HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 343   **DATE:** May 9, 2011
    Version: Delete-everything amendment (H0343DE1)

    Authors: Atkins and others

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

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Overview

This bill would 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. 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.

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. Definition; money transmitter. Says that in this bill "money transmitter" and similar terms means all entities required to be licensed as a money transmitter in Minnesota. That excludes the entities listed in the overview above.

    Subd. 2. Designation of specific recipient required. (a) Requires that money transmitters designate a money transfer as being sent to a specific individual, to be received at a specific location, both as specified by the sender and not by the money transmitter. Excludes transfers of $100 or less, not counting taxes and fees.

    (b) Requires that the transmission instructions require that the designated recipient show a government-issued photo ID that matches the name specified by the sender, and be present at the location specified by the sender. Requires the money transmitter to suspend the transfer and notify the sender if those requirements are not met. The transfer can then be completed only with written consent of the sender.