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## DIGEST

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HB 1230 Reengrossed

2026 Regular Session

Deshotel

**Abstract:** Provides relative to the "Louisiana Money Transmission Act".

Present law provides for "The Sale of Checks and Money Transmission Act".

Present law provides for definitions.

Present law provides for licensing requirements to engage in the business of money transmission or selling checks as a service. Present law provides for exemptions from licensing for present law.

Present law provides for the qualifications for licensure. Present law provides relative to applications for licensure pursuant to present law.

Present law provides for fees, statements, and bonds that are required for applications and for licensees. Present law provides for when a temporary license may be granted. Present law provides for the maintenance of the bond required by present law. Present law provides for the annual renewal fee and a late fee for licensees.

Present law provides relative to agents and subagents.

Present law provides that each licensee is liable for the payment of all checks which he sells or money he is obligated to transmit.

Present law requires that the commissioner of the office of financial institutions (commissioner), or his employee, visit or examine each licensee or his agent on a recurring schedule.

Present law provides for hearings to deny or revoke a license. Present law provides for penalties for violations of present law.

Present law provides for annual reports from the licensee to the commissioner.

Present law provides for what a licensee shall hold in trust.

Present law provides for a list provided by a licensee who has had their license suspended or revoked, to the commission, with the institutions the licensee has worked at.

Present law provides for the surety bond retained by the commissioner.

Present law provides for the notification from the commissioner in the event of a suspended or revoked license.

Present law provides for verification before a financial institution opens an account for a seller of checks or a person who transmits money.

Present law provides for when a licensee shall report certain information to the commissioner.

Present law provides for the delivery of funds requirements for money transmitters.

Proposed law repeals present law in its entirety.

Proposed law enacts the "Louisiana Money Transmission Act" and provides for its purpose.

Proposed law defines certain terms.

Proposed law provides for exemptions for licensure pursuant to proposed law and provides that the commissioner may require documentation to verify any exemption.

Proposed law provides for the powers and duties of the commissioner to implement the provisions of proposed law.

Proposed law gives the commissioner administrative authority to administer, interpret, and enforce the provisions of proposed law, and to promulgate rules or regulations for the implementation of proposed law, and to recover the cost of administering and enforcing proposed law by imposing and collecting proportionate and equitable fees and costs associated with applications, examinations, investigations, and other actions required to achieve the purpose of proposed law.

Proposed law provides for the supervision of a license.

Proposed law requires each person required to be licensed, and his authorized agent, to maintain in his office the books, records, and accounts of his money transmission activities as the commissioner may reasonably require in order to determine whether the person is complying with the provisions of proposed law.

Proposed law provides for the examination of books and records. Proposed law further provides for a \$50 examination fee per hour per examiner plus other costs.

Proposed law provides for investigations and examinations for licensees.

Proposed law states that the commissioner may participate in a multistate examination and investigation process for licensees that hold licenses in this state and other states.

Proposed law allows the commissioner to participate in multistate supervisory processes established between states and coordinated through the Conference of State Bank Supervisors, the Money

Transmitter Regulators Association, and affiliates and successors thereof, for all licensees that hold licenses in this state and other states.

Proposed law provides for what the commissioner may do as a participant in multistate supervision.

Proposed law provides that a joint examination or investigation, or acceptance of an examination or investigation report, does not waive the examination fee provided for in proposed law.

Proposed law provides that a person may not engage in the business of money transmission or advertise, solicit, or hold itself out as providing money transmission unless the person is licensed pursuant to proposed law.

Proposed law provides that a license issued pursuant to proposed law is not transferable or assignable.

Proposed law provides for what the commissioner may do to establish licensing between this state and other states.

Proposed law provides that the commissioner may establish relationships or contracts with Nationwide Multistate Licensing System (NMLS) or other entities designated by NMLS. Proposed law further provides that the commissioner may utilize NMLS for all aspects of licensing.

Proposed law requires that applicants for a license to apply in a form and medium prescribed by the commissioner. Proposed law provides for what shall be included in the application process for licensure.

Proposed law provides for the application process if an applicant is a corporation, limited liability company, partnership, or other legal entity. Proposed law requires that a nonrefundable \$1500 fee accompany the application. Proposed law further provides that the fee shall be adjusted yearly in accordance with the Consumer Price Index.

Proposed law provides that if any material information provided in connection with an application changes during the application review period, the applicants shall immediately notify the commissioner.

Proposed law provides what a person in control of a licensee or applicant, any person who seeks to acquire control of a licensee, and each key person shall furnish to the commissioner through NMLS.

Proposed law provides for the process if a person has resided outside the U.S. at any time in the last 10 years.

Proposed law provides for the process by which the commissioner shall issue a license or the process by which the commissioner shall issue a notice of denial. Proposed law provides for the appeal process if an applicant is denied.

Proposed law provides for the process where an applicant for a license does not complete the license application and fails to respond to a notice from the commissioner to correct a deficiency.

Proposed law provides that the initial license term begins on the day the application is approved. The license expires on Dec. 31 of the year in which the license term began, unless the initial license date is between Nov. 1 and Dec. 31, in which instance the initial license term expires on Dec. 31 of the following year.

Proposed law requires each person licensed as a money transmitter in accordance with proposed law to submit an annual license renewal application and a nonrefundable fee in the amount of \$800, plus \$100 for each location in excess of one in La. through which the licensee plans to conduct money transmission during the license year.

Proposed law provides relative to the requirements of the annual renewal application.

Proposed law provides for a late fee.

Proposed law provides for when a license expires or under what circumstances it will not be reinstated.

Proposed law provides that if a licensee does not continue to meet the qualifications or satisfy the requirements that apply to an applicant for a new money transmission license, the commissioner may suspend or revoke the licensee's license in accordance with the procedures established by proposed law or other applicable state law for such suspension or revocation.

Proposed law provides for the process by which any person, or group of persons acting in concert, seeks to acquire control of a licensee.

Proposed law provides application requirements and determination by the commissioner for any person, or group of persons acting in concert, seeking to acquire control of a licensee.

Proposed law provides what a licensee shall do if they are adding or replacing any key individual.

Proposed law requires each licensee to submit a report of condition, which will be known as a Call Report, within 45 days of the end of the calendar quarter, or within any extended time as the commissioner may prescribe. Proposed law provides for what the report of condition will include.

Proposed law provides for what will be filed with the commissioner by a licensee within 90 days after the end of each fiscal year, or within any extended time as the commissioner may prescribe.

Proposed law provides relative to audited financial statements filed with the commissioner and what shall be included in the statements.

Proposed law requires each licensee to submit a report of the authorized agent within 45 days of the end of the calendar quarter and proposed law provides for what shall be in the report.

Proposed law provides for a list of events that will require a licensee to file a report with the commissioner.

Proposed law requires a licensee and an authorized agent to file all reports required by federal currency reporting, record keeping, and suspicious activity reporting requirements as set forth in the Bank Secrecy Act and other federal and state laws pertaining to money laundering.

Proposed law provides for what records the licensee will maintain in written or electronic form. Proposed law further provides for how those records are maintained.

Proposed law provides for the definition of "remit".

Proposed law provides for what a licensee shall do before a licensee may conduct business through an authorized agent or allows a person to act as the licensee's authorized agent.

Proposed law requires the licensee's authorized agents to operate in full compliance with applicable state and federal law, and the licensee shall be responsible for implementing and maintaining a reasonable risk-based supervision program to monitor its authorized agents.

Proposed law provides for what a written contract required by proposed law shall do.

Proposed law provides that if a licensee's license is suspended, revoked, surrendered, or expired, the licensee will, within five business days, provide documentation to the commissioner that the licensee has notified all applicable authorized agents of the licensee whose names are in a record filed with the commissioner of the suspension, revocation, surrender, or expiration of a license.

Proposed law provides that an authorized agent of a licensee shall hold in trust for the benefit of the licensee all money net of fees received from money transmission. If any authorized agent commingles any funds received from money transmission with any other funds or property owned or controlled by the authorized agent, all commingled funds and other property shall be considered held in trust in favor of the licensee in an amount equal to the amount of money net of fees received from money transmission.

Proposed law provides that an authorized agent may not use a subagent to conduct money transmission on behalf of a licensee.

Proposed law prohibits a person from engaging in the business of money transmission on behalf of a person not licensed or exempt pursuant to proposed law. A person who engages in such activity provides money transmission to the same extent as if the person were a licensee, and is jointly and severally liable with the unlicensed or nonexempt person.

Proposed law prohibits a person from engaging in money transmission pursuant to proposed law if the transmission of money, or its equivalent, is undertaken for the purpose of debt adjusting. Proposed law further provides for what shall be considered debt adjusting.

Proposed law provides relative to the timeline to transmit the monetary equivalent of all money or equivalent value received from a consumer for transmission. Proposed law provides for enforcement of the timeline.

Proposed law provides for situations in which user policies or agreements are to be considered null and void.

Proposed law provides for when certain funds shall be returned to a consumer.

Proposed law provides that the commissioner may enjoin a violation of proposed law.

Proposed law requires every licensee to refund to the sender within 10 days of receipt of the sender's written request for a refund of any and all money received for transmission unless for any reason outlined in proposed law.

Proposed law provides that every licensee or its authorized agent shall provide the sender a receipt for money received for transmission. Proposed law further provides what shall be included in that receipt.

Proposed law provides that a licensee pursuant to proposed law shall maintain at all times a tangible net worth of the greater of \$100 thousand or 3% of total assets for the first \$100 million, 2% of additional assets for \$100 million to \$1 billion, and ½% of additional assets for over \$1 billion. Proposed law provides for how net worth is demonstrated.

Proposed law requires an applicant for a money transmission license to provide, and a licensee at all times to maintain, a surety bond issued by a bonding company or insurance company authorized to do business in this state and in a form satisfactory to the commissioner.

Proposed law provides that the amount of the required surety bond shall be the greater of \$1000,000 or an amount equal to 100% of the licensee's average daily money transmission liability in this state calculated for the most recently completed three-month period, up to a maximum of \$500,000. Proposed law provides relative to the requirements of the bond.

Proposed law requires a licensee to maintain at all times permissible investments that have a market value computed in accordance with U.S. Generally Accepted Accounting Principles of not less than the aggregate amount of all of its outstanding money transmission obligations in all states. Proposed law provides for what investments are permissible.

Proposed law provides relative to the establishment of a statutory trust.

Proposed law provides relative to the use of letters of credit. Proposed law provides for what a letter of credit shall do.

Proposed law provides for the event of any notice of expiration or nonexistence of a letter of credit issued pursuant to proposed law. Proposed law provides that the letter of credit shall provide that

the issuer of the letter of credit will honor, at sight, a presentation made by the beneficiary to the issuer of certain documents on or prior to the expiration date of the letter of credit.

Proposed law allows the commissioner to designate an agent to serve on the commissioner's behalf as beneficiary to a letter of credit so long as the agent and letter of credit meet requirements established by the commissioner.

Proposed law allows the commissioner to participate in multistate processes designed to facilitate the issuance and administration of letters of credit, including but not limited to services provided by the NMLS and State Regulatory Registry, LLC.

Proposed law provides for circumstances when the commissioner can suspend or revoke a license or order a licensee to revoke the designation of an authorized agent.

Proposed law provides the instances in which the office may implement an enforcement action against a licensee or person who is not a licensee but is engaging in money transmission activities with, or on behalf of, a resident.

Proposed law provides for the instances for when the commissioner may, upon discovery, order an immediate suspension of the license of any person licensed pursuant to proposed law.

Proposed law provides for when the commissioner may issue a cease and desist order to request a hearing.

Proposed law provides that the violations listed in proposed law are nonexclusive and are in addition to and exist independent of any violations set forth in other provisions of proposed law.

Proposed law allows the commissioner to report apparent violations to other appropriate state and federal regulators, the NMLS, federal law enforcement agencies, the attorney general, or the district attorney of the appropriate parish, who may institute any proceeding as he considers appropriate.

Proposed law provides that advisory opinions and interpretations of the office shall not be considered rules requiring compliance with the rulemaking process of the APA.

Proposed law provides that all of the grounds for enforcement action of proposed law may serve as the basis for any other enforcement action provided to the commissioner by present and proposed law.

Proposed law allows the commissioner to share information about any person who is licensed or required to be licensed pursuant to proposed law with any state or federal agency also having jurisdiction over the money transmission activities of that person.

Proposed law provides that any licensee whose license was issued pursuant to proposed law and has been revoked for any reason may not reapply for a license until at least five years have elapsed from the date of the order of revocation, unless the commissioner, in his sole discretion, prescribes an

earlier or later date.

Proposed law provides for the circumstances under which the commissioner may issue an order suspending or revoking the designation of an authorized agent.

Proposed law provides relative to the notice and hearing process relating to the revocation of a license.

Proposed law provides that the commissioner may, at any time, revoke a license on any ground on which he might refuse to grant a license, or for failure to pay an annual fee, or for violation of any provision of proposed law, and any such revocation shall be implemented in accordance with the provisions of proposed law.

Proposed law provides for when a license shall be automatically and finally revoked without any act or further act of the commissioner.

Proposed law provides for when the commissioner may issue a cease and desist. Proposed law provides for the process to petition the 19<sup>th</sup> JDC relative to a cease and desist.

Proposed law provides that the commissioner may enter into a consent order at any time with a person to resolve a matter arising pursuant to proposed law or a rule or regulation adopted or order issued relative to proposed law.

Proposed law provides relative to the criminal penalties for persons in violation of proposed law.

Proposed law provides that the commissioner may assess a civil money penalty against a person that violates any provision of proposed law or a rule or regulation adopted or an order issued relative to proposed law in an amount not to exceed \$1000 per day for each day the violation is outstanding, plus this state's costs and expenses for the investigation and prosecution of the matter, including reasonable attorney's fees.

Proposed law provides relative to what actions the commissioner may take in regards to persons violating proposed law.

Proposed law provides relative to the investigation process of possible violations of proposed law.

Proposed law provides that a person licensed in this state to engage in the business of money transmission shall not be subject to the provisions of proposed law, to the extent that they conflict with or establish new requirements not imposed under law as it existed immediately prior to the effective date of proposed law, until such time as the licensee renews its current license or for 12 months after the effective date of proposed law, whichever is later.

Proposed law provides that a licensee shall only be required to amend its authorized agent contracts for contracts entered into or amended after the effective date or the completion of any transition period. Nothing shall be construed as limiting an authorized agent's obligations to operate in full

compliance as required by proposed law.

Proposed law provides that in applying and construing the provisions of proposed law, consideration may be given to the need to promote uniformity of the law with respect to its subject matter among states.

Proposed law provides for severability.

Proposed law provides that the La. State Law Institute is authorized and directed to recodify the provisions of present and proposed law, to designate the newly enacted proposed law with any nonsubstantive, technical changes that may be necessary.

Proposed law directs the La. State Law Institute to change references of proposed law in present law.

Effective July 1, 2026.

(Amends R.S. 6:1031-1072)

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Commerce to the original bill:

1. Make technical changes.
2. Clarify that the commissioner's ability to extend an application period is separate to what automatically happens if an application is not approved or denied within 120 days after completion.
3. Change the reference of persons exempt from proposed law.
4. Clarify what the commissioner may do if La. is a lead investigative state.
5. Amend which information is to be included in a report of condition.
6. Clarify that an authorized agent of a licensee shall hold in trust for the benefit of the licensee all money net of fees received from a money transmission.
7. Clarify that the commissioner may enjoin a violation of proposed law.
8. Amend the reference for investments that are permissible pursuant to proposed law.
9. Clarify which timelines outlined in proposed law will be measured using calendar days.

The House Floor Amendments to the engrossed bill:

1. Make technical changes.
2. Amend the definition of "payroll processing service provider".
3. Adds that proposed law does not apply to a wholly owned subsidiary of a federally insured depository institution.
4. Clarify that proposed law does not apply to a payroll processing service provider.
5. Add that all records of the office are strictly confidential and not subject to disclosure.
6. Clarify that certain information outlined in proposed law is required from certain persons instead of certain individuals.
7. Clarify language regarding a licensee reporting certain events to the commissioner.
8. Clarify what records a licensee shall maintain.
9. Remove a duplicate definition of "receipt".
10. Clarify what a receipt shall contain.
11. Clarify a citation regarding the termination of a statutory trust outlined in proposed law.
12. Clarify that for certain provisions of proposed law a licensee shall include owners of 10% or more of a licensee.
13. Amend when a license shall be automatically and finally revoked without any act or further act of the commissioner.
14. Direct the La. State Law Institute to change references of proposed law in present law.