delegate
 83.10 has violated this chapter.

83.11 (b) When determining whether a licensee is engaging in an unsafe or unsound practice,
 83.12 the commissioner may consider the size and condition of the licensee's money transmission,
 83.13 the magnitude of the loss, the gravity of the violation of this chapter, and the previous
 83.14 conduct of the person involved.

83.15 Sec. 38. **[53B.64] AUTHORIZED DELEGATES; SUSPENSION AND**
 83.16 **REVOCATION.**

83.17 (a) The commissioner may issue an order suspending or revoking the designation of an
 83.18 authorized delegate if the commissioner finds:

83.19 (1) the authorized delegate violated this chapter, or an administrative rule adopted or an
 83.20 order issued under this chapter;

83.21 (2) the authorized delegate did not cooperate with an examination or investigation
 83.22 conducted by the commissioner;

83.23 (3) the authorized delegate engaged in fraud, intentional misrepresentation, or gross
 83.24 negligence;

83.25 (4) the authorized delegate is convicted of a violation of a state or federal anti-money
 83.26 laundering statute;

128.30 (1) the licensee violates this chapter, or an administrative rule adopted or an order issued
 128.31 under this chapter;

129.1 (2) the licensee does not cooperate with an examination or investigation conducted by
 129.2 the commissioner;

129.3 (3) the licensee engages in fraud, intentional misrepresentation, or gross negligence;

129.4 (4) an authorized delegate is convicted of a violation of a state or federal statute
 129.5 prohibiting money laundering, or violates an administrative rule adopted or an order issued
 129.6 under this chapter, as a result of the licensee's willful misconduct or willful blindness;

129.7 (5) the competence, experience, character, or general fitness of the licensee, authorized
 129.8 delegate, person in control of a licensee, key individual, or responsible person of the
 129.9 authorized delegate indicates that it is not in the public interest to permit the person to
 129.10 provide money transmission;

129.11 (6) the licensee engages in an unsafe or unsound practice;

129.12 (7) the licensee is insolvent, suspends payment of the licensee's obligations, or makes a
 129.13 general assignment for the benefit of the licensee's creditors; or

129.14 (8) the licensee does not remove an authorized delegate after the commissioner issues
 129.15 and serves upon the licensee a final order that includes a finding that the authorized delegate
 129.16 has violated this chapter.

129.17 (b) When determining whether a licensee is engaging in an unsafe or unsound practice,
 129.18 the commissioner may consider the size and condition of the licensee's money transmission,
 129.19 the magnitude of the loss, the gravity of the violation of this chapter, and the previous
 129.20 conduct of the person involved.

129.21 Sec. 50. **[53B.64] AUTHORIZED DELEGATES; SUSPENSION AND**
 129.22 **REVOCATION.**

129.23 (a) The commissioner may issue an order suspending or revoking the designation of an
 129.24 authorized delegate if the commissioner finds:

129.25 (1) the authorized delegate violated this chapter, or an administrative rule adopted or an
 129.26 order issued under this chapter;

129.27 (2) the authorized delegate did not cooperate with an examination or investigation
 129.28 conducted by the commissioner;

129.29 (3) the authorized delegate engaged in fraud, intentional misrepresentation, or gross
 129.30 negligence;

130.1 (4) the authorized delegate is convicted of a violation of a state or federal anti-money
 130.2 laundering statute;

83.27 (5) the competence, experience, character, or general fitness of the authorized delegate
 83.28 or a person in control of the authorized delegate indicates that it is not in the public interest
 83.29 to permit the authorized delegate to provide money transmission; or

83.30 (6) the authorized delegate is engaging in an unsafe or unsound practice.

84.1 (b) When determining whether an authorized delegate is engaging in an unsafe or unsound
 84.2 practice, the commissioner may consider the size and condition of the authorized delegate's
 84.3 provision of money transmission, the magnitude of the loss, the gravity of the violation of
 84.4 this chapter, or an administrative rule adopted or order issued under this chapter, and the
 84.5 previous conduct of the authorized delegate.

84.6 (c) An authorized delegate may apply for relief from a suspension or revocation of
 84.7 designation as an authorized delegate in the same manner as a licensee.

84.8 Sec. 39. **[53B.65] ENFORCEMENT.**

84.9 Section 45.027 applies to this chapter.

84.10 Sec. 40. **[53B.66] CRIMINAL PENALTIES.**

84.11 (a) A person who intentionally makes a false statement, misrepresentation, or false
 84.12 certification in a record filed or required to be maintained under this chapter or that
 84.13 intentionally makes a false entry or omits a material entry in a record filed or required to
 84.14 be maintained under this chapter is guilty of a felony.

84.15 (b) A person who knowingly engages in an activity for which a license is required under
 84.16 this chapter without being licensed under this chapter, and who receives more than \$1,000
 84.17 in compensation within a 30-day period from the activity, is guilty of a felony.

84.18 (c) A person who knowingly engages in an activity for which a license is required under
 84.19 this chapter without being licensed under this chapter, and who receives more than \$500
 84.20 but less than \$1,000 in compensation within a 30-day period from the activity, is guilty of
 84.21 a gross misdemeanor.

84.22 (d) A person who knowingly engages in an activity for which a license is required under
 84.23 this chapter without being licensed under this chapter, and who receives no more than \$500
 84.24 in compensation within a 30-day period from the activity, is guilty of a misdemeanor.

84.25 Sec. 41. **[53B.67] SEVERABILITY.**

84.26 If any provision of this chapter or the chapter's application to any person or circumstance
 84.27 is held invalid, the invalidity does not affect other provisions or applications of this chapter
 84.28 that can be given effect without the invalid provision or application.

85.1 Sec. 42. **[53B.68] TRANSITION PERIOD.**

85.2 (a) A person licensed in Minnesota to engage in the business of money transmission is
 85.3 not subject to the provisions of this chapter to the extent that this chapter's provisions conflict

130.3 (5) the competence, experience, character, or general fitness of the authorized delegate
 130.4 or a person in control of the authorized delegate indicates that it is not in the public interest
 130.5 to permit the authorized delegate to provide money transmission; or

130.6 (6) the authorized delegate is engaging in an unsafe or unsound practice.

130.7 (b) When determining whether an authorized delegate is engaging in an unsafe or unsound
 130.8 practice, the commissioner may consider the size and condition of the authorized delegate's
 130.9 provision of money transmission, the magnitude of the loss, the gravity of the violation of
 130.10 this chapter, or an administrative rule adopted or order issued under this chapter, and the
 130.11 previous conduct of the authorized delegate.

130.12 (c) An authorized delegate may apply for relief from a suspension or revocation of
 130.13 designation as an authorized delegate in the same manner as a licensee.

130.14 Sec. 51. **[53B.65] ENFORCEMENT.**

130.15 Section 45.027 applies to this chapter.

130.16 Sec. 52. **[53B.66] CRIMINAL PENALTIES.**

130.17 (a) A person who intentionally makes a false statement, misrepresentation, or false
 130.18 certification in a record filed or required to be maintained under this chapter or that
 130.19 intentionally makes a false entry or omits a material entry in a record filed or required to
 130.20 be maintained under this chapter is guilty of a felony.

130.21 (b) A person who knowingly engages in an activity for which a license is required under
 130.22 this chapter without being licensed under this chapter, and who receives more than \$1,000
 130.23 in compensation within a 30-day period from the activity, is guilty of a felony.

130.24 (c) A person who knowingly engages in an activity for which a license is required under
 130.25 this chapter without being licensed under this chapter, and who receives more than \$500
 130.26 but less than \$1,000 in compensation within a 30-day period from the activity, is guilty of
 130.27 a gross misdemeanor.

130.28 (d) A person who knowingly engages in an activity for which a license is required under
 130.29 this chapter without being licensed under this chapter, and who receives no more than \$500
 130.30 in compensation within a 30-day period from the activity, is guilty of a misdemeanor.

131.1 Sec. 53. **[53B.67] SEVERABILITY.**

131.2 If any provision of this chapter or the chapter's application to any person or circumstance
 131.3 is held invalid, the invalidity does not affect other provisions or applications of this chapter
 131.4 that can be given effect without the invalid provision or application.

131.5 Sec. 54. **[53B.68] TRANSITION PERIOD.**

131.6 (a) A person licensed in Minnesota to engage in the business of money transmission is
 131.7 not subject to the provisions of this chapter to the extent that this chapter's provisions conflict

85.4 with current law or establish new requirements not imposed under current law until the
 85.5 licensee renews the licensee's current license or for five months after the effective date of
 85.6 this chapter, whichever is later.

85.7 (b) Notwithstanding paragraph (a), a licensee is only required to amend the licensee's
 85.8 authorized delegate contracts for contracts entered into or amended after the effective date
 85.9 or the completion of any transition period contemplated under paragraph (a). Nothing in
 85.10 this section limits an authorized delegate's obligations to operate in full compliance with
 85.11 this chapter, as required under section 53B.51, paragraph (c).

85.12 Sec. 43. **[53B.69] DEFINITIONS.**

85.13 Subdivision 1. **Terms.** For purposes of sections 53B.70 to 53B.74, the following terms
 85.14 have the meaning given them.

85.15 Subd. 2. **Control of virtual currency.** "Control of virtual currency," when used in
 85.16 reference to a transaction or relationship involving virtual currency, means the power to
 85.17 execute unilaterally or prevent indefinitely a virtual currency transaction.

85.18 Subd. 3. **Exchange.** "Exchange," used as a verb, means to assume control of virtual
 85.19 currency from or on behalf of a person, at least momentarily, to sell, trade, or convert:

85.20 (1) virtual currency for money, bank credit, or one or more forms of virtual currency;
 85.21 or
 85.22 (2) money or bank credit for one or more forms of virtual currency.

85.23 Subd. 4. **Transfer.** "Transfer" means to assume control of virtual currency from or on
 85.24 behalf of a person and to:

85.25 (1) credit the virtual currency to the account of another person;
 85.26 (2) move the virtual currency from one account of a person to another account of the
 85.27 same person; or
 85.28 (3) relinquish control of virtual currency to another person.

85.29 Subd. 5. **United States dollar equivalent of virtual currency.** "United States dollar
 85.30 equivalent of virtual currency" means the equivalent value of a particular virtual currency
 86.1 in United States dollars shown on a virtual-currency exchange based in the United States
 86.2 for a particular date or period specified in this chapter.

86.3 Subd. 6. **Virtual currency.** (a) "Virtual currency" means a digital representation of value
 86.4 that:

86.5 (1) is used as a medium of exchange, unit of account, or store of value; and
 86.6 (2) is not money, whether or not denominated in money.

131.8 with current law or establish new requirements not imposed under current law until the
 131.9 licensee renews the licensee's current license or for five months after the effective date of
 131.10 this chapter, whichever is later.

131.11 (b) Notwithstanding paragraph (a), a licensee is only required to amend the licensee's
 131.12 authorized delegate contracts for contracts entered into or amended after the effective date
 131.13 or the completion of any transition period contemplated under paragraph (a). Nothing in
 131.14 this section limits an authorized delegate's obligations to operate in full compliance with
 131.15 this chapter, as required under section 53B.51, paragraph (c).

131.16 Sec. 55. **[53B.69] DEFINITIONS.**

131.17 Subdivision 1. **Terms.** For purposes of sections 53B.70 to 53B.74, the following terms
 131.18 have the meaning given them.

131.19 Subd. 2. **Control of virtual currency.** "Control of virtual currency," when used in
 131.20 reference to a transaction or relationship involving virtual currency, means the power to
 131.21 execute unilaterally or prevent indefinitely a virtual currency transaction.

131.22 Subd. 3. **Exchange.** "Exchange," used as a verb, means to assume control of virtual
 131.23 currency from or on behalf of a person, at least momentarily, to sell, trade, or convert:

131.24 (1) virtual currency for money, bank credit, or one or more forms of virtual currency;
 131.25 or
 131.26 (2) money or bank credit for one or more forms of virtual currency.

131.27 Subd. 4. **Transfer.** "Transfer" means to assume control of virtual currency from or on
 131.28 behalf of a person and to:

131.29 (1) credit the virtual currency to the account of another person;
 131.30 (2) move the virtual currency from one account of a person to another account of the
 131.31 same person; or
 132.1 (3) relinquish control of virtual currency to another person.

132.2 Subd. 5. **United States dollar equivalent of virtual currency.** "United States dollar
 132.3 equivalent of virtual currency" means the equivalent value of a particular virtual currency
 132.4 in United States dollars shown on a virtual-currency exchange based in the United States
 132.5 for a particular date or period specified in this chapter.

132.6 Subd. 6. **Virtual currency.** (a) "Virtual currency" means a digital representation of value
 132.7 that:

132.8 (1) is used as a medium of exchange, unit of account, or store of value; and
 132.9 (2) is not money, whether or not denominated in money.

86.7 (b) Virtual currency does not include:

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

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

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

86.17 Subd. 8. **Virtual-currency business activity.** "Virtual-currency business activity" means:

86.18 (1) exchanging, transferring, or storing virtual currency or engaging in virtual-currency
 86.19 administration, whether directly or through an agreement with a virtual-currency
 86.20 control-services vendor;

86.21 (2) holding electronic precious metals or electronic certificates representing interests in
 86.22 precious metals on behalf of another person or issuing shares or electronic certificates
 86.23 representing interests in precious metals; or

86.24 (3) exchanging one or more digital representations of value used within one or more
 86.25 online games, game platforms, or family of games for:

86.26 (i) virtual currency offered by or on behalf of the same publisher from which the original
 86.27 digital representation of value was received; or

86.28 (ii) money or bank credit outside the online game, game platform, or family of games
 86.29 offered by or on behalf of the same publisher from which the original digital representation
 86.30 of value was received.

87.1 Subd. 9. **Virtual-currency control-services vendor.** "Virtual-currency control-services
 87.2 vendor" means a person that has control of virtual currency solely under an agreement with
 87.3 a person that, on behalf of another person, assumes control of virtual currency.

87.4 Sec. 44. **[53B.70] SCOPE.**

87.5 (a) Sections 53B.71 to 53B.74 do not apply to the exchange, transfer, or storage of virtual
 87.6 currency or to virtual-currency administration to the extent the Electronic Fund Transfer
 87.7 Act of 1978, United States Code, title 15, sections 1693 to 1693r, as amended or recodified
 87.8 from time to time; the Securities Exchange Act of 1934, United States Code, title 15, sections
 87.9 78a to 78oo, as amended or recodified from time to time; the Commodities Exchange Act
 87.10 of 1936, United States Code, title 7, sections 1 to 27f, as amended or recodified from time
 87.11 to time; or chapter 80A govern the activity.

132.10 (b) Virtual currency does not include:

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

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

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

132.20 Subd. 8. **Virtual-currency business activity.** "Virtual-currency business activity" means:

132.21 (1) exchanging, transferring, or storing virtual currency or engaging in virtual-currency
 132.22 administration, whether directly or through an agreement with a virtual-currency
 132.23 control-services vendor;

132.24 (2) holding electronic precious metals or electronic certificates representing interests in
 132.25 precious metals on behalf of another person or issuing shares or electronic certificates
 132.26 representing interests in precious metals; or

132.27 (3) exchanging one or more digital representations of value used within one or more
 132.28 online games, game platforms, or family of games for:

132.29 (i) virtual currency offered by or on behalf of the same publisher from which the original
 132.30 digital representation of value was received; or

133.1 (ii) money or bank credit outside the online game, game platform, or family of games
 133.2 offered by or on behalf of the same publisher from which the original digital representation
 133.3 of value was received.

133.4 Subd. 9. **Virtual-currency control-services vendor.** "Virtual-currency control-services
 133.5 vendor" means a person that has control of virtual currency solely under an agreement with
 133.6 a person that, on behalf of another person, assumes control of virtual currency.

133.7 Sec. 56. **[53B.70] SCOPE.**

133.8 (a) Sections 53B.71 to 53B.74 do not apply to the exchange, transfer, or storage of virtual
 133.9 currency or to virtual-currency administration to the extent the Electronic Fund Transfer
 133.10 Act of 1978, United States Code, title 15, sections 1693 to 1693r, as amended or recodified
 133.11 from time to time; the Securities Exchange Act of 1934, United States Code, title 15, sections
 133.12 78a to 78oo, as amended or recodified from time to time; the Commodities Exchange Act
 133.13 of 1936, United States Code, title 7, sections 1 to 27f, as amended or recodified from time
 133.14 to time; or chapter 80A govern the activity.

87.12 (b) Sections 53B.71 to 53B.74 do not apply to activity by:

87.13 (1) a person that:

87.14 (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;

87.15 (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

87.16 (iii) provides only to a person otherwise exempt from this chapter virtual currency as one or more enterprise solutions used solely among each other and has no agreement or relationship with a person that is an end-user of virtual currency;

87.17 (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:

87.18 (i) on the person's own behalf;

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

87.20 (iii) for academic purposes;

87.21 (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, measured by the United States dollar equivalent of virtual currency;

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

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

88.1 (6) a securities intermediary, as defined under section 336.8-102(14), or a commodity intermediary, as defined under section 336.9-102(17), that:

88.2 (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

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

88.4 (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, if the virtual-currency business activity 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.

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

133.15 (b) Sections 53B.71 to 53B.74 do not apply to activity by:

133.16 (1) a person that:

133.17 (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;

133.18 (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

133.19 (iii) provides only to a person otherwise exempt from this chapter virtual currency as one or more enterprise solutions used solely among each other and has no agreement or relationship with a person that is an end-user of virtual currency;

133.20 (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:

133.21 (i) on the person's own behalf;

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

133.23 (iii) for academic purposes;

134.1 (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, measured by the United States dollar equivalent of virtual currency;

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

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

134.4 (6) a securities intermediary, as defined under section 336.8-102(14), or a commodity intermediary, as defined under section 336.9-102(17), that:

134.5 (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

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

134.7 (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, if the virtual-currency business activity 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.

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

88.14	<u>(e) Sections 53B.71 to 53B.74 do not apply to a person that:</u>	134.19	<u>(e) Sections 53B.71 to 53B.74 do not apply to a person that:</u>
88.15	<u>(1) does not receive compensation from a person to:</u>	134.20	<u>(1) does not receive compensation from a person to:</u>
88.16	<u>(i) provide virtual-currency products or services; or</u>	134.21	<u>(i) provide virtual-currency products or services; or</u>
88.17	<u>(ii) conduct virtual-currency business activity; or</u>	134.22	<u>(ii) conduct virtual-currency business activity; or</u>
88.18	<u>(2) is engaged in testing products or services with the person's own money.</u>	134.23	<u>(2) is engaged in testing products or services with the person's own money.</u>
88.19	<u>(f) The commissioner may determine that a person or class of persons, given facts</u>	134.24	<u>(f) The commissioner may determine that a person or class of persons, given facts</u>
88.20	<u>particular to the person or class, should be exempt from this chapter, whether the person or</u>	134.25	<u>particular to the person or class, should be exempt from this chapter, whether the person or</u>
88.21	<u>class is covered by requirements imposed under federal law on a money-service business.</u>	134.26	<u>class is covered by requirements imposed under federal law on a money-service business.</u>
88.22	Sec. 45. <u>[53B.71] VIRTUAL CURRENCY BUSINESS ACTIVITY; CONDITIONS</u>	134.27	Sec. 57. <u>[53B.71] VIRTUAL CURRENCY BUSINESS ACTIVITY; CONDITIONS</u>
88.23	<u>PRECEDENT.</u>	134.28	<u>PRECEDENT.</u>
88.24	<u>(a) A person may not engage in virtual-currency business activity, or hold itself out as</u>	134.29	<u>(a) A person may not engage in virtual-currency business activity, or hold itself out as</u>
88.25	<u>being able to engage in virtual-currency business activity, with or on behalf of another</u>	134.30	<u>being able to engage in virtual-currency business activity, with or on behalf of another</u>
88.26	<u>person unless the person is:</u>	134.31	<u>person unless the person is:</u>
88.27	<u>(1) licensed in Minnesota by the commissioner under section 53B.40; or</u>	135.1	<u>(1) licensed in Minnesota by the commissioner under section 53B.40; or</u>
88.28	<u>(2) exempt from licensing under section 53B.29.</u>	135.2	<u>(2) exempt from licensing under section 53B.29.</u>
88.29	<u>(b) A person that is licensed to engage in virtual-currency business activity is engaged</u>	135.3	<u>(b) A person that is licensed to engage in virtual-currency business activity is engaged</u>
88.30	<u>in the business of money transmission and is subject to the requirements of this chapter.</u>	135.4	<u>in the business of money transmission and is subject to the requirements of this chapter.</u>
89.1	Sec. 46. <u>[53B.72] REQUIRED DISCLOSURES.</u>	135.5	Sec. 58. <u>[53B.72] REQUIRED DISCLOSURES.</u>
89.2	<u>(a) A licensee that engages in virtual currency business activity must provide to a person</u>	135.6	<u>(a) A licensee that engages in virtual currency business activity must provide to a person</u>
89.3	<u>who uses the licensee's products or services the disclosures required by paragraph (b) and</u>	135.7	<u>who uses the licensee's products or services the disclosures required by paragraph (b) and</u>
89.4	<u>any additional disclosure the commissioner by administrative rule determines reasonably</u>	135.8	<u>any additional disclosure the commissioner by administrative rule determines reasonably</u>
89.5	<u>necessary to protect persons. The commissioner must determine by administrative rule the</u>	135.9	<u>necessary to protect persons. The commissioner must determine by administrative rule the</u>
89.6	<u>time and form required for disclosure. A disclosure required by this section must be made</u>	135.10	<u>time and form required for disclosure. A disclosure required by this section must be made</u>
89.7	<u>separately from any other information provided by the licensee and in a clear and conspicuous</u>	135.11	<u>separately from any other information provided by the licensee and in a clear and conspicuous</u>
89.8	<u>manner in a record the person may keep. A licensee may propose for the commissioner's</u>	135.12	<u>manner in a record the person may keep. A licensee may propose for the commissioner's</u>
89.9	<u>approval alternate disclosures as more appropriate for the licensee's virtual-currency business</u>	135.13	<u>approval alternate disclosures as more appropriate for the licensee's virtual-currency business</u>
89.10	<u>activity with or on behalf of persons.</u>	135.14	<u>activity with or on behalf of persons.</u>
89.11	<u>(b) Before establishing a relationship with a person, a licensee must disclose, to the</u>	135.15	<u>(b) Before establishing a relationship with a person, a licensee must disclose, to the</u>
89.12	<u>extent applicable to the virtual-currency business activity the licensee undertakes with the</u>	135.16	<u>extent applicable to the virtual-currency business activity the licensee undertakes with the</u>
89.13	<u>person:</u>	135.17	<u>person:</u>
89.14	<u>(1) a schedule of fees and charges the licensee may assess, the manner by which fees</u>	135.18	<u>(1) a schedule of fees and charges the licensee may assess, the manner by which fees</u>
89.15	<u>and charges are calculated if the fees and charges are not set in advance and disclosed, and</u>	135.19	<u>and charges are calculated if the fees and charges are not set in advance and disclosed, and</u>
89.16	<u>the timing of the fees and charges;</u>	135.20	<u>the timing of the fees and charges;</u>
89.17	<u>(2) whether the product or service provided by the licensee is covered by:</u>	135.21	<u>(2) whether the product or service provided by the licensee is covered by:</u>

89.18 (i) a form of insurance or is otherwise guaranteed against loss by an agency of the United
 89.19 States:
 89.20 (A) up to the full United States dollar equivalent of virtual currency purchased from the
 89.21 licensee or for control of virtual currency by the licensee as of the date of the placement or
 89.22 purchase, including the maximum amount provided by insurance under the Federal Deposit
 89.23 Insurance Corporation or otherwise available from the Securities Investor Protection
 89.24 Corporation; or
 89.25 (B) if not provided at the full United States dollar equivalent of virtual currency purchased
 89.26 from the licensee or for control of virtual currency by the licensee, the maximum amount
 89.27 of coverage for each person expressed in the United States dollar equivalent of the virtual
 89.28 currency; or
 89.29 (ii) private insurance against theft or loss, including cyber theft or theft by other means;
 89.30 (3) the irrevocability of a transfer or exchange and any exception to irrevocability;
 89.31 (4) a description of:
 89.32 (i) liability for an unauthorized, mistaken, or accidental transfer or exchange;
 90.1 (ii) the person's responsibility to provide notice to the licensee of the transfer or exchange;
 90.2 (iii) the basis for any recovery by the person from the licensee;
 90.3 (iv) general error-resolution rights applicable to the transfer or exchange; and
 90.4 (v) the method for the person to update the person's contact information with the licensee;
 90.5 (5) that the date or time when the transfer or exchange is made and the person's account
 90.6 is debited may differ from the date or time when the person initiates the instruction to make
 90.7 the transfer or exchange;
 90.8 (6) whether the person has a right to stop a preauthorized payment or revoke authorization
 90.9 for a transfer, and the procedure to initiate a stop-payment order or revoke authorization
 90.10 for a subsequent transfer;
 90.11 (7) the person's right to receive a receipt, trade ticket, or other evidence of the transfer
 90.12 or exchange;
 90.13 (8) the person's right to at least 30 days' prior notice of a change in the licensee's fee
 90.14 schedule, other terms and conditions of operating the licensee's virtual-currency business
 90.15 activity with the person, and the policies applicable to the person's account; and
 90.16 (9) that virtual currency is not money.

135.22 (i) a form of insurance or is otherwise guaranteed against loss by an agency of the United
 135.23 States:
 135.24 (A) up to the full United States dollar equivalent of virtual currency purchased from the
 135.25 licensee or for control of virtual currency by the licensee as of the date of the placement or
 135.26 purchase, including the maximum amount provided by insurance under the Federal Deposit
 135.27 Insurance Corporation or otherwise available from the Securities Investor Protection
 135.28 Corporation; or
 135.29 (B) if not provided at the full United States dollar equivalent of virtual currency purchased
 135.30 from the licensee or for control of virtual currency by the licensee, the maximum amount
 135.31 of coverage for each person expressed in the United States dollar equivalent of the virtual
 135.32 currency; or
 136.1 (ii) private insurance against theft or loss, including cyber theft or theft by other means;
 136.2 (3) the irrevocability of a transfer or exchange and any exception to irrevocability;
 136.3 (4) a description of:
 136.4 (i) liability for an unauthorized, mistaken, or accidental transfer or exchange;
 136.5 (ii) the person's responsibility to provide notice to the licensee of the transfer or exchange;
 136.6 (iii) the basis for any recovery by the person from the licensee;
 136.7 (iv) general error-resolution rights applicable to the transfer or exchange; and
 136.8 (v) the method for the person to update the person's contact information with the licensee;
 136.9 (5) that the date or time when the transfer or exchange is made and the person's account
 136.10 is debited may differ from the date or time when the person initiates the instruction to make
 136.11 the transfer or exchange;
 136.12 (6) whether the person has a right to stop a preauthorized payment or revoke authorization
 136.13 for a transfer, and the procedure to initiate a stop-payment order or revoke authorization
 136.14 for a subsequent transfer;
 136.15 (7) the person's right to receive a receipt, trade ticket, or other evidence of the transfer
 136.16 or exchange;
 136.17 (8) the person's right to at least 30 days' prior notice of a change in the licensee's fee
 136.18 schedule, other terms and conditions of operating the licensee's virtual-currency business
 136.19 activity with the person, and the policies applicable to the person's account; and
 136.20 (9) that virtual currency is not money.

90.17 (c) Except as otherwise provided in paragraph (d), at the conclusion of a virtual-currency
 90.18 transaction with or on behalf of a person, a licensee must provide the person a confirmation
 90.19 in a record. The record must contain:

90.20 (1) the name and contact information of the licensee, including information the person
 90.21 may need to ask a question or file a complaint;

90.22 (2) the type, value, date, precise time, and amount of the transaction; and

90.23 (3) the fee charged for the transaction, including any charge for conversion of virtual
 90.24 currency to money, bank credit, or other virtual currency.

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

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

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

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

91.10 (c) The virtual currency referred to in this section is:

91.11 (1) held for the persons entitled to the virtual currency;

91.12 (2) not property of the licensee;

91.13 (3) not subject to the claims of creditors of the licensee; and

91.14 (4) a permissible investment under this chapter.

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

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

91.21 (b) A licensee must maintain, for all virtual-currency business activity with or on behalf
 91.22 of a person five years after the date of the activity, a record of:

136.21 (c) Except as otherwise provided in paragraph (d), at the conclusion of a virtual-currency
 136.22 transaction with or on behalf of a person, a licensee must provide the person a confirmation
 136.23 in a record. The record must contain:

136.24 (1) the name and contact information of the licensee, including information the person
 136.25 may need to ask a question or file a complaint;

136.26 (2) the type, value, date, precise time, and amount of the transaction; and

136.27 (3) the fee charged for the transaction, including any charge for conversion of virtual
 136.28 currency to money, bank credit, or other virtual currency.

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

137.3 Sec. 59. **[53B.73] PROPERTY INTERESTS AND ENTITLEMENTS TO VIRTUAL
 137.4 CURRENCY.]**

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

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

137.12 (c) The virtual currency referred to in this section is:

137.13 (1) held for the persons entitled to the virtual currency;

137.14 (2) not property of the licensee;

137.15 (3) not subject to the claims of creditors of the licensee; and

137.16 (4) a permissible investment under this chapter.

137.17 Sec. 60. **[53B.74] VIRTUAL CURRENCY BUSINESS ACTIVITIES; ADDITIONAL
 137.18 REQUIREMENTS.]**

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

137.23 (b) A licensee must maintain, for all virtual-currency business activity with or on behalf
 137.24 of a person five years after the date of the activity, a record of:

91.23 (1) each of the licensee's transactions with or on behalf of the person, or for the licensee's
 91.24 account in Minnesota, including:
 91.25 (i) the identity of the person;
 91.26 (ii) the form of the transaction;
 91.27 (iii) the amount, date, and payment instructions given by the person; and
 91.28 (iv) the account number, name, and United States Postal Service address of the person,
 91.29 and, to the extent feasible, other parties to the transaction;
 92.1 (2) the aggregate number of transactions and aggregate value of transactions by the
 92.2 licensee with or on behalf of the person and for the licensee's account in this state, expressed
 92.3 in the United States dollar equivalent of the virtual currency for the previous 12 calendar
 92.4 months;
 92.5 (3) each transaction in which the licensee exchanges one form of virtual currency for
 92.6 money or another form of virtual currency with or on behalf of the person;
 92.7 (4) a general ledger posted at least monthly that lists all of the licensee's assets, liabilities,
 92.8 capital, income, and expenses;
 92.9 (5) each business-call report the licensee is required to create or provide to the department
 92.10 or NMLS;
 92.11 (6) bank statements and bank reconciliation records for the licensee and the name,
 92.12 account number, and United States Postal Service address of each bank the licensee uses
 92.13 to conduct virtual-currency business activity with or on behalf of the person;
 92.14 (7) a report of any dispute with the person; and
 92.15 (8) a report of any virtual-currency business activity transaction with or on behalf of a
 92.16 person which the licensee was unable to complete.
 92.17 (c) A licensee must maintain records required by paragraph (b) in a form that enables
 92.18 the commissioner to determine whether the licensee is in compliance with this chapter, any
 92.19 court order, and law of Minnesota other than this chapter.

137.25 (1) each of the licensee's transactions with or on behalf of the person, or for the licensee's
 137.26 account in Minnesota, including:
 137.27 (i) the identity of the person;
 137.28 (ii) the form of the transaction;
 137.29 (iii) the amount, date, and payment instructions given by the person; and
 138.1 (iv) the account number, name, and United States Postal Service address of the person,
 138.2 and, to the extent feasible, other parties to the transaction;
 138.3 (2) the aggregate number of transactions and aggregate value of transactions by the
 138.4 licensee with or on behalf of the person and for the licensee's account in this state, expressed
 138.5 in the United States dollar equivalent of the virtual currency for the previous 12 calendar
 138.6 months;
 138.7 (3) each transaction in which the licensee exchanges one form of virtual currency for
 138.8 money or another form of virtual currency with or on behalf of the person;
 138.9 (4) a general ledger posted at least monthly that lists all of the licensee's assets, liabilities,
 138.10 capital, income, and expenses;
 138.11 (5) each business-call report the licensee is required to create or provide to the department
 138.12 or NMLS;
 138.13 (6) bank statements and bank reconciliation records for the licensee and the name,
 138.14 account number, and United States Postal Service address of each bank the licensee uses
 138.15 to conduct virtual-currency business activity with or on behalf of the person;
 138.16 (7) a report of any dispute with the person; and
 138.17 (8) a report of any virtual-currency business activity transaction with or on behalf of a
 138.18 person which the licensee was unable to complete.
 138.19 (c) A licensee must maintain records required by paragraph (b) in a form that enables
 138.20 the commissioner to determine whether the licensee is in compliance with this chapter, any
 138.21 court order, and law of Minnesota other than this chapter.
 138.22 Sec. 61. Minnesota Statutes 2022, section 56.131, subdivision 1, is amended to read:
 138.23 Subdivision 1. **Interest rates and charges.** (a) On any loan in a principal amount not
 138.24 exceeding \$100,000 or 15 percent of a Minnesota corporate licensee's capital stock and
 138.25 surplus as defined in section 53.015, if greater, a licensee may contract for and receive
 138.26 interest, finance charges, and other charges as provided in section 47.59.
 138.27 (b) A licensee making a loan that is a consumer small loan, as defined in section 47.60,
 138.28 subdivision 1, paragraph (a), must comply with section 47.60. A licensee making a loan

138.29 ~~that is a consumer short-term loan, as defined in section 47.601, subdivision 1, paragraph~~
 138.30 ~~(d), must comply with section 47.601.~~

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

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

139.6 ~~(e) (d) A licensee may grant extensions, deferments, or conversions to interest-bearing~~
 139.7 ~~as provided in section 47.59, subdivision 5.~~

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

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3.25 Sec. 6. **[58.20] DEFINITIONS.**

3.26 Subdivision 1. **Scope.** For purposes of this section to section 58.23, the terms defined
 3.27 in this section have the meanings given.

3.28 Subd. 2. **Allowable assets for liquidity.** "Allowable assets for liquidity" means assets
 3.29 that may be used to satisfy the liquidity requirements under section 58.22, including:

4.1 (1) unrestricted cash and cash equivalents; and

4.2 (2) unencumbered investment grade assets held for sale or trade, including agency
 4.3 mortgage-backed securities, obligations of government-sponsored enterprises, and United
 4.4 States Treasury obligations.

4.5 Subd. 3. **Board of directors.** "Board of directors" means the formal body established
 4.6 by a covered institution that is responsible for corporate governance and compliance with
 4.7 sections 58.21 to 58.23.

4.8 Subd. 4. **Corporate governance.** "Corporate governance" means the structure of the
 4.9 covered institution and how the covered institution is managed, including the corporate
 4.10 rules, policies, processes, and practices used to oversee and manage the covered institution.

4.11 Subd. 5. **Covered institution.** "Covered institution" means a mortgage servicer that
 4.12 services or subservices for others at least 2,000 or more residential mortgage loans in the
 4.13 United States, excluding whole loans owned, and loans being interim serviced prior to sale
 4.14 as of the most recent calendar year end, reported on the NMLS mortgage call report.

139.11 Sec. 62. **[58.20] DEFINITIONS.**

139.12 Subdivision 1. **Scope.** For purposes of this section to section 58.23, the terms defined
 139.13 in this section have the meanings given.

139.14 Subd. 2. **Allowable assets for liquidity.** "Allowable assets for liquidity" means assets
 139.15 that may be used to satisfy the liquidity requirements under section 58.22, including:

139.16 (1) unrestricted cash and cash equivalents; and

139.17 (2) unencumbered investment grade assets held for sale or trade, including agency
 139.18 mortgage-backed securities, obligations of government-sponsored enterprises, and United
 139.19 States Treasury obligations.

139.20 Subd. 3. **Board of directors.** "Board of directors" means the formal body established
 139.21 by a covered institution that is responsible for corporate governance and compliance with
 139.22 sections 58.21 to 58.23.

139.23 Subd. 4. **Corporate governance.** "Corporate governance" means the structure of the
 139.24 covered institution and how the covered institution is managed, including the corporate
 139.25 rules, policies, processes, and practices used to oversee and manage the covered institution.

139.26 Subd. 5. **Covered institution.** "Covered institution" means a mortgage servicer that
 139.27 services or subservices for others at least 2,000 or more residential mortgage loans in the
 139.28 United States, excluding whole loans owned, and loans being interim serviced prior to sale
 139.29 as of the most recent calendar year end, reported on the NMLS mortgage call report.

4.15 Subd. 6. **External audit.** "External audit" means the formal report, prepared by an
 4.16 independent certified public accountant, expressing an opinion on whether the financial
 4.17 statements are:

4.18 (1) presented fairly, in all material aspects, in accordance with the applicable financial
 4.19 reporting framework; and
 4.20 (2) inclusive of an evaluation of the adequacy of a company's internal control structure.

4.21 Subd. 7. **Government-sponsored enterprises.** "Government-sponsored enterprises"
 4.22 means the Federal National Mortgage Association, and the Federal Home Loan Mortgage
 4.23 Corporation.

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

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

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

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

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

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

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

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

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

139.30 Subd. 6. **External audit.** "External audit" means the formal report, prepared by an
 139.31 independent certified public accountant, expressing an opinion on whether the financial
 139.32 statements are:

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

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

140.4 Subd. 7. **Government-sponsored enterprises.** "Government-sponsored enterprises"
 140.5 means the Federal National Mortgage Association, and the Federal Home Loan Mortgage
 140.6 Corporation.

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

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

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

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

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

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

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

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

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

5.18 is contractually responsible to the owner or owners of the mortgage loans for the defined
 5.19 servicing activities.

5.20 Subd. 17. Reverse mortgage. "Reverse mortgage" has the meaning given in section
 5.21 47.58, subdivision 1, paragraph (a).

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

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

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

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

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

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

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

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

6.13 **Sec. 7. [58.21] APPLICABILITY; EXCLUSIONS.**

6.14 Subdivision 1. Applicability. Sections 58.20 to 58.23 apply to covered institutions. For
 6.15 entities within a holding company or an affiliated group of companies, sections 58.20 to
 6.16 58.23 apply at the covered institution level.

6.17 Subd. 2. Exclusions. (a) Sections 58.20 to 58.23 do not apply to (1) persons exempt
 6.18 from licensing under section 58.04 and 58.05, and (2) an institution of the Farm Credit
 6.19 System established and authorized in accordance with the Farm Credit Act of 1971, as
 6.20 amended, United States Code, title 12, section 2001 et seq.

141.1 is contractually responsible to the owner or owners of the mortgage loans for the defined
 141.2 servicing activities.

141.3 Subd. 17. Reverse mortgage. "Reverse mortgage" has the meaning given in section
 141.4 47.58, subdivision 1, paragraph (a).

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

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

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

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

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

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

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

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

141.28 **Sec. 63. [58.21] APPLICABILITY; EXCLUSIONS.**

141.29 Subdivision 1. Applicability. Sections 58.20 to 58.23 apply to covered institutions. For
 141.30 entities within a holding company or an affiliated group of companies, sections 58.20 to
 141.31 58.23 apply at the covered institution level.

142.1 Subd. 2. Exclusions. (a) Sections 58.20 to 58.23 do not apply to (1) persons exempt
 142.2 from licensing under sections 58.04 and 58.05, and (2) an institution of the Farm Credit
 142.3 System established and authorized in accordance with the Farm Credit Act of 1971, as
 142.4 amended, United States Code, title 12, section 2001 et seq.

6.21 (b) Section 58.22 does not apply to (1) servicers that solely own or conduct reverse
 6.22 mortgage servicing; or (2) the reverse mortgage portfolio administered by a covered
 6.23 institution.

6.24 Sec. 8. **[58.22] FINANCIAL CONDITION.**

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

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

6.30 Subd. 3. **Federal Housing Finance Agency eligibility requirements; policies and
 6.31 procedures.** (a) A covered institution that meets the Federal Housing Finance Agency
 7.1 eligibility requirements for enterprise single-family sellers and servicers with respect to
 7.2 capital, net worth ratio, and liquidity meets the requirements of subdivisions 1 and 2,
 7.3 regardless of whether the servicer is approved for government-sponsored enterprise servicing.

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

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

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

7.14 (c) Management must develop, establish, and implement plans, policies, and procedures
 7.15 to maintain operating liquidity sufficient for the ongoing needs of the covered institution.
 7.16 Plans, policies, and procedures implemented pursuant to this paragraph must contain
 7.17 sustainable, written methodologies to maintain sufficient operating liquidity and must be
 7.18 made available to the commissioner upon request.

7.19 Sec. 9. **[58.23] CORPORATE GOVERNANCE.**

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

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

142.5 (b) Section 58.22 does not apply to (1) servicers that solely own or conduct reverse
 142.6 mortgage servicing; or (2) the reverse mortgage portfolio administered by a covered
 142.7 institution.

142.8 Sec. 64. **[58.22] FINANCIAL CONDITION.**

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

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

142.14 Subd. 3. **Federal Housing Finance Agency eligibility requirements; policies and
 142.15 procedures.** (a) A covered institution that meets the Federal Housing Finance Agency
 142.16 eligibility requirements for enterprise single-family sellers and servicers with respect to
 142.17 capital, net worth ratio, and liquidity meets the requirements of subdivisions 1 and 2,
 142.18 regardless of whether the servicer is approved for government-sponsored enterprise servicing.

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

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

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

142.29 (c) Management must develop, establish, and implement plans, policies, and procedures
 142.30 to maintain operating liquidity sufficient for the ongoing needs of the covered institution.
 142.31 Plans, policies, and procedures implemented pursuant to this paragraph must contain
 142.32 sustainable, written methodologies to maintain sufficient operating liquidity and must be
 142.33 made available to the commissioner upon request.

143.1 Sec. 65. **[58.23] CORPORATE GOVERNANCE.**

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

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

7.26 institution may establish a similar body constituted to exercise oversight and fulfill the
 7.27 responsibilities specified under subdivision 3.

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

7.29 (1) establish a written corporate governance framework, including appropriate internal
 7.30 controls designed to monitor corporate governance and assess compliance with the corporate
 7.31 governance framework, and must make the corporate governance framework available to
 7.32 the commissioner upon request;

8.1 (2) monitor and ensure the covered institution complies with (i) the corporate governance
 8.2 framework; and (ii) sections 58.20 to this section; and

8.3 (3) perform accurate and timely regulatory reporting, including filing the mortgage call
 8.4 report.

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

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

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

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

8.19 (2) an assessment of the internal control structure;

8.20 (3) a computation of tangible net worth;

8.21 (4) validation of mortgage servicing rights valuation and reserve methodology, if
 8.22 applicable;

8.23 (5) verification of adequate fidelity and errors and omissions insurance; and

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

8.26 **Subd. 6. Risk management.** (a) Under oversight by the board of directors, a covered
 8.27 institution must establish a risk management program that identifies, measures, monitors,
 8.28 and controls risk commensurate with the covered institution's size and complexity. The risk

143.8 institution may establish a similar body constituted to exercise oversight and fulfill the
 143.9 responsibilities specified under subdivision 3.

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

143.11 (1) establish a written corporate governance framework, including appropriate internal
 143.12 controls designed to monitor corporate governance and assess compliance with the corporate
 143.13 governance framework, and must make the corporate governance framework available to
 143.14 the commissioner upon request;

143.15 (2) monitor and ensure the covered institution complies with (i) the corporate governance
 143.16 framework; and (ii) sections 58.20 to this section; and

143.17 (3) perform accurate and timely regulatory reporting, including filing the mortgage call
 143.18 report.

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

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

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

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

144.1 (2) an assessment of the internal control structure;

144.2 (3) a computation of tangible net worth;

144.3 (4) validation of mortgage servicing rights valuation and reserve methodology, if
 144.4 applicable;

144.5 (5) verification of adequate fidelity and errors and omissions insurance; and

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

144.8 **Subd. 6. Risk management.** (a) Under oversight by the board of directors, a covered
 144.9 institution must establish a risk management program that identifies, measures, monitors,
 144.10 and controls risk commensurate with the covered institution's size and complexity. The risk

8.29 management program must have appropriate processes and models in place to measure,
 8.30 monitor, and mitigate financial risks and changes to the servicer's risk profile and assets
 8.31 being serviced.

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

- 9.3 (1) the potential that a borrower or counterparty fails to perform on an obligation;
- 9.4 (2) the potential that the servicer (i) is unable to meet the servicer's obligations as the
 9.5 obligations come due as a result of an inability to liquidate assets or obtain adequate funding;
 9.6 or (ii) cannot easily unwind or offset specific exposures;
- 9.7 (3) the risk resulting from (i) inadequate or failed internal processes, people, and systems;
 9.8 or (ii) external events;
- 9.9 (4) the risk to the servicer's condition resulting from adverse movements in market rates
 9.10 or prices;
- 9.11 (5) the risk of regulatory sanctions, fines, penalties, or losses resulting from the failure
 9.12 to comply with laws, rules, regulations, or other supervisory requirements that apply to the
 9.13 servicer;

9.14 (6) the potential that legal proceedings against the institution resulting in unenforceable
 9.15 contracts, lawsuits, legal sanctions, or adverse judgments can disrupt or otherwise negatively
 9.16 affect the servicer's operations or condition; and

9.17 (7) the risk to earnings and capital arising from negative publicity regarding the servicer's
 9.18 business practices.

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

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92.20 Sec. 49. **[58B.011] STUDENT LOAN ADVOCATE.**

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

92.24 Subd. 2. **Duties.** The student loan advocate has the following duties:

144.11 management program must have appropriate processes and models in place to measure,
 144.12 monitor, and mitigate financial risks and changes to the servicer's risk profile and assets
 144.13 being serviced.

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

- 144.16 (1) the potential that a borrower or counterparty fails to perform on an obligation;
- 144.17 (2) the potential that the servicer (i) is unable to meet the servicer's obligations as the
 144.18 obligations come due as a result of an inability to liquidate assets or obtain adequate funding;
 144.19 or (ii) cannot easily unwind or offset specific exposures;
- 144.20 (3) the risk resulting from (i) inadequate or failed internal processes, people, and systems;
 144.21 or (ii) external events;
- 144.22 (4) the risk to the servicer's condition resulting from adverse movements in market rates
 144.23 or prices;
- 144.24 (5) the risk of regulatory sanctions, fines, penalties, or losses resulting from the failure
 144.25 to comply with laws, rules, regulations, or other supervisory requirements that apply to the
 144.26 servicer;
- 144.27 (6) the potential that legal proceedings against the institution resulting in unenforceable
 144.28 contracts, lawsuits, legal sanctions, or adverse judgments can disrupt or otherwise negatively
 144.29 affect the servicer's operations or condition; and
- 144.30 (7) the risk to earnings and capital arising from negative publicity regarding the servicer's
 144.31 business practices.

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

145.8 Sec. 66. **[58B.011] STUDENT LOAN ADVOCATE.**

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

145.12 Subd. 2. **Duties.** The student loan advocate has the following duties:

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

93.14 **Subd. 3. Student loan education course.** The advocate must establish and maintain a
 93.15 borrower education course. The course must include educational presentations and materials
 93.16 regarding important topics in student loans, including but not limited to:

93.17 (1) the meaning of important terminology used in student lending;
 93.18 (2) documentation requirements;
 93.19 (3) monthly payment obligations;
 93.20 (4) income-based repayment options;
 93.21 (5) the availability of state and federal loan forgiveness programs; and
 93.22 (6) disclosure requirements.

93.23 **Subd. 4. Reporting.** By January 15 of each odd-numbered year, the advocate must report
 93.24 to the legislative committees with jurisdiction over commerce and higher education. The
 93.25 report must describe the advocate's implementation of this section, the outcomes achieved
 93.26 by the advocate during the previous two years, and recommendations to improve the
 93.27 regulation of student loan servicers.

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

146.1 **Subd. 3. Student loan education course.** The advocate must establish and maintain a
 146.2 borrower education course. The course must include educational presentations and materials
 146.3 regarding important topics in student loans, including but not limited to:

146.4 (1) the meaning of important terminology used in student lending;
 146.5 (2) documentation requirements;
 146.6 (3) monthly payment obligations;
 146.7 (4) income-based repayment options;
 146.8 (5) the availability of state and federal loan forgiveness programs; and
 146.9 (6) disclosure requirements.

146.10 **Subd. 4. Reporting.** By January 15 of each odd-numbered year, the advocate must report
 146.11 to the legislative committees with primary jurisdiction over commerce and higher education.
 146.12 The report must describe the advocate's implementation of this section, the outcomes achieved
 146.13 by the advocate during the previous two years, and recommendations to improve the
 146.14 regulation of student loan servicers.

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20.10 Sec. 20. Minnesota Statutes 2022, section 80A.50, is amended to read:

**20.11 80A.50 SECTION 302; FEDERAL COVERED SECURITIES; SMALL
20.12 CORPORATE OFFERING REGISTRATION.**

20.13 (a) **Federal covered securities.**

20.14 (1) **Required filing of records.** With respect to a federal covered security, as defined
20.15 in Section 18(b)(2) of the Securities Act of 1933 (15 U.S.C. Section 77r(b)(2)), that is not
20.16 otherwise exempt under sections 80A.45 through 80A.47, a rule adopted or order issued
20.17 under this chapter may require the filing of any or all of the following records:

20.18 (A) before the initial offer of a federal covered security in this state, all records that are
20.19 part of a federal registration statement filed with the Securities and Exchange Commission
20.20 under the Securities Act of 1933 and a consent to service of process complying with section
20.21 80A.88 signed by the issuer;

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

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

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

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

21.11 (4) **Stop orders.** Except with respect to a federal security under Section 18(b)(1) of the
21.12 Securities Act of 1933 (15 U.S.C. Section 77r(b)(1)), if the administrator finds that there is
21.13 a failure to comply with a notice or fee requirement of this section, the administrator may
21.14 issue a stop order suspending the offer and sale of a federal covered security in this state.

146.15 Sec. 67. Minnesota Statutes 2022, section 80A.50, is amended to read:

**146.16 80A.50 SECTION 302; FEDERAL COVERED SECURITIES; SMALL
146.17 CORPORATE OFFERING REGISTRATION.**

146.18 (a) **Federal covered securities.**

146.19 (1) **Required filing of records.** With respect to a federal covered security, as defined
146.20 in Section 18(b)(2) of the Securities Act of 1933 (15 U.S.C. Section 77r(b)(2)), that is not
146.21 otherwise exempt under sections 80A.45 through 80A.47, a rule adopted or order issued
146.22 under this chapter may require the filing of any or all of the following records:

146.23 (A) before the initial offer of a federal covered security in this state, all records that are
146.24 part of a federal registration statement filed with the Securities and Exchange Commission
146.25 under the Securities Act of 1933 and a consent to service of process complying with section
146.26 80A.88 signed by the issuer;

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

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

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

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

147.19 (4) **Stop orders.** Except with respect to a federal security under Section 18(b)(1) of the
147.20 Securities Act of 1933 (15 U.S.C. Section 77r(b)(1)), if the administrator finds that there is
147.21 a failure to comply with a notice or fee requirement of this section, the administrator may
147.22 issue a stop order suspending the offer and sale of a federal covered security in this state.

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

21.17 **(b) Small corporation offering registration.**

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

21.20 **(2) Availability.** Registration under this section is available only to the issuer of securities
 21.21 and not to an affiliate of the issuer or to any other person for resale of the issuer's securities.
 21.22 The issuer must be organized under the laws of one of the states or possessions of the United
 21.23 States. The securities offered must be exempt from registration under the Securities Act of
 21.24 1933 pursuant to Rule 504 of Regulation D (15 U.S.C. Section 77c).

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

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

21.29 (B) an investment company;

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

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

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

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

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

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

147.25 **(b) Small corporation offering registration.**

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

147.28 **(2) Availability.** Registration under this section is available only to the issuer of securities
 147.29 and not to an affiliate of the issuer or to any other person for resale of the issuer's securities.
 147.30 The issuer must be organized under the laws of one of the states or possessions of the United
 147.31 States. The securities offered must be exempt from registration under the Securities Act of
 147.32 1933 pursuant to Rule 504 of Regulation D (15 U.S.C. Section 77c).

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

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

148.3 (B) an investment company;

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

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

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

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

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

22.19 (iv) is currently subject to an order, judgment, or decree of a court of competent
 22.20 jurisdiction temporarily restraining or enjoining, or is subject to an order, judgment, or
 22.21 decree of a court of competent jurisdiction permanently restraining or enjoining the party
 22.22 from engaging in or continuing any conduct or practice in connection with the purchase or
 22.23 sale of any security or involving the making of a false filing with a state or with the Securities
 22.24 and Exchange Commission entered within five years before the filing of the small corporate
 22.25 offering registration application; or

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

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

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

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

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

23.22 (A) a consent to service of process complying with section 80A.88;
 23.23 (B) a statement of the type and amount of securities to be offered and the amount of
 23.24 securities to be offered in this state;

148.25 (iv) is currently subject to an order, judgment, or decree of a court of competent
 148.26 jurisdiction temporarily restraining or enjoining, or is subject to an order, judgment, or
 148.27 decree of a court of competent jurisdiction permanently restraining or enjoining the party
 148.28 from engaging in or continuing any conduct or practice in connection with the purchase or
 148.29 sale of any security or involving the making of a false filing with a state or with the Securities
 148.30 and Exchange Commission entered within five years before the filing of the small corporate
 148.31 offering registration application; or

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

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

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

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

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

149.30 (A) a consent to service of process complying with section 80A.88;
 149.31 (B) a statement of the type and amount of securities to be offered and the amount of
 149.32 securities to be offered in this state;

23.25 (C) a specimen or copy of the security being registered, unless the security is
 23.26 uncertificated, a copy of the issuer's articles of incorporation and bylaws or their substantial
 23.27 equivalents in effect, and a copy of any indenture or other instrument covering the security
 23.28 to be registered;

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

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

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

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

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

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

48.29 Sec. 44. **[332.71] DEFINITIONS.**

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

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

49.3 (1) the use of the debtor's personal information without the debtor's knowledge,
 49.4 authorization, or consent;

49.5 (2) the use or threat of force, intimidation, undue influence, harassment, fraud, deception,
 49.6 coercion, or other similar means against the debtor; or

49.7 (3) economic abuse perpetrated against the debtor.

49.8 (b) Coerced debt does not include secured debt.

149.33 (C) a specimen or copy of the security being registered, unless the security is
 149.34 uncertificated, a copy of the issuer's articles of incorporation and bylaws or their substantial
 150.1 equivalents in effect, and a copy of any indenture or other instrument covering the security
 150.2 to be registered;

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

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

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

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

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

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

150.21 Sec. 68. **[332.71] DEFINITIONS.**

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

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

150.26 (1) the use of the debtor's personal information without the debtor's knowledge,
 150.27 authorization, or consent;

150.28 (2) the use or threat of force, intimidation, undue influence, harassment, fraud, deception,
 150.29 coercion, or other similar means against the debtor; or

150.30 (3) economic abuse perpetrated against the debtor.

150.31 (b) Coerced debt does not include secured debt.

49.9 Subd. 3. **Creditor.** "Creditor" means a person, or the person's successor, assignee, or
 49.10 agent, claiming to own or have the right to collect a debt owed by the debtor.

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

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

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

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

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

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

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

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

50.4 Subd. 10. **Qualified third-party professional.** "Qualified third-party professional"
 50.5 means:

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

151.1 Subd. 3. **Creditor.** "Creditor" means a person, or the person's successor, assignee, or
 151.2 agent, claiming to own or have the right to collect a debt owed by the debtor.

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

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

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

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 151.14 subdivision 2.

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

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

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

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

151.26 Subd. 10. **Qualified third-party professional.** "Qualified third-party professional"
 151.27 means:

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

50.12 (4) a nonprofit organization in Minnesota that provides direct assistance to victims of
 50.13 domestic abuse, sexual assault, or sex or labor trafficking.

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

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

50.18 CERTIFICATION OF QUALIFIED THIRD-PARTY PROFESSIONAL

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

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

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

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

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

51.5 I attest that the foregoing is true and correct.

51.6 (Printed name of qualified third party)

51.7 (Signature of qualified third party)

51.8 (Business address and business telephone)

51.9 (Date)

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

152.3 (4) a nonprofit organization in Minnesota that provides direct assistance to victims of
 152.4 domestic abuse, sexual assault, or sex or labor trafficking.

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

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

152.9 CERTIFICATION OF QUALIFIED THIRD-PARTY PROFESSIONAL

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

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

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

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

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

152.28 I attest that the foregoing is true and correct.

152.29 (Printed name of qualified third party)

152.30 (Signature of qualified third party)

152.31 (Business address and business telephone)

153.1 (Date)

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

51.12 Sec. 45. **[332.72] COERCED DEBT PROHIBITED.**

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

51.14 **EFFECTIVE DATE.** This section is effective January 1, 2024, and applies to all debts
51.15 incurred on or after that date.51.16 Sec. 46. **[332.73] NOTICE TO CREDITOR OF COERCED DEBT.**51.17 **Subdivision 1. Notification.** (a) Before taking an affirmative action under section 332.74,
51.18 a debtor must, by certified mail, notify a creditor that the debt or a portion of a debt on
51.19 which the creditor demands payment is coerced debt and request that the creditor cease all
51.20 collection activity on the coerced debt. The notification and request must be in writing and
51.21 include documentation. The creditor, within 30 days of the date the notification and request
51.22 is received, must notify the debtor in writing of the creditor's decision to either immediately
51.23 cease all collection activity or continue to pursue collection.51.24 (b) If a creditor ceases collection but subsequently decides to resume collection activity,
51.25 the creditor must notify the debtor ten days prior to the date the collection activity resumes.51.26 (c) A debtor must not proceed with an action under section 332.74 until the 30-day
51.27 period provided under paragraph (a) has expired.51.28 **Subd. 2. Sale or assignment of coerced debt.** A creditor may sell or assign a debt for
51.29 which the creditor has been notified is coerced debt to another party if the creditor selling
52.1 or assigning the debt includes notification to the buyer or assignee that the debtor has asserted
52.2 the debt is coerced debt.52.3 **Subd. 3. No inference upon cessation of collection activity.** The fact that a creditor
52.4 ceases collection activity under this section or section 332.74 does not create an inference
52.5 or presumption regarding the validity or invalidity of a debt for which a debtor is liable or
52.6 not liable. The exercise or nonexercise of rights under this section is not a waiver of any
52.7 other debtor or creditor rights or defenses.52.8 **EFFECTIVE DATE.** This section is effective January 1, 2024, and applies to all debts
52.9 incurred on or after that date.52.10 Sec. 47. **[332.74] DEBTOR REMEDIES.**52.11 **Subdivision 1. Right to petition for declaration and injunction.** A debtor alleging
52.12 violation of section 332.72 may petition for equitable relief in the district court in the county
52.13 where the debtor lives or where the coerced debt was incurred. The petition must include:

52.14 (1) the notice to the creditor required under section 332.73, subdivision 1;

52.15 (2) consistent with Rule 11 of the Minnesota Rules of General Practice, information
52.16 identifying (i) the account or accounts associated with the coerced debt, and (ii) the person
52.17 in whose name the debt was incurred; and153.4 Sec. 69. **[332.72] COERCED DEBT PROHIBITED.**

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

153.6 **EFFECTIVE DATE; APPLICATION.** This section is effective January 1, 2024, and
153.7 applies to all debts incurred on or after that date.153.8 Sec. 70. **[332.73] NOTICE TO CREDITOR OF COERCED DEBT.**153.9 **Subdivision 1. Notification.** (a) Before taking an affirmative action under section 332.74,
153.10 a debtor must, by certified mail, notify a creditor that the debt or a portion of a debt on
153.11 which the creditor demands payment is coerced debt and request that the creditor cease all
153.12 collection activity on the coerced debt. The notification and request must be in writing and
153.13 include documentation. The creditor, within 30 days of the date the notification and request
153.14 is received, must notify the debtor in writing of the creditor's decision to either immediately
153.15 cease all collection activity or continue to pursue collection.153.16 (b) If a creditor ceases collection but subsequently decides to resume collection activity,
153.17 the creditor must notify the debtor ten days prior to the date the collection activity resumes.153.18 (c) A debtor must not proceed with an action under section 332.74 until the 30-day
153.19 period provided under paragraph (a) has expired.153.20 **Subd. 2. Sale or assignment of coerced debt.** A creditor may sell or assign a debt to
153.21 another party if the creditor selling or assigning the debt includes notification to the buyer
153.22 or assignee that the debtor has asserted the debt is coerced debt.153.23 **Subd. 3. No inference upon cessation of collection activity.** The fact that a creditor
153.24 ceases collection activity under this section or section 332.74 does not create an inference
153.25 or presumption regarding the validity or invalidity of a debt for which a debtor is liable or
153.26 not liable. The exercise or nonexercise of rights under this section is not a waiver of any
153.27 other debtor or creditor rights or defenses.153.28 **EFFECTIVE DATE; APPLICATION.** This section is effective January 1, 2024, and
153.29 applies to all debts incurred on or after that date.154.1 Sec. 71. **[332.74] DEBTOR REMEDIES.**154.2 **Subdivision 1. Right to petition for declaration and injunction.** A debtor alleging
154.3 violation of section 332.72 may petition for equitable relief in the district court in the county
154.4 where the debtor lives or where the coerced debt was incurred. The petition must include:

154.5 (1) the notice to the creditor required under section 332.73, subdivision 1;

154.6 (2) consistent with Rule 11 of the Minnesota Rules of General Practice, information
154.7 identifying (i) the account or accounts associated with the coerced debt, and (ii) the person
154.8 in whose name the debt was incurred; and

52.18 (3) the identity and, if known, contact information of the person who caused the debtor
 52.19 to incur coerced debt, unless the debtor signs a sworn statement that disclosing the
 52.20 information is likely to result in domestic abuse or other harm to the debtor, the debtor's
 52.21 children, parents, other relatives, or a family pet.

52.22 Subd. 2. **Procedural safeguards.** The court must take appropriate steps necessary to
 52.23 prevent abuse of the debtor or to the debtor, the debtor's children, parents, other relatives,
 52.24 or a family pet. For purposes of this subdivision, appropriate steps include but are not limited
 52.25 to sealing the file, marking the file as confidential, redacting personally identifiable
 52.26 information about the debtor, and directing that any deposition or evidentiary hearing be
 52.27 conducted remotely.

52.28 Subd. 3. **Relief.** (a) If a debtor shows by a preponderance of the evidence that the debtor
 52.29 has been aggrieved by a violation of section 332.72 and the debtor has incurred coerced
 52.30 debt, the debtor is entitled to one or more of the following:

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

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

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

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

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

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

53.16 Subd. 5. **Burden.** In any affirmative action taken under subdivision 1 or any affirmative
 53.17 defense asserted in subdivision 4, the debtor bears the burden to show by a preponderance
 53.18 of the evidence that the debtor incurred coerced debt. There is a presumption that the debtor
 53.19 has incurred coerced debt if the person alleged to have caused the debtor to incur the coerced
 53.20 debt has been criminally convicted, entered a guilty plea, or entered an Alford plea under
 53.21 section 609.27, 609.282, 609.322, or 609.527.

53.22 Subd. 6. **Statute of limitations tolled.** (a) The statute of limitations under section 541.05
 53.23 is tolled during the pendency of a proceeding instituted under this section.

154.9 (3) the identity and, if known, contact information of the person who caused the debtor
 154.10 to incur coerced debt, unless the debtor signs a sworn statement that disclosing the
 154.11 information is likely to result in domestic abuse or other harm to the debtor, the debtor's
 154.12 children, parents, other relatives, or a family pet.

154.13 Subd. 2. **Procedural safeguards.** The court must take appropriate steps necessary to
 154.14 prevent abuse of the debtor or to the debtor, the debtor's children, parents, other relatives,
 154.15 or a family pet. For purposes of this subdivision, appropriate steps include but are not limited
 154.16 to sealing the file, marking the file as confidential, redacting personally identifiable
 154.17 information about the debtor, and directing that any deposition or evidentiary hearing be
 154.18 conducted remotely.

154.19 Subd. 3. **Relief.** (a) If a debtor shows by a preponderance of the evidence that the debtor
 154.20 has been aggrieved by a violation of section 332.72 and the debtor has incurred coerced
 154.21 debt, the debtor is entitled to one or more of the following:

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

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

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

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

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

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

155.5 Subd. 5. **Burden.** In any affirmative action taken under subdivision 1 or any affirmative
 155.6 defense asserted in subdivision 3, the debtor bears the burden to show by a preponderance
 155.7 of the evidence that the debtor incurred coerced debt. There is a presumption that the debtor
 155.8 has incurred coerced debt if the person alleged to have caused the debtor to incur the coerced
 155.9 debt has been criminally convicted, entered a guilty plea, or entered an Alford plea under
 155.10 section 609.27, 609.282, 609.322, or 609.527.

155.11 Subd. 6. **Statute of limitations tolled.** (a) The statute of limitations under section 541.05
 155.12 is tolled during the pendency of a proceeding instituted under this section.

53.24 (b) A creditor is prohibited from filing a collection action regarding a debt that is the
 53.25 subject of a proceeding instituted under this section while the proceeding is pending.

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

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

54.1 Sec. 48. **[332.75] CREDITOR REMEDIES.**

54.2 Nothing in sections 332.71 to 332.74 diminishes the rights of a creditor to seek payment
 54.3 recovery for a coerced debt from the person who caused the debtor to incur the coerced
 54.4 debt.

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

54.7 Sec. 49. **UNAUDITED FINANCIAL STATEMENTS; RULEMAKING.**

54.8 The commissioner of commerce shall amend Minnesota Rules, part 2876.3021, subpart
 54.9 2, to remove the prohibition on use of unaudited financial statements if the aggregate amount
 54.10 of all previous sales of securities by the applicant, exclusive of debt financing with banks
 54.11 and similar commercial lenders, exceeds \$1,000,000. The commissioner of commerce may
 54.12 use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1,
 54.13 clause (3), to amend the rule under this section, and Minnesota Statutes, section 14.386,
 54.14 does not apply except as provided under Minnesota Statutes, section 14.388.

155.13 (b) A creditor is prohibited from filing a collection action regarding a debt that is the
 155.14 subject of a proceeding instituted under this section while the proceeding is pending.

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

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

155.21 Sec. 72. **[332.75] CREDITOR REMEDIES.**

155.22 Nothing in sections 332.71 to 332.74 diminishes the rights of a creditor to seek payment
 155.23 recovery for a coerced debt from the person who caused the debtor to incur the coerced
 155.24 debt.

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

155.27 Sec. 73. **UNAUDITED FINANCIAL STATEMENTS; RULEMAKING.**

155.28 The commissioner of commerce shall amend Minnesota Rules, part 2876.3021, subpart
 155.29 2, to remove the prohibition on use of unaudited financial statements if the aggregate amount
 155.30 of all previous sales of securities by the applicant, exclusive of debt financing with banks
 155.31 and similar commercial lenders, exceeds \$1,000,000. The commissioner of commerce may
 156.1 use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1,
 156.2 clause (3), to amend the rule under this section, and Minnesota Statutes, section 14.386,
 156.3 does not apply except as provided under Minnesota Statutes, section 14.388.

156.4 Sec. 74. **MINNESOTA COUNCIL ON ECONOMIC EDUCATION; GRANTS.**

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

156.7 (1) provide professional development to Minnesota teachers of courses or content related
 156.8 to personal finance or consumer protection for students in grades 9 through 12;

156.9 (2) support the direct-to-student ancillary personal finance programs that Minnesota
 156.10 teachers supervise and coach or that the Minnesota Council on Economic Education delivers
 156.11 directly to students; and

156.12 (3) provide support to geographically diverse affiliated higher education-based centers
 156.13 for economic education engaged in financial literacy education as it pertains to financial
 156.14 literacy education initiatives, including those based at Minnesota State University Mankato,
 156.15 St. Cloud State University, and St. Catherine University, as their work relates to activities
 156.16 in clauses (1) and (2).

156.17 **(b) The Minnesota Council on Economic Education must prepare and submit reports to**
 156.18 **the commissioner of education in the form and manner prescribed by the commissioner**
 156.19 **that:**

156.20 **(1) describe the number and type of in-person and online teacher professional**
 156.21 **development opportunities provided by the Minnesota Council on Economic Education or**
 156.22 **its affiliated state centers;**

156.23 **(2) list the content, length, and location of the programs;**

156.24 **(3) identify the number of preservice and licensed teachers receiving professional**
 156.25 **development through each of these opportunities;**

156.26 **(4) summarize evaluations of professional opportunities for teachers; and**

156.27 **(5) list the number, types, and summary evaluations of the direct-to-student ancillary**
 156.28 **personal finance programs that are supported with funds from the grant.**

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

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93.28 Sec. 50. **REPEALER.**
 93.29 Minnesota Statutes 2022, sections 53B.01; 53B.02; 53B.03; 53B.04; 53B.05; 53B.06;
 93.30 53B.07; 53B.08; 53B.09; 53B.10; 53B.11; 53B.12; 53B.13; 53B.14; 53B.15; 53B.16;
 94.1 53B.17; 53B.18; 53B.19; 53B.20; 53B.21; 53B.22; 53B.23; 53B.24; 53B.25; 53B.26; and
 94.2 53B.27, subdivisions 1, 2, 5, 6, and 7, are repealed.

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55.10 Sec. 51. **REPEALER.**
 55.11 Minnesota Statutes 2022, section 48.10, is repealed.

157.3 Sec. 75. **REPEALER.**
 157.4 **(a) Minnesota Statutes 2022, sections 53B.01; 53B.02; 53B.03; 53B.04; 53B.05; 53B.06;**
 157.5 **53B.07; 53B.08; 53B.09; 53B.10; 53B.11; 53B.12; 53B.13; 53B.14; 53B.15; 53B.16;**
 157.6 **53B.17; 53B.18; 53B.19; 53B.20; 53B.21; 53B.22; 53B.23; 53B.24; 53B.25; 53B.26; and**
 157.7 **53B.27, subdivisions 1, 2, 5, 6, and 7, are repealed.**

157.8 **(b) Minnesota Statutes 2022, section 48.10, is repealed.**
 157.9 **(c) Minnesota Rules, parts 2675.2610, subparts 1, 3, and 4; 2675.2620, subparts 1, 2, 3,**
 157.10 **4, and 5; and 2675.2630, subpart 3, are repealed.**