

House Research Act Summary

CHAPTER: 234 (H.F. 2173/S.F. 2069)

SESSION: 2012 Regular Session

TOPIC: Consumer protection through improved regulation of money transfers and in-home solicitation sales

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Overview

Sections 1 and 2 of this act attempt to reduce the ability of scam artists to engage in consumer fraud transactions through the use of money orders and similar ways of transferring money from victims of fraud. For instance, a grandparent may receive a scam phone call from a stranger falsely saying the grandparent's grandchild has been hospitalized or arrested in a distant state or foreign country and needs money wired immediately for medical costs or bail. Those sections apply only to money transmission businesses required to be licensed and regulated by the Minnesota Department of Commerce as money transmitters in Minnesota under chapter 53B. That excludes money transmission by banks, credit unions, and similar entities; by government entities, such as the U.S. Postal Service; and by entities acting under a contract with a government entity for electronic transfer of government benefits. Sections 1 and 2 were merged into this act from H.F. 343/S.F. 227.

Section 3 expands the scope of state consumer protection of in-home solicitation sales to include sales of home improvements.

- 1 Prohibited practices.** Adds the failure to comply with the new requirement in section 2 to the list of prohibited practices for money transmitters.
- 2 Money transmitters; cooperation required in combating fraud.**
 - Subd. 1. Fraud prevention measures required.** Requires money transmitters to, in connection with consumer transmittals (1) provide consumer fraud warnings on transmittal forms; (2) train their agents in consumer fraud prevention; (3) monitor how their agents handle transmittals; and (4) establish a toll-free number for consumers to call to report suspected or known fraud.

Subd. 2. Voluntary disqualification by customer. Requires money transmitters to allow individuals to disqualify themselves from sending or receiving money transfers. This can protect a vulnerable adult from future demands for money by scam artists. The disqualification lasts for one year, unless the consumer asks for it to be in effect for a longer period or terminates the disqualification.

- 3** **Home solicitation sale.** Adds sales of improvements to real property to the definition of home solicitation sales covered by consumer protections, including the right to cancel, return of payments or goods, penalties for violations, and damages.