



**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

This analysis is neither a formal Attorney General’s Opinion nor an Attorney General’s Advisory Letter. This is a staff analysis in response to an agency’s, committee’s, or legislator’s request.

**Synopsis:**

House Bill 250 enacts the Uniform Money Services Act. The Act was drafted in 2000 and was recommended for enactment in all states by the National Conference of Commissioners on Uniform State Laws (“NCCUSL”). The American Bar Association approved the Act in 2004. New Mexico is one of the few states that does not currently have a similar regulation in place.

The Act is a comprehensive law regulating the activities of money-services businesses (MSBs). MSBs are non-bank entities that do not accept deposits or make loans like traditional banks or financial institutions. MSBs engage in money transmission (e.g., wire transfers), the sale of payment instruments (e.g., money orders, traveler’s checks, and stored-value cards or what is now called prepaid access cards), check cashing and foreign currency exchange. The services offered by MSBs have been identified by the Financial Crimes Enforcement Network (“FinCen”) as vulnerable to money laundering activities.

The Financial Institutions Division (“FID”) of the Regulation and Licensing Department is charged with administering and enforcing the Act.

The Act imposes a three-tiered system of licensure for persons or businesses that engage in the business of money transmissions, check cashing or currency exchange. The Act imposes on licensees disclosure and reporting, security (e.g., surety bonds) and minimum net worth requirements. Licensees are subject to examination by FID at least annually. Licensees must maintain sufficient specified investments with a market value at least equal to the aggregate amount of all outstanding payment instruments, store value obligations and transmitted money. The money is to be held in trust for the benefit of purchasers and holders of payment instruments. FID is authorized to suspend and revoke licenses, issue cease and desist orders, enter into consent orders and assess civil penalties. The Act includes criminal penalties for fraudulent activities and engaging in money services activities without a license.

Entities excluded from the Act’s coverage include the federal government, states, local governments, banks, post office money transmission services, securities broker-dealers, and boards of trade.

New Mexico currently requires a license to engage in the business of selling negotiated

checks and money orders, See NMSA 1978, Section 58-20-1, but does not otherwise license or regulate money transmitting, check cashing or currency exchange activities.

## **FISCAL IMPLICATIONS**

## **SIGNIFICANT ISSUES**

The federal government has turned its attention to MSBs as a possible means for transporting illegally obtained money or converting large cash proceeds into more easily portable payment instruments. Unregulated money transmission services increase the potential for criminal activity in New Mexico.

The effective date of the Act is January 1, 2017.

## **PERFORMANCE IMPLICATIONS**

## **ADMINISTRATIVE IMPLICATIONS**

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

## **TECHNICAL ISSUES**

## **OTHER SUBSTANTIVE ISSUES**

## **ALTERNATIVES**

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Status quo. Money transmission (except the sale of checks and money orders), check cashing and currency exchange activities in New Mexico will continue to be unregulated.

## **AMENDMENTS**