VIRGINIA ACTS OF ASSEMBLY -- 1996 SESSION

CHAPTER 274

An Act to amend and reenact § 6.1-372 of the Code of Virginia, relating to banking and finance; money order sales; proof of security.

[H 1126]

Approved March 19, 1996

Be it enacted by the General Assembly of Virginia:

1. That § 6.1-372 of the Code of Virginia is amended and reenacted as follows:

§ 6.1-372. Same; application; balance sheet required; filing fee; surety bond.

A. Applications for a license shall be made on forms furnished by the Commission and shall set forth the name and address of the applicant, a description of the manner in which and the locations at which it proposes to do business, and such additional relevant information as the Commission requires. The application shall be accompanied by such financial statements as the Commission may require, a filing fee of $500 and, *except as provided in subsection B,* a surety bond satisfactory to the Commission in the principal amount as determined by the Commission but not less than $25,000, and conditioned as the Commission may require for the benefit of purchasers, payees, and holders of money orders sold by the licensee and its agents in this Commonwealth, and for the benefit of purchasers of money transmission services.

B. As an alternative security device and in lieu of the surety bond required by subsection A, a license applicant may deposit with a financial institution designated by such applicant and approved by the Commission for that purpose, cash, stocks and bonds, notes, debentures or other obligations of the United States or any agency or instrumentality thereof, or guaranteed by the United States, or of this Commonwealth, or of a city, county, town or other political subdivision of this Commonwealth, in an aggregate amount, based upon the principal amount or market value, whichever is lower, of not less than the amounts required by the Commission pursuant to subsection A. Such cash or securities shall be deposited and held to secure obligations established in subsection A, but the licensee shall be entitled to (i) receive all interest and dividends thereon and (ii) substitute, with the Commission's prior approval, other securities for those deposited. The Commission may also direct the licensee, for good cause shown, to substitute other securities for those deposited.

C. The security device required by this section shall remain in place for five years after a licensee under this chapter ceases money order sales or money transmission activities within this Commonwealth. However, the Commission may permit the security device to be reduced or eliminated prior to that time to the extent the amount of such licensee's payment instruments outstanding in this Commonwealth are reduced. The Commission may also permit any such licensee to substitute a letter of credit, or such other form of security device as may be acceptable to the Commission, for the security device in place at the time the applicant ceases money order sales or money transmission activities in this Commonwealth.