

CHAPTER 27
MONEY TRANSMITTERS

Authority

N.J.S.A. 17:1-8.1, 17:1-15e, 17:15C-9c and 17:15C-25.

Source and Effective Date

R.1998 d.477, effective September 21, 1998.
See: 30 N.J.R. 2550(a), 30 N.J.R. 3459(b).

Chapter Expiration Date

In accordance with N.J.S.A. 52:14B-5.1c, Chapter 27, Money Transmitters, expires on March 19, 2004. See: 35 N.J.R. 4938(a).

Chapter Historical Note

Chapter 27, Mortgage Loans, was filed and became effective prior to September 1, 1969.

Subchapter 6, Variable Interest Rate Mortgage Loans, was adopted as R.1976 d.279, effective September 1, 1976. See: 8 N.J.R. 453(a). Subchapter 6, Variable Interest Rate Mortgage Loans, was repealed by R.1981 d.507, effective January 4, 1982. See: 13 N.J.R. 715(a), 14 N.J.R. 40(b).

Pursuant to Executive Order No. 66(1978), Chapter 27, Mortgage Loans, was readopted as R.1990 d.498, effective September 12, 1990, and Subchapter 2, Mortgage Loan Participations, was repealed effective October 15, 1990. See: 22 N.J.R. 2206(a), 22 N.J.R. 3213(b). Pursuant to Executive Order No. 66(1978), Chapter 27 expired on September 12, 1995.

Chapter 27, Money Transmitters, was adopted as R.1998 d.477, effective September 21, 1998. See: Source and Effective Date.

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SUBCHAPTER 1. GENERAL PROVISIONS

3:27-1.1 Purpose and scope

(a) This chapter implements the New Jersey Money Transmitters Act, N.J.S.A. 17:15C-1 et seq., which combines under one license two activities that previously required separate licenses as well as two additional activities not previously subject to licensure and regulation.

(b) This chapter shall apply to all licenses which are issued or renewed under the Act on or after July 31, 1998.

3:27-1.2 Definitions

The following words and terms, when used in this chapter, shall have the following meaning unless the context clearly indicates otherwise.

“Act” means the “New Jersey Money Transmitters Act,” N.J.S.A. 17:15C-1 et seq.

“Authorized delegate” means an entity authorized by the licensee pursuant to the Act to sell or issue payment instruments or engage in the business of transmitting money on behalf of a licensee.

“Commissioner” means the Commissioner of the Department of Banking and Insurance.

“Department” means the Department of Banking and Insurance.

“Foreign money transmitter” means a person who engages, in this State, only in the business of the receipt of money for transmission or transmitting money to locations outside of the United States by any and all means, including, but not limited to, payment instrument, wire, facsimile, electronic transfer, or otherwise for a fee, commission or other benefit.

“Licensee” means a person licensed under the Act.

“Location” means a place of business at which activities regulated by the Act occur.

“Money transmitter” means a person who engages in this State in the business of:

1. The sale or issuance of payment instruments for a fee, commission or other benefit;
2. The receipt of money for transmission or transmitting money within the United States or to locations abroad by any and all means, including but not limited to, payment instrument, wire, facsimile, electronic transfer, or otherwise for a fee, commission or other benefit; or

3. The receipt of money for obligors for the purpose of paying obligors' bills, invoices or accounts for a fee, commission or other benefit paid by the obligor.

"Security device" means a surety bond issued by a surety company authorized to do business in this State or an irrevocable letter of credit issued by a Federally-insured depository institution.

SUBCHAPTER 2. LICENSING

3:27-2.1 Requirement to be licensed

(a) As of July 31, 1998, no person shall act as a money transmitter or as a foreign money transmitter without holding, in good standing, a license under the Act, unless that person is exempt from licensure pursuant to section 3 of the Act.

(b) A person who holds in good standing a license to act as a foreign money remitter or check seller that has an expiration date of December 31, 1999 and who wishes to act as a money transmitter or as a foreign money transmitter after July 30, 1998, shall apply for the conversion of the license to a new license pursuant to this subchapter to be effective no later than October 30, 1998. Such new license shall be issued for the remainder of the current biennial period and shall be valid through December 31, 1999. The license shall be renewable for subsequent biennial licensing periods commencing on January 1, 2000.

3:27-2.2 Conversion of an existing license

(a) A person applying to convert a license pursuant to N.J.A.C. 3:27-2.1(b) shall submit the following in connection with the conversion application:

1. A completed conversion application form as prescribed by the Commissioner which shall, to the extent applicable, include the following:

- i. The name of the applicant;
- ii. The address of the principal place of business of the applicant to be licensed;
- iii. An original, executed bond, on the bond form issued by the Department, or an original rider to the original executed bond from a surety company authorized to do business in this State, or an irrevocable letter of credit or such other similar security device authorized by the Commissioner which bond or bond rider or irrevocable letter of credit or other authorized security device meets the requirements of N.J.A.C. 3:27-4.1 for a money transmitter or a foreign money transmitter as the case may be;

iv. A certification acknowledged before a notary that the money transmitter applicant has net worth of not less than \$100,000 plus an additional net worth of \$25,000 per location or agent located in this State, up to a maximum of \$1,000,000; or certification acknowledged before a notary that the foreign money transmitter applicant has net worth of not less than \$50,000 plus an additional net worth of \$10,000 per location or agent located in this State, up to a maximum of \$400,000; or certification acknowledged before a notary that the foreign money transmitter applicant was licensed pursuant to N.J.S.A. 17:15-1 et seq. as of July 30, 1998 and will have a net worth of not less than \$5,000 on October 30, 1998;

v. A certification from the foreign money transmitter, acknowledged before a notary, that the business activities governed by the Act which are sought to be conducted under the new license will be restricted to the foreign transmission of money;

vi. A listing of all locations or authorized delegates within this State, if any, which shall include the name and business address of each location or authorized delegate;

vii. A biennial fee of \$25.00 to register each location or authorized delegate in this State except that the total fee required to so register locations and authorized delegates shall not exceed a maximum amount of \$5,000;

viii. A license fee of \$200.00 for a foreign money remitter who wishes to be licensed only as a foreign money transmitter on or after July 31, 1998 or a license fee of \$400.00 for a foreign money remitter who wishes to be licensed as a money transmitter on or after July 31, 1998 or a license fee of \$200.00 for a check seller who wishes to be licensed as a money transmitter on or after July 31, 1998. The applicable license fee shall be in addition to the biennial license fee submitted for the renewal period of January 1, 1998 through December 31, 1999 for foreign money remitters and check sellers. A \$1,200 credit shall be applied, based upon the license fee paid for the 1998-1999 renewal, towards the conversion by a check seller to a money transmitter under the Act. A \$1,000 credit shall be applied, based upon the license fee paid for the 1998-1999 renewal, towards the conversion by a foreign money remitter to a foreign money transmitter or a money transmitter under the Act;

ix. A list identifying each country to which an applicant proposes to transmit money or from which an applicant proposes to receive money transmissions;

x. A sample authorized delegate contract, if applicable; and

xi. A sample form of payment instrument, if applicable; and

2. Surrender of the actual wall licenses, both principal office and all branch offices, issued for the biennial period of January 1, 1998 to December 31, 1999.

3:27-2.3 Application for an initial license

(a) All persons applying for an initial license pursuant to the Act shall submit the following:

1. A completed application form as prescribed by the Commissioner which shall comply in all respects with the requirements of N.J.S.A. 17:15C-7;
2. An original, executed bond or an irrevocable letter of credit which meets the requirements of N.J.A.C. 3:27-4.1;
3. An audited financial statement prepared by a certified public accountant or a public accountant, in good standing, demonstrating proof of net worth as specified in N.J.A.C. 3:27-5.1;
4. The application fee specified in N.J.A.C. 3:27-3.2; and
5. The license fee specified in N.J.A.C. 3:27-3.3.

SUBCHAPTER 3. FEES

3:27-3.1 Fees—general

All fees shall be paid by a check made payable to "Treasurer—State of New Jersey."

3:27-3.2 Application fees

(a) A person who is applying for an initial license under this Act shall pay an application fee to the Department in the amount of \$400.00 for a money transmitter license or \$300.00 for a foreign money transmitter license as established by N.J.A.C. 3:23-3.1.

(b) Application fees are nonrefundable.

3:27-3.3 License fees

(a) An applicant for an initial license who applies during the first year of a biennial period or an applicant who applies to renew an existing license shall pay the biennial licensing fee. An applicant for an initial license who applies during the second year of a biennial period shall pay one half of the biennial licensing fee.

(b) The biennial license fee is \$1,400 for a money transmitter and \$1,200 for a foreign money transmitter as established by N.J.A.C. 3:23-2.1.

(c) The annual license fee is \$700.00 for a money transmitter and \$600.00 for a foreign money transmitter as established by N.J.A.C. 3:23-2.1.

3:27-3.4 Registration fees

(a) A biennial registration fee of \$25.00 for each authorized delegate and location in this State shall be required, except that the total fee required to so register locations and authorized delegates shall not exceed a maximum amount of \$5,000.

(b) The initial registration period shall run from the date of application, which shall be on or after July 31, 1998, through December 31, 1999. Registrations will be renewed thereafter for biennial periods commencing on January 1, 2000.

(c) There shall be no reduction in the registration fee even if application to register is made during the second year of the biennial period.

3:27-3.5 Change of control fee

A licensee who seeks approval for change of control pursuant to N.J.S.A. 17:15C-14 shall be required to pay a fee of \$100.00.

SUBCHAPTER 4. BONDING, SECURITY DEVICES

3:27-4.1 Bond or security device requirements

A person who seeks an initial license to engage in the business of a money transmitter or in the business of a foreign money transmitter shall comply with the requirements of N.J.S.A. 17:15C-8 and shall obtain a surety bond, utilizing a bond form provided by the Department, from a surety company authorized to do business in this State, or an irrevocable letter of credit, or a security device authorized by the Commissioner in the minimum amount of \$100,000 for a money transmitter or in the minimum amount of \$25,000 for a foreign money transmitter.

SUBCHAPTER 5. NET WORTH

3:27-5.1 Net worth requirements

(a) Each applicant for an initial license as a money transmitter shall demonstrate a net worth of not less than \$100,000, calculated in accordance with generally accepted accounting principles, plus an additional net worth of \$25,000 per location or agent to be located in this State, as applicable, up to a maximum of \$1,000,000.

(b) Each applicant for an initial license only as a foreign money transmitter shall demonstrate a net worth of not less than \$50,000, calculated in accordance with generally accepted accounting principles, plus an additional net worth of

\$10,000 per location or agent to be located in this State, as applicable, up to a maximum of \$400,000.