# CHAPTER 1030

MONEY TRANSMISSION SERVICES

*H.F. 2262*

**AN ACT** relating to money transmission services, providing penalties, and including effective date and retroactive applicability provisions.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 533C.102, subsection 2, Code 2024, is amended to read as follows:

2. *"Authorized delegate"* means a person a licensee designates to provide money ~~services~~ transmission on behalf of the licensee.

Sec. 2. Section 533C.103, Code 2024, is amended by adding the following new subsection:

NEW SUBSECTION. 21. A person appointed as an agent of a payor for purposes of providing payroll processing services for which the agent would otherwise need to be licensed, provided all of the following apply:

*a.* There is a written agreement between the payor and the agent that directs the agent to provide payroll processing services on the payor's behalf.

*b.* The payor holds the agent out to employees and other payees as providing payroll processing services on the payor's behalf.

*c.* The payor's obligation to a payee, including an employee or any other party entitled to receive funds via the payroll processing services provided by the agent, shall not be extinguished if the agent fails to remit the funds to the payee.

Sec. 3. NEW SECTION. **533C.901 Suspension and revocation — receivership.**

The superintendent may suspend or revoke a licensee's license, place a licensee in receivership, or order a licensee to revoke the designation of an authorized delegate if any of the following apply:

1. The licensee violates this chapter, a rule adopted under this chapter, or an order issued under this chapter.

2. The licensee does not cooperate with an examination or investigation conducted by the superintendent.

3. The licensee engages in fraud, intentional misrepresentation, or gross negligence.

4. As a result of the licensee's willful misconduct or willful blindness, an authorized delegate is convicted of a violation of a state or federal anti-money laundering statute, or violates this chapter, a rule adopted under this chapter, or an order issued under this chapter.

5. The competence, experience, character, or general fitness of the licensee, authorized delegate, person in control of a licensee, or key individual of the licensee or authorized delegate indicates that it is not in the public interest to permit the person to provide money transmission.

6. The licensee engages in an unsafe or unsound practice. In determining whether a licensee is engaging in an unsafe or unsound practice, the superintendent may consider the size and condition of the licensee's money transmission, the magnitude of any losses, the gravity of any violations of this chapter, and the previous conduct of any persons involved.

7. The licensee is insolvent, suspends payment of the licensee's obligations, or makes a general assignment for the benefit of the licensee's creditors.

8. The licensee does not remove an authorized delegate after the superintendent issues and serves upon the licensee a final order finding that the authorized delegate has violated this chapter, a rule adopted under this chapter, or an order issued under this chapter.

Sec. 4. NEW SECTION. **533C.902 Suspension and revocation of authorized delegates.**

1. The superintendent may issue an order suspending or revoking the designation of an authorized delegate if the superintendent finds any of the following apply:

*a.* The authorized delegate violated this chapter, a rule adopted under this chapter, or an order issued under this chapter.

*b.* The authorized delegate failed to cooperate with an examination or investigation by the superintendent.

*c.* The authorized delegate engaged in fraud, intentional misrepresentation, or gross negligence.

*d.* The authorized delegate was convicted of a violation of a state or federal anti-money laundering statute.

*e.* The competence, experience, character, or general fitness of the authorized delegate or a person in control of the authorized delegate indicates that it is not in the public interest to permit the authorized delegate to provide money transmission.

*f.* The authorized delegate is engaging in an unsafe or unsound practice. In determining whether an authorized delegate is engaging in an unsafe or unsound practice, the superintendent may consider the size and condition of the authorized delegate's provision of money transmission; the magnitude of any losses; the gravity of any violations of this chapter, a rule adopted under this chapter, or an order issued under this chapter; and the previous conduct of the authorized delegate.

2. An authorized delegate may apply for relief from a suspension or revocation of designation as an authorized delegate according to procedures prescribed by the superintendent.

Sec. 5. NEW SECTION. **533C.903 Orders to cease and desist.**

1. *a.* If the superintendent determines that a violation of this chapter, a rule adopted under this chapter, or an order issued under this chapter by a licensee or authorized delegate is likely to cause immediate and irreparable harm to the licensee, the licensee's customers, or the public, or cause insolvency or significant dissipation of assets of the licensee, the superintendent may issue an order requiring the licensee or authorized delegate to cease and desist from the violation.

*b.* The superintendent may issue an order for a licensee to cease and desist from providing money transmission through an authorized delegate that is the subject of a separate order by the superintendent.

2. *a.* If the superintendent has reason to believe that a person has violated or is violating section 533C.301, 533C.501, or 533C.502, the superintendent may issue an order requiring the person to show cause why an order to cease and desist the violation should not be issued.

*b.* In an emergency under this subsection, the superintendent may petition the district court for the issuance of a temporary restraining order ex parte pursuant to the rules of civil procedure.

3. An order to cease and desist becomes effective upon service of the order upon the person, licensee, or authorized delegate.

4. An order to cease and desist remains effective and enforceable pending the completion of an administrative proceeding pursuant to section 533C.908.

5. A person, licensee, or an authorized delegate who is served with an order to cease and desist under this section may petition the appropriate court for a judicial order setting aside, limiting, or suspending the enforcement, operation, or effectiveness of the order pending the completion of an administrative proceeding pursuant to section 533C.908.

6. An order to cease and desist shall expire ten days after the order is issued unless the superintendent commences an administrative proceeding pursuant to section 533C.908.

Sec. 6. NEW SECTION. **533C.904 Consent orders.**

The superintendent may enter into a consent order at any time with a person to resolve a matter arising under this chapter, a rule adopted under this chapter, or an order issued under this chapter. A consent order must be signed by the person to whom the consent order is issued, or by the person's authorized representative, and must indicate agreement with the terms contained in the order. A consent order may provide that the order does not constitute an admission by the person that the person violated this chapter, a rule adopted under this chapter, or an order issued under this chapter.

Sec. 7. NEW SECTION. **533C.905 Investigations.**

1. The attorney general or a county attorney may conduct an investigation within or outside of this state to determine if a licensee, an authorized delegate, or a person engaged in a trade or business has failed to file a report required by this chapter, or has engaged or is engaging in any act, practice, or transaction that constitutes a violation of this chapter.

2. Upon presentation of a subpoena from a prosecuting attorney, a licensee, an authorized delegate, or a financial institution shall make its books and records available to the attorney general or county attorney during normal business hours for inspection and examination in connection with an investigation pursuant to this section.

Sec. 8. NEW SECTION. **533C.906 Civil penalties.**

The superintendent may assess a civil penalty against a person who violates this chapter, a rule adopted under this chapter, or an order issued under this chapter in an amount not to exceed one thousand dollars per day for each day the violation is outstanding, plus the state's costs and expenses for the investigation and prosecution of the matter, including reasonable attorney fees.

Sec. 9. NEW SECTION. **533C.907 Criminal penalties.**

1. A person who is not licensed under this chapter and who knowingly engages in an activity for which a license is required under this chapter commits an aggravated misdemeanor.

2. A person commits a class "C" felony, and is subject to a civil penalty of three times the value of the property involved in the transaction, or, if no transaction is involved, a civil penalty of five thousand dollars, if the person does any of the following:

*a.* With the intent to disguise the fact that money or a payment instrument is the proceeds of criminal conduct, or with the intent to promote, manage, establish, carry on, or facilitate the promotion, management, establishment, or carrying on of any criminal conduct, the person knowingly furnishes or provides any false, inaccurate, or incomplete information to a licensee, authorized delegate, financial institution, person engaged in a trade or business, or any officer, employee, or their agent, or to the attorney general or department of public safety, or knowingly conceals a material fact in connection with a transaction for which a report is required to be filed pursuant to this chapter.

*b.* With the intent to disguise the fact that money or a payment instrument is the proceeds of criminal conduct, or with the intent to promote, manage, establish, carry on, or facilitate the promotion, management, establishment, or carrying on of any criminal conduct, or with the intent to evade the making or filing of a report required under this chapter, or with the intent to cause the making or filing of a report that contains a material omission or misstatement of fact, the person conducts or structures a transaction or series of transactions by or through one or more licensees, authorized delegates, financial institutions, or persons engaged in a trade or business.

3. A person who intentionally makes a false statement, misrepresentation, or false certification in a record filed or required to be maintained under this chapter, or who intentionally makes a false entry or omits a material entry in such a record commits a class "D" felony.

4. Notwithstanding any provision of law to the contrary, each violation of this section constitutes a separate, punishable offense.

Sec. 10. NEW SECTION. **533C.908 Administrative proceedings.**

1. Except as otherwise provided in section 533C.903, the superintendent shall not suspend or revoke a license, place a licensee in receivership, issue an order to cease and desist, suspend or revoke the designation of an authorized delegate, or assess a civil penalty without notice and an opportunity to be heard.

2. The superintendent shall hold a hearing when requested by an applicant whose application for a license is denied.

3. All administrative proceedings under this chapter shall be conducted in accordance with chapter 17A.

Sec. 11. NEW SECTION. **533C.1001 Uniformity of application and construction.**

1. This chapter shall be liberally construed to effectuate its remedial purposes. Civil remedies under this chapter shall be supplemental and not mutually exclusive. The civil remedies under this chapter do not preclude and are not precluded by any other provision of law.

2. This chapter shall be applied and construed to effectuate its general purpose to make uniform the law with respect to the subject of this chapter among states enacting the same law, and to make the reporting requirements regarding financial transactions under Iowa law uniform with the reporting requirements regarding financial transactions under federal law.

3. The attorney general may enter into reciprocal agreements with the attorney general or chief prosecuting attorney of any state to effectuate the purposes of this chapter.

Sec. 12. NEW SECTION. **533C.1002 Financial services licensing fund.**

1. A financial services licensing fund is created as a separate fund in the state treasury under the authority of the banking division of the department of insurance and financial services. Moneys deposited in the fund shall be used to pay for staffing necessary to perform examinations, audits, and other duties required of the superintendent and the banking division under this chapter.

2. The fund shall receive moneys including but not limited to any fees, costs, expenses, or penalties collected pursuant to this chapter.

3. Notwithstanding section 8.33, moneys appropriated to the fund in this section that remain unencumbered or unobligated, and other moneys credited to the fund, shall not revert at the close of the fiscal year but shall remain in the financial services licensing fund and shall remain available for expenditure for the purposes designated.

Sec. 13. NEW SECTION. **533C.1003 Applicability.**

This chapter applies to the provision of money transmission on or after October 1, 2003.

Sec. 14. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 15. RETROACTIVE APPLICABILITY. The following apply retroactively to July 1, 2023:

The sections of this Act enacting sections 533C.901, 533C.902, 533C.903, 533C.904, 533C.905, 533C.906, 533C.907, 533C.908, 533C.1001, 533C.1002, and 533C.1003, and the section of this Act amending section 533C.102.

Sec. 16. CODE EDITOR DIRECTIVE. The Code editor shall designate sections 533C.901 through 533C.908, as enacted in this Act, as article 9 entitled “Enforcement”, and sections 533C.1001 through 533C.1003, as enacted in this Act, as article 10 entitled “Miscellaneous Provisions”.

Approved April 10, 2024