## HOUSE RESEARCH =

## Bill Summary =

FILE NUMBER: H.F. 343 DATE: March 1, 2012

**Version:** First engrossment

**Authors:** Atkins and others

**Subject:** Enhancing prevention of use of money transfers in fraudulent transactions

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## Overview

This bill attempts to reduce the ability to engage in fraudulent transactions through the use of money orders and similar ways of transferring money. The bill applies only to 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; or by entities acting under a contract with a government entity for electronic transfer of government benefits.

- **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. The disqualification lasts for one year, unless the consumer asks for it to be in effect for a longer period or terminates the disqualification.