Don’t Panic!
Successfully Maintaining Your License During Business Changes
MTRA Conference, September 2019
Interactive Presentation

To Join the Polling:

New Text Message to: 22333

Message: AFIELD507
Who are you representing today?

- Regulator: 45%
- Industry: 44%
- Industry Provider: 12%
What is the one thing about ongoing licensing compliance that makes you nervous?
Three high-ranking officers decided to leave to work for a competitor. Do you have to do anything from a compliance perspective?

- No. Regulators only require notification when you add someone new, not when someone leaves. 3%
- Not really. They were only the named COO and CCO. Now if it were the CEO that would be different. 95%
- Yes. Every jurisdiction has different requirements when it comes to officer changes. A review of licensed state's requirements should occur and courtesy notifications should be sent. 2%
- Nope. Regulators only check that stuff once a year at renewal.
The compliance team is always the last to know! The Company's Secretary just sent over Board minutes that appointed new company directors. Now what do you do?

- File it away for updating at the next renewal.
- Review the appointment documents to confirm the official start date and submit notifications of the addition to regulators as soon as possible. 98%
- Nothing. Directors aren't really executive officers anyway. 2%
Which option is available for notifying the various regulators of material changes?

- Hard Copy (mail or courier): 2%
- E-mail: 1%
- NMLS: 14%
- All of the above: 84%
Your company is outgrowing its office space and will be moving across town. Is there anything else that you need to do?

- No. You’re staying in the same zipcode so it doesn’t matter. 2%
- Yes. Regulators need to be notified of an address change, often in advance. 96%
- Yes. You need to make sure that you have a certified check to pay the movers. 3%
- No. You conduct all of your business online and through other agents anyway so it doesn’t matter where your executives actually have their offices.
The board has chosen a new company name, "My Unbank." Are there any issues with using this new name?

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. You aren't a bank after all, you’re a money services business. The name is quite clever.</td>
<td>3%</td>
</tr>
<tr>
<td>No. The name tested well with the focus group.</td>
<td>2%</td>
</tr>
<tr>
<td>Yes. In many jurisdictions, a name that contains the word “bank” is subject to additional scrutiny and prior approval by the regulator.</td>
<td>94%</td>
</tr>
<tr>
<td>No. The name has already been registered by the relevant Secretary of State offices so you should be good to go.</td>
<td>1%</td>
</tr>
</tbody>
</table>
Your company's majority owner just sold 80% of your company to a large social media platform. Is there anything that you need to do?

Nope. Just watch your employee stock options rise in value.

Yes. You need to gather more information about the transaction and determine what states you are licensed in require prior notice and approval.

No. The buyer was having issues getting regulators to adopt its new Cryptocurrency, so owning a majority share of your already licensed company just gives them an easier path.
A customer filed a complaint with your state regulator, the AG, and the CFPB, alleging that charged fees were not disclosed. Should you be more worried about responding to one of these?

- Yes. The state regulators are the OG regulatory agency, their consumer protection laws definitely have the most teeth. 73%
- Yes. The CFPB publishes all customer complaints on their website, we don’t need that kind of exposure. 6%
- No. What jurisdiction does the Attorney General’s office have over our business? 1%
- No. All of those entities have some degree of oversight over a money services business that conducts business with consumers within a state. 19%
Allowing examiners to access/review internal or proprietary material (i.e. Policies/Procedures, Independent Reviews, etc.) is optional.
During an examination, what is the best way to schedule supplemental meetings?

- Licensee sets the full meeting schedule for all functional areas: 2%
- Examiner-In-Charge sets the full meeting schedule for all functional areas: 5%
- Examiner-In-Charge and Licensee coordinate efforts to set meetings that work for both: 90%
- Meetings are unnecessary during the onsite portion of the exam: 3%
Does a CFPB negative report affect my license at the state level?

Yes: 74%
No: 26%
We just realized that our bond is below the amount required by the regulator. Does this mean that my license is automatically invalidated?

Yes 5%
No 95%
Utilizing 3rd party service providers to fulfill specific functions for a licensee requires proper vetting and due diligence by the licensee.

- True: 94%
- False: 6%
All State Permissible Investment requirements are the same.

- True: 4%
- False: 96%
Does my license require that I report cyber security breaches?

Yes: 83%
No: 17%
If I make changes to my AML/BSA compliance program, and don't inform the regulator, can that impact my license?

- Yes: 53%
- No: 47%
You receive a notification through the NMLS that your Quarterly MSBCR is due. The person that would normally handle that function just quit. Now what?

- I’ve got time, we usually just file all zeros anyway. 2%
- The NMLS Resource Center is my friend. I know where to find the information to get up to speed. 91%
- The filing can wait until we hire someone new, regulators don’t care when those reports are files, as long as we are up to date before we have to file for renewal. 7%
In reviewing our company's MSBCR filing record you find that the former employee had been filing all zeros, which wasn't exactly accurate although it made for timely filings. Is there anything you have to do to clean up the record?

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, you can submit an amendment filing through the NMLS.</td>
<td>91%</td>
</tr>
<tr>
<td>No. Once the filing is made there isn't any way to correct it.</td>
<td>5%</td>
</tr>
<tr>
<td>Not right now, you can let state examiners know about that former employee’s shortcomings next time they are onsite.</td>
<td>5%</td>
</tr>
<tr>
<td>No need. Regulators don’t really use that information anyway.</td>
<td>4%</td>
</tr>
</tbody>
</table>
On the NMLS, how many days from the end of the quarter are allotted to file quarterly MSB Call Reports?

- 15 days: 6%
- 30 days: 4%
- 45 days: 89%
- 60 days: 2%

Start the presentation to see live content. Still no live content? Install the app or get help at PollEv.com/app
A Licensee can file the consolidated financial statements of their parent company to address the financial condition component of the MSB Call Report on the NMLS.

- True: 2%
- False: 98%
My accounting was off by small margin when I filed my quarterly report, does that impact my license?

- Yes: 13%
- No: 87%
If my reports are late, can that impact the renewal of my license?

- Yes: 88%
- No: 12%
Our company CEO thinks that we don't have to do anything else once we've completed the initial FinCEN registration, is he right?

- No. The registration must be renewed every two years. 6%
- No. The company must maintain an agent list and revise it each January 1st. 2%
- No. The company must file Suspicious Activity Reports for any suspicious transaction that is $2,000 or more. 2%
- All of the above. 90%
How many days does a MSB have to file a SAR?

- 30 days from determination that a SAR must be filed: 55%
- 30 days from determination that a SAR must be filed, unless a suspect cannot be identified then the MSB may delay filing by 30 additional days in order to identify a suspect: 40%
- 30 days from the transaction date that triggered the review of the suspicious activity: 4%
- 15 days from the date the Board of Directors reviewed the activity: 2%

Start the presentation to see live content. Still no live content? Install the app or get help at PollEv.com/app
Questions?
Amy Greenwood-Field, Counsel
Dentons US LLP
1900 K Street, NW
Washington, DC 20006-1102
(202) 402-3246
amy.greenwood-field@dentons.com

Ryan Seals
Senior Money Transmitter Examiner
Wyoming Division of Banking
2300 Capitol Ave, 2nd Floor
Cheyenne, WY 82002
(307) 777-6601
ryan.seals@wyo.gov

Jorge Guerrero, Esq., CEO
Optima Compass Group, LLC
12600 Hill Country Blvd, Ste R-275
Bee Cave, TX 78738
(512) 329-2114
jguerrero@optimacompass.com