

17:15A-6 et al

LEGISLATIVE HISTORY CHECKLIST

NJSA: 17:15A-6 et al

(Check cashing business--
applicant for license--
increase required net
worth)

LAWS OF: 1985

CHAPTER: 219

Bill No: S1004

Sponsor(s): Jackman

Date Introduced: Pre-filed

Committee: Assembly: Banking

Senate: Labor, Industry and Professions

Amended during passage: Yes
according to Governor's recommendations

Amendments denoted by asterisks

Date of Passage: Assembly: February 25, 1985 Re-enacted 6-27-85

Senate: June 28, 1985 Re-enacted 6-24-85

Date of Approval: July 2, 1985

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly Yes

Senate Yes

Fiscal Note: No

Veto Message: No

Message on Signing: No

Following were printed:

Reports: No

Hearings: No

219 85
7-2-85
[THIRD OFFICIAL COPY REPRINT]

SENATE, No. 1004

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1984 SESSION

By Senator JACKMAN

AN ACT to amend ***[and supplement]*** "The Check Cashing Law,"
approved June 7, 1951 (P. L. 1951, c. 187).

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Section 5 of P. L. 1951, c. 187 (C. 17:15A-5) is amended to
2 read as follows:

3 5. Every applicant shall prove, in form satisfactory to the com-
4 missioner, that he or it has available for the operation of such
5 business, a capital or net worth of at least **[five thousand dollars**
6 **(\$5,000.00)]** *\$50,000.00*, and has available for the operation of such
7 business at each location or for each mobile unit specified in the
8 application, liquid assets of at least **[five thousand dollars**
9 **(\$5,000.00)]** *\$50,000.00*, and every licensee shall at all times maintain
10 for the operation of such business a capital or net worth of **[five**
11 **thousand dollars (\$5,000.00)]** *at least \$50,000.00*, and shall at all
12 times maintain liquid assets of at least **[five thousand dollars**
13 **(\$5,000.00)]** *\$50,000.00*, for the location or the area specified in the
14 license*; *except that an applicant or licensee who held a license*
15 *pursuant to P. L. 1951, c. 187 (C. 17:15A-1 et seq.) on the effective*
16 *date of this ****[1984]**** *****1985**** amendatory act, shall only have to*
17 *prove and maintain at all times a capital or net worth of at least*
18 *\$5,000.00 and liquid assets of at least \$5,000.00 at each location*
19 *or for each mobile unit* *******until the expiration of five years after*
20 *the effective date of this 1985 amendatory act, at which time the*
21 *applicant or licensee shall be required to prove and maintain at all*
22 *times a capital or net worth of at least \$50,000.00 and liquid assets*
23 *of at least \$50,000.00 at each location or for each mobile unit***.*

EXPLANATION—Matter enclosed in bold-faced brackets **[thus]** in the above bill
is not enacted and is intended to be omitted in the law.

Matter printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

*—Senate committee amendments adopted April 30, 1984.

**—Assembly committee amendments adopted January 28, 1985.

***—Senate amendments adopted in accordance with Governor's recommenda-
tions June 24, 1985.

1 2. Section 7 of P. L. 1951, c. 187 (C. 17:15A-7) is amended to
2 read as follows:

3 7. If the commissioner shall find that the financial responsibility,
4 experience, character and general fitness of the applicant, and of the
5 members thereof if the applicant be a copartnership or associa-
6 tion, and of the officers and directors thereof if the applicant be a
7 corporation, are such as to command the confidence of the com-
8 munity and to warrant the belief that such business will be operated
9 honestly, fairly and efficiently within the purposes of this act;
10 ****[and if the commissioner finds that the applicant will be capable**
11 **of doing sufficient business to justify the issuance of the license;]****
12 and if the commissioner shall find that the applicant has a capital or
13 net worth of at least **[\$5,000.00]** \$50,000.00, and has available for
14 the operation of such business liquid assets of **[\$5,000.00]** at least
15 \$50,000.00, for each specified location or for each mobile unit*,
16 except that an applicant who held a license pursuant to P. L. 1951,
17 c. 187 (C. 17:15A-1 et seq.) on the effective date of this ****[1984]****
18 ****1985**** amendatory act, shall only have to have a capital or net
19 worth of at least \$5,000.00 and have available for the operation of
20 that business liquid assets of at least \$5,000.00 for each specified
21 location or for each mobile unit* *****until the expiration of five**
22 **years after the effective date of this 1985 amendatory act, at which**
23 **time if the commissioner finds that the applicant has a capital or**
24 **net worth of at least \$5,000.00 and has available for the operation**
25 **of the business liquid assets of at least \$50,000.00 for each specified**
26 **location or for each mobile unit*****; he shall thereupon issue a
27 license in duplicate to permit the cashing of checks, drafts or money
28 orders in accordance with the provisions of this act at the location
29 or in the area specified in the application. The commissioner shall
30 transmit one copy of such license to the applicant and file the other
31 in the office of the department.

1 3. Section 17 of P. L. 1951, c. 187 (C. 17:15A-17) is amended to
2 read as follows:

3 17. The licensee shall not charge or collect in fees, charges, or
4 otherwise, for cashing a check, draft, or money order drawn on a
5 bank or other financial institution located in this State a sum or
6 sums exceeding 1% thereof, and shall not charge or collect in fees,
7 charges, or otherwise, for cashing a check, draft, or money order
8 drawn on any other bank or financial institution a sum or sums
9 exceeding 1½% thereof, or \$0.50, whichever is greater **[but in no**
10 **event shall more than \$8.00 be charged for cashing any check,**
11 **draft or money order]**. In every location and upon every mobile
12 unit licensed under this act, there shall be conspicuously posted

13 and at all times displayed, a schedule of fees and charges permitted
14 under this act.

1 ***[4.** (New section) Any person, partnership, association or cor-
2 poration and the several members, officers, directors, agents and
3 employees thereof, who violate any provision of P. L. 1951, c. 187
4 (C. 17:15A-1 et seq.) shall be guilty of a crime of the fourth
5 degree.]*

1 ***[5.]*** *4.* This act shall take effect immediately.

9 honestly, fairly and efficiently within the purposes of this act; and
 10 if the commissioner shall find that the applicant has a capital or
 11 net worth of at least ~~【\$5,000.00】~~ \$50,000.00, and has available for
 12 the operation of such business liquid assets of ~~【\$5,000.00】~~ *at least*
 13 \$50,000.00, for each specified location or for each mobile unit; he
 14 shall thereupon issue a license in duplicate to permit the cashing
 15 of checks, drafts or money orders in accordance with the provisions
 16 of this act at the location or in the area specified in the application.
 17 The commissioner shall transmit one copy of such license to the
 18 applicant and file the other in the office of the department.

1 3. Section 17 of P. L. 1951, c. 187 (C. 17:15A-17) is amended to
 2 read as follows:

3 17. The licensee shall not charge or collect in fees, charges, or
 4 otherwise, for cashing a check, draft, or money order drawn on a
 5 bank or other financial institution located in this State a sum or
 6 sums exceeding 1% thereof, and shall not charge or collect in fees,
 7 charges, or otherwise, for cashing a check, draft, or money order
 8 drawn on any other bank or financial institution a sum or sums
 9 exceeding 1½% thereof, or \$0.50, whichever is greater ~~【but in no~~
 10 event shall more than \$8.00 be charged for cashing any check,
 11 draft or money order~~】~~. In every location and upon every mobile
 12 unit licensed under this act, there shall be conspicuously posted
 13 and at all times displayed, a schedule of fees and charges permitted
 14 under this act.

1 4. (New section) Any person, partnership, association or corpora-
 2 tion and the several members, officers, directors, agents and em-
 3 ployees thereof, who violate any provision of P. L. 1951, c. 187
 4 (C. 17:15A-1 et seq.) shall be guilty of a crime of the fourth degree.

1 5. This act shall take effect immediately.

STATEMENT

This bill would increase from \$5,000.00 to \$50,000.00 the capital or net worth an applicant for a check cashing license shall have and maintain at all times and increase to the same level the amount of liquid assets the applicant shall have available and shall maintain at all times for each location of the business. It further strengthens the penalty section of the check cashing law by making any violation a crime of the fourth degree.

51004 (1985)

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

SENATE, No. 1004

[OFFICIAL COPY REPRINT]

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 28, 1985

Senate Bill No. 1004 (OCR) increases the capital and liquid asset requirements for licensed cashers of checks, drafts or money orders, but exempts from the new capital and asset requirements any casher of checks, drafts or money orders holding a license pursuant to "The Check Cashing Law" on the effective date of the enactment of this bill.

This bill increases from \$5,000.00 to \$50,000.00:

(1) The capital or net worth of a licensed casher or applicant for a license;

(2) The liquid assets for each location or mobile unit operated or to be operated by a licensed casher.

The bill also:

(1) Eliminates the maximum fee (\$8.00) that may be charged by a licensee for cashing a check, draft or money order; and

(2) Imposes the additional licensing requirement that an applicant must satisfy the Commissioner of Banking that the applicant will do sufficient business to justify issuance of the license.

Check (draft or money order) cashing fees shall be not more than 1% of the amount of the check, draft or money order drawn on a financial institution in this State, or 1.5% of that amount in the case of a check, draft or money order drawn on an out-of-state institution. The statutory minimum fee of \$.50 is retained.

The Assembly committee amendment omits the "sufficient business for licensing" test.

SENATE LABOR, INDUSTRY AND PROFESSIONS
COMMITTEE

STATEMENT TO

SENATE, No. 1004

with Senate committee amendments

STATE OF NEW JERSEY

DATED: APRIL 12, 1984

This bill amends "The Check Cashing Law" and increases from \$5,000.00 to \$50,000.00 the capital or net worth that an applicant for a check cashing license must have and maintain at all times and increases to the same level the amount of liquid assets the applicant must have available and maintain at all times at each specified location of the business or for each mobile unit. The committee amended the bill to provide a grandfather clause for existing check cashing businesses so that they will not have to meet the new capital or net worth and liquid asset requirements but can continue to operate under the old requirements.

The bill removes the check cashing fee ceiling of \$8.00.

The committee amended the bill to require that the Commissioner of Banking determine, prior to license approval, that the check cashing business will be capable of doing sufficient business to justify the issuance of a license.

The committee deleted section 4 of the bill which provides a criminal penalty for a violation of "The Check Cashing Law" because the current civil penalties under the law are sufficient deterrent to violators and, if a check cashing business was convicted under the criminal penalty for a minor infraction of the law, the owner would lose his license.

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

(CORRECTED COPY)

SENATE BILL NO. 1004 (2nd OCR)

To the Senate:

Pursuant to Article V, Section 1, Paragraph 14 of the Constitution, I herewith return Senate Bill No. 1004 (2nd OCR) with my recommendations for amendment.

Senate Bill No. 1004 (2nd OCR) would require that check cashing license applicants prove to the Commissioner of Banking that a capital or net worth of \$50,000.00 is available for the operation of the business. The applicant must also prove that liquid assets of \$50,000.00 are available for the operation of the business at each location or for each mobile unit specified in the application.

An applicant or licensee holding a license on the effective date of this act would only have to maintain a capital or net worth of \$5,000.00, and liquid assets of \$5,000.00 at each location or mobile unit. Senate Bill No. 1004 (2nd OCR) also removes the \$8.00 maximum fee cap that a business may charge for cashing a check, draft or money order, but retains the 1% limit on checks, drafts or money orders drawn on banks or financial institutions in this State and the 1½% or .50¢ requirement, whichever is greater, on checks, drafts or money orders drawn on all other banks and financial institutions.

I support the concept expressed within Senate Bill No. 1004 (2nd OCR). Increasing the capital or net worth and liquidity requirements to \$50,000.00 for new licensees will ensure safety and soundness within the industry. Senate Bill No. 1004 (2nd OCR) will benefit consumers.

I am returning Senate Bill No. 1004 (2nd OCR) because of the inequity that will exist between current licensees and applicants who will receive licenses after the effective date of this act. If raising the capital or net worth and liquidity requirements for new check cashing applicants will benefit consumers, raising the capital requirement for present licensees should benefit them as well. However, in the interest of fairness to current licensees, I recommend that they be required to comply with the \$50,000.00 capital or net worth and liquidity requirements within five years of the effective date of Senate Bill No. 1004 (2nd OCR). By phasing in the new capital or net worth and liquidity requirements over a five year period, current licensees will be given adequate time to build up their reserves so they will not be forced out of business. The phase in of the \$50,000.00 requirements represents an equitable

Accordingly, I return Senate Bill No. 1004 (2nd OCR) and recommend that it be amended as follows:

Page 1, Section 1, Line 19: After "unit" insert "until the expiration of five years after the effective date of this 1985 amendatory act, at which time the applicant or licensee shall be required to prove and maintain at all times a capital or net worth of at least \$50,000.00 and liquid assets of at least \$50,000.00 at each location or for each mobile unit"

Page 2, Section 2, Line 21: After "unit" insert "until the expiration of five years after the effective date of this 1985 amendatory act, at which time, if the commissioner finds that the applicant has a capital or net worth of at least \$50,000.00 and has available for the operation of the business liquid assets of at least \$50,000.00 for each specified location or for each mobile unit"

Respectfully,

GOVERNOR

Attest:

Chief Counsel