

HOUSE No.

The Commonwealth of Massachusetts

PRESENTED BY:

Danielle W. Gregoire

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to check cashing fraud.

PETITION OF:

| NAME: | DISTRICT/ADDRESS: | DATE ADDED: |
|-----------------------------|----------------------|-------------------|
| <i>Danielle W. Gregoire</i> | <i>4th Middlesex</i> | <i>11/18/2013</i> |

HOUSE No.

By Miss Gregoire of Marlborough, a petition (subject to Joint Rule 12) of Danielle W. Gregoire for legislation to regulate check cashing and mandate certain reporting to the Commissioner of Banks. Financial Services.

The Commonwealth of Massachusetts

In the Year Two Thousand Thirteen

An Act relative to check cashing fraud.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Chapter 169A of the General Laws is hereby amended by adding the following 3
2 sections:-

3 Section 14. (a) Each licensee shall keep and use within the commonwealth its books,
4 records and accounts in a manner that shall allow the commissioner to determine whether the
5 licensee is complying with this chapter, any regulations promulgated hereunder and any
6 applicable state or federal laws. At a minimum, the following records shall be maintained:

7 (1) A daily record of checks cashed shall be maintained as a record of all check cashing
8 transactions occurring each day. Such daily record shall be limited to the following, provided
9 that a sufficient audit trail is available through records obtainable from the licensee's bank of
10 account:

11 (i) the amount of the check cashed;

12 (ii) the amount of fee charged for cashing the check;

13 (iii) the name and address of the endorser. Proof of residence, which shall be in the form
14 of a valid Massachusetts driver's license or other valid Massachusetts ID, shall be presented at
15 the time of cashing the check;

16 (iv) the number of the Massachusetts driver's license or other Massachusetts ID used to
17 establish proof of residence in clause (iii); and

18 (v) the check originator name and address.

19 (2) A daily cash reconciliation shall be maintained summarizing each day's activity and
20 reconciling cash on hand at the opening of business to cash on hand at the close of business.
21 Such reconciliation shall separately reflect cash received from the redemption of returned items,
22 bank cash withdrawals, cash disbursed in cashing of checks and bank cash deposits.

23 (3) Records required pursuant to this section may be maintained in combined type form.
24 Handwritten format is not acceptable.

25 (4) A general ledger containing records of all assets, liabilities, capital, income, and
26 expenses shall be maintained. The general ledger shall be posted from the daily record of checks
27 cashed or other record of original entry, at least monthly, and shall be maintained in such manner
28 as to facilitate the preparation of an accurate trial balance of accounts in accordance with
29 generally accepted accounting practices. A consolidated general ledger reflecting activity at 2 or
30 more locations by the same licensee may be maintained provided books of original entry are
31 separately maintained for each location.

32 (b) Every Licensee shall preserve its books and records for inspection for a minimum of 3
33 years.

34 (c) In addition to the reports required by law, a licensee shall make such other statements
35 and reports to the commissioner as he or she may require. The commissioner may furnish blank
36 forms for all such statements or reports.

37 Section 15. (a) On a quarterly basis beginning on January 1 of each year, each licensee
38 shall file a quarterly report with the commissioner for the preceding quarter. The report shall be
39 in writing, subscribed by the licensee under the pains and penalty of perjury.

40 (b) The form of such quarterly report shall be prescribed by the commissioner and may
41 provide differentiations or adjustments for a licensee required to submit quarterly reports to the
42 commissioner pursuant to other provisions of law or regulations of the division of banks and loan
43 agencies.

44 Section 16. (a) A licensee shall notify the division of banks and loan agencies in writing
45 within 1 business day of the occurrence of any of the following developments:

46 (i) licensee filing for bankruptcy or reorganization;

47 (ii) notification of the institution of license revocation procedures in any state against the
48 licensee;

49 (iii) the filing of a criminal indictment any way related to check cashing or selling
50 activities of a licensee, an officer, director, or principal, including, but not limited to, the
51 handling or reporting of moneys received or instruments sold; and

52 (iv) a licensee, officer, director or principal being convicted of a crime.

53 (b) Failing to comply with the requirements of subsection (b) or cashing a check in
54 excess of \$500 shall be grounds for a license revocation pursuant to section 8 and the issuance of
55 a cease and desist order pursuant to section 9.