

February 24, 1961.  
Passed on File.

House File 536  
By MENSING.

Passed House, Date.....4-7-61..... Passed Senate, Date.....4-11-61.....  
Vote: Ayes.....95..... Nays.....0..... Vote: Ayes.....47..... Nays.....1.....  
Approved.....4-12-61.....

## A BILL FOR

An Act relating to the sale of checks, money orders, and other written instruments for the transmission or payment of money.

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

1 Section 1. No person shall engage in the business of selling  
2 written instruments for the transmission or payment of money,  
3 whether in the form of checks, drafts, money orders, travelers  
4 checks or otherwise, unless such person's net worth is at all  
5 times at least fifty thousand dollars (\$50,000), as shown by  
6 financial statements satisfactory to the superintendent of  
7 banking and such person has deposited and at all times keeps  
8 on deposit with the superintendent of banking fifty thousand  
9 dollars (\$50,000) in cash or securities satisfactory to the  
10 superintendent of banking. A surety bond in the sum of fifty  
11 thousand dollars (\$50,000) in form satisfactory to and issued  
12 by a surety company acceptable to the superintendent of banking  
13 may be delivered to the superintendent in lieu of such deposit.  
14 Such deposit or bond shall be for the protection of purchasers  
15 or holders of instruments sold by such person and the super-  
16 intendent or any aggrieved party may enforce claims on such  
17 instruments against such deposit or bond. Simultaneously with  
18 the making of such deposit or delivery of such bond and annually  
19 thereafter each person shall pay to the superintendent of  
20 banking an annual fee of one hundred dollars (\$100).

1 Sec. 2. Any person complying with the provisions of this

2 Act may engage in such business at one (1) or more locations  
3 in this state and through or by means of such agents as such  
4 person may designate and appoint from time to time and no such  
5 agent shall be required to comply with the provisions of this  
6 Act.

1 Sec. 3. Nothing in this Act shall apply to corporations  
2 organized under the general banking laws of this state or of  
3 the United States or any department or agency thereof, or to  
4 the receipt of money by an incorporated telegraph company at  
5 any office or agency thereof for immediate transmission by  
6 telegraph.

1 Sec. 4. As used in this Act the word "person" shall mean  
2 any individual, partnership, association, joint stock associ-  
3 ation, trust or corporation.

1 Sec. 5. Any person violating any provision of this Act  
2 shall be guilty of a misdemeanor and shall be fined not more  
3 than one thousand dollars (\$1,000). Each transaction in viola-  
4 tion of this Act and each day that a violation continues shall  
5 be a separate offense.

1 Sec. 6. If any provision of this Act or the application  
2 thereof to any person or circumstance is held invalid, such  
3 invalidity shall not affect the remainder of this Act or the  
4 application of such provision to other persons or circumstances.

#### EXPLANATION OF HOUSE FILE 536

The purpose of this bill is to protect the public and to permit only such persons to engage in the business of selling checks, drafts, money orders, travelers checks or other written instruments for the transmission or payment of money who have a substantial net worth and who either furnish a bond or make a deposit with the superintendent of banking. This bond is, of course, for the protection of purchasers or holders of instruments sold, and claims of aggrieved persons may be enforced against the bond or deposit. Obviously, it is in the public interest to prevent irresponsible persons from engaging in such a business. In this area, dangers have been developing in Iowa and it is believed that this protective measure is necessary. The payment of these instruments is the responsibility of the person issuing them, and no matter how impressive the engraved instrument issued, the person behind the instrument should have a substantial financial responsibility.

HOUSE FILE 536

- 1 Amend House File 536 as follows:
- 2 By striking from Section 1, line 5, the words and
- 3 figures "fifty thousand dollars (\$50,000)" and inserting in
- 4 lieu thereof the words and figures "twenty-five thousand
- 5 dollars (\$25,000)".

Filed  
March 21, 1961.

*adopted 4-7-61*

VERMEER of Marion.

HOUSE FILE 536

- 1 Amend House File 536, section 3, line 3, by inserting
- 2 after the comma (,) the following: "or to private banks of
- 3 this state,".

Filed  
March 20, 1961.

*adopted 4-7-61*

MENSING of Cedar.

HOUSE FILE 536

- 1 Amend House File 536 by striking from section 1 all of
- 2 line ten (10) after the period, also all of lines eleven (11),
- 3 twelve (12) and thirteen (13), and inserting in lieu thereof
- 4 the following: "However, the superintendent of banking may
- 5 at his option accept a surety bond in the sum of fifty thousand
- 6 dollars (\$50,000) in the form satisfactory to him and issued
- 7 by a surety company acceptable to him in lieu of such deposit."

Filed  
March 13, 1961.

*adopted 4-7-61*

MENSING of Cedar.

