Acquiring and Managing a Multi-State Money Transmitter License Portfolio for New and Prospective Licensees

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Becoming a Licensed Entity

- Why license is needed, common triggers, activities covered
- Who issues licenses. Organization of agencies
- Typical application process, costs and time involved
- Typical required info & documents
- Typical business requirements and standards expected of licensees.
- Common technical terms used
- Typical prohibitions
- Key persons affected by licensing
Certain Administrative Conditions Precedent for Licensing

- Secretary of State
- FinCEN registration
- Background checks, references
- Surety bonds
- Bank account relationships
- Capital injection
- BSA/AML program
- Financial statements
- Business plan and pro formas
- Prior unlicensed activity
Maintaining Licenses

- Periodic renewals; common periodic reporting; information required
- Typical costs involved
- Examinations
Enforcement Actions

- Kinds of actions and penalties, how agencies handle, and for what kinds of activities
- Addressing enforcement actions
Trends

• FinCEN guidance as leading indicator for licensure
• Common types of exemptions or carve outs
• Licensure vs. agency
• Joint examinations
• Information sharing between states
• NMLS
• Bank account relationships
Science and Art of Application Process

- Pivoting company attitudes, governance and way of doing business to being a regulated entity
- Sequencing of license requirements and states
- Tricks and challenges to state & FinCEN registrations, NMLS
- Relationship building with regulators and with licensee
Science and Art of Maintaining Licenses

- Maintaining a spreadsheet or database
- Distribution of internal responsibilities
- Keeping up to date with regulatory changes
- Material event reporting, M&A, negotiating “key persons”
- Inspect signage, receipts, files
- Negotiating bonds down
- Tips for multi-state exams
- Sharing regulator reports
- Care and crowd control with potential agent designations
For More Information

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