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# A BILL FOR AN ACT

RELATING TO MONEY TRANSMITTERS MODERNIZATION ACT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

- 1           SECTION 1. Section 489D-4, Hawaii Revised Statutes, is  
2 amended by amending the definition of "permissible investments"  
3 to read as follows:  
4           ""Permissible investments" means:  
5           (1) Cash;  
6           (2) Certificates of deposit or other debt obligations of a  
7           financial institution, either domestic or foreign;  
8           (3) Bills of exchange or time drafts drawn on and accepted  
9           by a commercial bank, known as bankers' acceptances,  
10           that are eligible for purchase by member banks of the  
11           Federal Reserve System;  
12           (4) Any investment bearing a rating of one of the three  
13           highest grades as defined by a nationally recognized  
14           organization that rates securities;  
15           (5) Investment securities that are obligations of the  
16           United States, its agencies, or its instrumentalities,  
17           obligations that are guaranteed fully as to principal



- 1 and interest by the United States, or any obligations  
2 of any state, municipality, or any political  
3 subdivision thereof;
- 4 (6) Shares in a money market mutual fund, interest-bearing  
5 bills, notes, or bonds, debentures or stock traded on  
6 any national securities exchange or on a national  
7 over-the-counter market, mutual funds primarily  
8 composed of these securities, or a fund composed of  
9 one or more permissible investments as set forth in  
10 paragraphs (1) to (5);
- 11 (7) Any demand borrowing agreement or agreements made with  
12 a corporation or a subsidiary of a corporation whose  
13 capital stock is listed on a national exchange;
- 14 (8) Receivables that are due to a licensee from its  
15 authorized delegates pursuant to a contract under  
16 section 489D-21, that are not past due or doubtful of  
17 collection; [~~or~~]
- 18 (9) Receivables that are due to the licensee from its  
19 payment processors for debit or credit card  
20 transactions authorized by the licensee's customers



1           for money transmission services obtained from the  
2           licensee; or

3       [~~(9)~~] (10) Any other investments or security device  
4           approved by the commissioner."

5           SECTION 2. Section 489D-6, Hawaii Revised Statutes, is  
6 amended by amending subsection (a) to read as follows:

7           "(a) A licensee shall maintain at all times a tangible net  
8 worth of the greater of:

9           (1) \$100,000 [~~or three per cent of tangible assets for the~~  
10           ~~first \$100,000,000;~~

11          ~~(2) Two per cent of additional assets for \$100,000,000 to~~  
12          ~~\$1,000,000,000; and~~

13          ~~(3) 0.5 per cent of additional assets for over~~  
14          ~~\$1,000,000,000.]; or~~

15          (2) The total of:

16          (A) Three per cent of total assets for the first  
17          \$100,000,000;

18          (B) Two per cent of additional assets for  
19          \$100,000,000 to \$1,000,000,000; and

20          (C) 0.5 per cent of additional assets for over  
21          \$1,000,000,000.



1 Tangible net worth at all times shall be calculated in  
2 accordance with generally accepted accounting principles."

3 SECTION 3. Section 489D-10, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 **"§489D-10 Application and license fees.** (a) Each  
6 application shall be accompanied by[+]

7 [~~1~~] A] a nonrefundable application fee in the amount of  
8 \$5,000[~~;~~ and

9 ~~(2) An initial annual license fee of \$5,000.~~

10 ~~(b) The license fee shall be refunded if the application~~  
11 ~~is denied].~~

12 (b) An initial license fee of \$5,000 shall be assessed  
13 upon approval of the application."

14 SECTION 4. Statutory material to be repealed is bracketed  
15 and stricken. New statutory material is underscored.

16 SECTION 5. This Act shall take effect on July 1, 3000.



**Report Title:**

Money Transmitter; Permissible Investments; Division of  
Financial Institutions

**Description:**

Continues the alignment of Hawaii's money transmitters law with the provisions of the Model Money Transmitters Modernization Act, thereby enabling Hawaii to work within a network of states to license, supervise, and examine transglobal money transmission companies as a multistate system; using nationwide standards, provides clarity and consistency of the tangible net worth provision; ensures that licensees have sufficient financial resources to conduct their business in a safe and sound manner; ensures efficiency throughout the licensing process; and protects the interests of money transmission companies, their customers, and the public. Effective 7/1/3000.  
(HD1)

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