



**COLORADO**

**Department of  
Regulatory Agencies**

Colorado Office of Policy, Research &  
Regulatory Reform

# 2023 Sunset Review

Money Transmitters Act



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October 13, 2023



**COLORADO**

Department of  
Regulatory Agencies

Executive Director's Office

October 13, 2023

Members of the Colorado General Assembly  
c/o the Office of Legislative Legal Services  
State Capitol Building  
Denver, Colorado 80203

Dear Members of the General Assembly:

The Colorado General Assembly established the sunset review process in 1976 as a way to analyze and evaluate regulatory programs and determine the least restrictive regulation consistent with the public interest. Pursuant to section 24-34-104(5)(a), Colorado Revised Statutes (C.R.S.), the Colorado Office of Policy, Research and Regulatory Reform (COPRRR) at the Department of Regulatory Agencies (DORA) undertakes a robust review process culminating in the release of multiple reports each year on October 15.

A national leader in regulatory reform, COPRRR takes the vision of their office, DORA and more broadly of our state government seriously. Specifically, COPRRR contributes to the strong economic landscape in Colorado by ensuring that we have thoughtful, efficient, and inclusive regulations that reduce barriers to entry into various professions and that open doors of opportunity for all Coloradans.

As part of this year's review, COPRRR has completed an evaluation of the Money Transmitters Act. I am pleased to submit this written report, which will be the basis for COPRRR's oral testimony before the 2024 legislative committee of reference.

The report discusses the question of whether there is a need for the regulation provided under Article 110 of Title 11, C.R.S. The report also discusses the effectiveness of the State Bank Commissioner and the State Banking Board in carrying out the intent of the statutes and makes recommendations for statutory changes for the review and discussion of the General Assembly.

To learn more about the sunset review process, among COPRRR's other functions, visit [coprrr.colorado.gov](http://coprrr.colorado.gov).

Sincerely,

Patty Salazar  
Executive Director





## Sunset Review: Money Transmitters

### Background

#### *What is regulated?*

A money transmitter is a nonbank financial company that transfers funds electronically. Consumers may use money transmitters to pay bills, buy products online or send money to friends or family. Money transmitters are different from traditional banks or other financial services companies since they do not accept deposits or provide loans.

#### *Why is it regulated?*

Money transmitters are regulated by the State Banking Board (Board) to ensure they are operated in a safe and sound manner, to protect consumers against the loss of funds and to aid in the identification and prevention of money laundering and other financial crimes.

#### *Who is regulated?*

In 2022, Colorado had 135 licensed money transmitters.

#### *How is it regulated?*

The Board protects the public through its licensing functions, and the State Bank Commissioner (Commissioner) protects the public by overseeing the examinations of money transmitters to ensure that they are operating in a safe and sound manner and are compliant with the law. The Board also protects the public through enforcing the Money Transmitters Act (Act) and the Board rules.

#### *What does it cost?*

In fiscal year 21-22, the Commissioner expended \$953,056 on the program and 10 full-time equivalent employees were dedicated to the regulatory oversight of money transmitters.

#### *What disciplinary activity is there?*

In fiscal year 21-22, the Board entered into an MOU with one money transmitter after multiple violations were uncovered during an examination. The MOU outlined the violations and established deadlines for the violations to be corrected. The same licensee later dropped below the capital requirements. Following an investigation, the Board took steps to summarily suspend the license of the money transmitter in order to protect the public.

### Key Recommendations

- Continue the Act for nine years, until 2033.
- Authorize the Board to suspend the license of a money transmitter.
- Expand the surety bond coverage to include all money transmission rather than just “exchange.”
- Modernize the Board’s authority to issue penalties.
- Authorize the Board to issue cease and desist orders.
- Amend the exemption from licensure to include banks, savings and loan associations and credit unions that are chartered in other states.

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## Background

### Sunset Criteria

Enacted in 1976, Colorado's sunset law was the first of its kind in the United States. A sunset provision repeals all or part of a law after a specific date, unless the legislature affirmatively acts to extend it. During the sunset review process, the Colorado Office of Policy, Research and Regulatory Reform (COPRRR) within the Department of Regulatory Agencies (DORA) conducts a thorough evaluation of such programs based upon specific statutory criteria<sup>1</sup> and solicits diverse input from a broad spectrum of stakeholders including consumers, government agencies, public advocacy groups, and professional associations.

Sunset reviews are guided by statutory criteria and sunset reports are organized so that a reader may consider these criteria while reading. While not all criteria are applicable to all sunset reviews, the various sections of a sunset report generally call attention to the relevant criteria. For example,

- In order to address the first criterion and determine whether the program under review is necessary to protect the public, it is necessary to understand the details of the profession or industry at issue. The Profile section of a sunset report typically describes the profession or industry at issue and addresses the current environment, which may include economic data, to aid in this analysis.
- To address the second sunset criterion--whether conditions that led to the initial creation of the program have changed--the History of Regulation section of a sunset report explores any relevant changes that have occurred over time in the regulatory environment. The remainder of the Legal Framework section addresses the fifth sunset criterion by summarizing the organic statute and rules of the program, as well as relevant federal, state and local laws to aid in the exploration of whether the program's operations are impeded or enhanced by existing statutes or rules.
- The Program Description section of a sunset report addresses several of the sunset criteria, including those inquiring whether the agency operates in the public interest and whether its operations are impeded or enhanced by existing statutes, rules, procedures and practices; whether the agency or the agency's board performs efficiently and effectively and whether the board, if applicable, represents the public interest.
- The Analysis and Recommendations section of a sunset report, while generally applying multiple criteria, is specifically designed in response to the fourteenth criterion, which asks whether administrative or statutory changes are necessary to improve agency operations to enhance the public interest.

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<sup>1</sup> Criteria may be found at § 24-34-104, C.R.S.

These are but a few examples of how the various sections of a sunset report provide the information and, where appropriate, analysis required by the sunset criteria. Just as not all criteria are applicable to every sunset review, not all criteria are specifically highlighted as they are applied throughout a sunset review. While not necessarily exhaustive, the table below indicates where these criteria are applied in this sunset report.

**Table 1**  
**Application of Sunset Criteria**

Sunset Criteria	Where Applied
(I) Whether regulation or program administration by the agency is necessary to protect the public health, safety, and welfare.	<ul style="list-style-type: none"> <li>• Profile of Money Transmitters</li> <li>• History of Regulation</li> <li>• Recommendations 1, 2, 6</li> </ul>
(II) Whether the conditions that led to the initial creation of the program have changed and whether other conditions have arisen that would warrant more, less, or the same degree of governmental oversight.	<ul style="list-style-type: none"> <li>• History of Regulation</li> <li>• Recommendation 3</li> </ul>
(III) If the program is necessary, whether the existing statutes and regulations establish the least restrictive form of governmental oversight consistent with the public interest, considering other available regulatory mechanisms.	<ul style="list-style-type: none"> <li>• History of Regulation</li> <li>• Legal Summary</li> <li>• Recommendations 6, 8</li> </ul>
(IV) If the program is necessary, whether agency rules enhance the public interest and are within the scope of legislative intent.	<ul style="list-style-type: none"> <li>• Legal Summary</li> </ul>
(V) Whether the agency operates in the public interest and whether its operation is impeded or enhanced by existing statutes, rules, procedures, and practices and any other circumstances, including budgetary, resource, and personnel matters.	<ul style="list-style-type: none"> <li>• Legal Summary</li> <li>• Program Description and Administration</li> <li>• Recommendations 2, 4, 5, 7</li> </ul>
(VI) Whether an analysis of agency operations indicates that the agency or the agency’s board or commission performs its statutory duties efficiently and effectively.	<ul style="list-style-type: none"> <li>• Program Description and Administration</li> <li>• Examination Activity</li> <li>• Recommendations 5, 7</li> </ul>
(VII) Whether the composition of the agency’s board or commission adequately represents the public interest and whether the agency encourages public participation in its decisions rather than participation only by the people it regulates.	<ul style="list-style-type: none"> <li>• Program Description and Administration</li> <li>• Legal Summary</li> </ul>
(VIII) Whether regulatory oversight can be achieved through a director model.	<ul style="list-style-type: none"> <li>• Consumer Complaints</li> </ul>
(IX) The economic impact of the program and, if national economic information is not available, whether the agency stimulates or restricts competition.	<ul style="list-style-type: none"> <li>• Profile of Money Transmitters</li> </ul>



Sunset Criteria	Where Applied
(X) If reviewing a regulatory program, whether complaint, investigation, and disciplinary procedures adequately protect the public and whether final dispositions of complaints are in the public interest or self-serving to the profession or regulated entity.	<ul style="list-style-type: none"> <li>• Consumer Complaints</li> <li>• Disciplinary Activity</li> <li>• Fining Activity</li> </ul>
(XI) If reviewing a regulatory program, whether the scope of practice of the regulated occupation contributes to the optimum use of personnel.	<ul style="list-style-type: none"> <li>• Not Applicable</li> </ul>
(XII) Whether entry requirements encourage equity, diversity, and inclusivity.	<ul style="list-style-type: none"> <li>• Not Available</li> </ul>
(XIII) If reviewing a regulatory program, whether the agency, through its licensing, certification, or registration process, imposes any sanctions or disqualifications on applicants based on past criminal history and, if so, whether the sanctions or disqualifications serve public safety or commercial or consumer protection interests. To assist in considering this factor, the analysis prepared pursuant to subsection (5)(a) of this section must include data on the number of licenses, certifications, or registrations that the agency denied based on the applicant's criminal history, the number of conditional licenses, certifications, or registrations issued based upon the applicant's criminal history, and the number of licenses, certifications, or registrations revoked or suspended based on an individual's criminal conduct. For each set of data, the analysis must include the criminal offenses that led to the sanction or disqualification.	<ul style="list-style-type: none"> <li>• Collateral Consequences</li> </ul>
(XIV) Whether administrative and statutory changes are necessary to improve agency operations to enhance the public interest.	<ul style="list-style-type: none"> <li>• Recommendations 1-9</li> </ul>

## Sunset Process

Regulatory programs scheduled for sunset review receive a comprehensive analysis. The review includes a thorough dialogue with agency officials, representatives of the regulated profession and other stakeholders. Anyone can submit input on any upcoming sunrise or sunset review on COPRRR's website at [coprrr.colorado.gov](http://coprrr.colorado.gov).

The functions of the State Bank Commissioner (Commissioner) and the State Banking Board (Board), as enumerated in Article 110 of Title 11, Colorado Revised Statutes (C.R.S.), shall terminate on September 1, 2024, unless continued by the General Assembly. During the year prior to this date, it is the duty of COPRRR to conduct an analysis and evaluation of the Money Transmitters Act pursuant to section 24-34-104, C.R.S.

The purpose of this review is to determine whether the currently prescribed regulation should be continued and to evaluate the performance of the Commissioner and the Board. During this review, the Commissioner and the Board must demonstrate that the program serves the public interest. COPRRR's findings and recommendations are submitted via this report to the Office of Legislative Legal Services.



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## Methodology

As part of this review, COPRRR staff interviewed the Division of Banking staff, members of the industry, and officials with state and national industry associations and reviewed the laws of other states and Colorado statutes and rules.

The major contacts made during this review include, but are not limited to:

- Conference of State Banking Supervisors;
- Division of Banking;
- Money Services Business Association;
- Money Services Round Table, The;
- Money Transfer Regulators Association;
- Office of the Attorney General;
- State Banking Board; and
- Western Union.

In July 2023, COPRRR staff conducted a survey of all licensed money transmitters. The survey was sent to 205 licensees and 11 emails were returned as undeliverable. The survey received 16 responses, which is an 8.25 percent response rate. Survey results may be found in Appendix A.

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## Profile of Money Transmitters

In a sunset review, the Colorado Office of Policy, Research and Regulatory Reform (COPRRR) is guided by the sunset criteria located in section 24-34-104(6)(b), Colorado Revised Statutes (C.R.S.). The first criterion asks whether regulation or program administration by the agency is necessary to protect the public health, safety and welfare.

To understand the need for regulation, it is first necessary to recognize what the industry does, who it serves and any necessary qualifications.

In the 19<sup>th</sup> century, the telegraph was used to transfer funds long distances. In fact, Western Union established the first commercial service to “wire” funds using the telegraph.<sup>2</sup> Today, sending funds electronically is much more complex, and consumers rely on money transmitters to send funds all over the world in a variety of ways.<sup>3</sup>

One common way that funds are transferred today is through a “wire transfer,” in which a network of banks or transfer agencies is used to transfer funds electronically. Senders must pay a remittance fee for a wire transfer. The benefit of a wire transfer is that funds may be moved quickly and securely.<sup>4</sup> Workers from other countries often use wire transfers to send money to family members in their home countries.<sup>5</sup>

Recently, technological changes are making the transfer of funds, domestically and internationally, less expensive and easier since funds may now be transferred through online and mobile applications.<sup>6</sup>

Today, money transmission may include regular currency or cryptocurrency.

In 2021, the use of international and domestic wire transfers through companies like Western Union and MoneyGram among U.S. households was fairly low; only 7.0 percent of U.S. households utilized these services.<sup>7</sup> However, in that same year, 46.4 percent of U.S. households utilized nonbank online payment services such as CashApp, PayPal and Venmo.<sup>8</sup>

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<sup>2</sup> *Telegraphs, Steamships, and Virtual Currency: An Analysis of Money Transmitter Regulation*, Congressional Research Service (2020), p. 2.

<sup>3</sup> *Telegraphs, Steamships, and Virtual Currency: An Analysis of Money Transmitter Regulation*, Congressional Research Service (2020), Summary.

<sup>4</sup> Investopedia. *What Is a Wire Transfer? How It Works, Safety and Fees*. Retrieved December 6, 2022, from [www.investopedia.com/terms/w/wiretransfer.asp](http://www.investopedia.com/terms/w/wiretransfer.asp)

<sup>5</sup> Investopedia. *Remittance: What Is It and How to Send One*. Retrieved December 6, 2022, from [www.investopedia.com/terms/r/remittance.asp](http://www.investopedia.com/terms/r/remittance.asp)

<sup>6</sup> Investopedia. *The Best Money Transfer Apps for 2022*. Retrieved December 6, 2022, from <https://www.investopedia.com/best-money-transfer-apps-5180183>

<sup>7</sup> *FDIC National Survey of Unbanked and Underbanked Households*, Federal Deposit Insurance Corporation (2021), p. 40. Retrieved December 5, 2022, from [www.fdic.gov/analysis/household-survey/index.html](http://www.fdic.gov/analysis/household-survey/index.html)

<sup>8</sup> *FDIC National Survey of Unbanked and Underbanked Households*, Federal Deposit Insurance Corporation (2021), p. 83. Retrieved December 5, 2022, from [www.fdic.gov/analysis/household-survey/index.html](http://www.fdic.gov/analysis/household-survey/index.html)

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A money transmitter is essentially a nonbank financial company that transfers funds electronically. For example, consumers may use money transmitters to pay bills, buy products online or send money to friends or family members in the United States or abroad. Money transmitters are different than traditional banks or other financial services companies since they do not accept deposits or provide loans.<sup>9</sup>

The United States is home to numerous companies that act as money transmitters. Some money transmitters are small regional companies, and others are large global companies.<sup>10</sup> In addition to Western Union, some well-known money transmitters include:

- Money Gram,
- PayPal,
- Apple Pay, and
- WorldRemit.

Money transmitters are regulated at the state and federal levels. While laws vary from state to state, nearly all states license money transmitters.<sup>11</sup>

The ninth sunset criterion questions the economic impact of the regulation and, if national economic information is not available, whether the agency stimulates or restricts competition.

In Colorado, the growth in money transmission over the past few years has been explosive. While, in 2017, the volume of money transmission in Colorado was about \$18 billion, by 2022, it had climbed to \$106.5 billion.<sup>12</sup>

The growth in money transmission in this state is likely caused by changes within the industry and to regulations. Recently, new technologies, products and companies have been created, and consumers are increasingly using internet portals and phone applications to transfer money.

The increased competition has significantly lowered the cost of using a money transmitter, making these services more accessible to consumers. Additionally, Colorado began licensing and supervising the transmission of virtual currency under certain business models in 2019, which has also contributed to the growth in money transmission regulated by the state.

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<sup>9</sup> *Telegraphs, Steamships, and Virtual Currency: An Analysis of Money Transmitter Regulation*, Congressional Research Service (2020), p. 1.

<sup>10</sup> *Telegraphs, Steamships, and Virtual Currency: An Analysis of Money Transmitter Regulation*, Congressional Research Service (2020), Summary.

<sup>11</sup> *Telegraphs, Steamships, and Virtual Currency: An Analysis of Money Transmitter Regulation*, Congressional Research Service (2020), p. 2.

<sup>12</sup> These figures represent all transactions that Colorado regulates as money transmission, including funds transferred inside and outside of Colorado, within the United States and to other countries. Money transmission includes wire transfers, money transfers through online or mobile applications, money orders, gift cards, foreign currency exchange, bill payments and virtual currency.

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## Legal Framework

### History of Regulation

In a sunset review, the Colorado Office of Policy, Research and Regulatory Reform (COPRRR) is guided by the sunset criteria located in section 24-34-104(6)(b), Colorado Revised Statutes (C.R.S.). The first sunset and second sunset criteria question:

Whether regulation or program administration by the agency is necessary to protect the public health, safety, and welfare; and

Whether the conditions that led to the initial creation of the program have changed and whether other conditions have arisen that would warrant more, less or the same degree of governmental oversight.

One way that COPRRR addresses this is by examining why the program was established and how it has evolved over time.

The Colorado Money Transmitters Act (originally titled the Colorado Money Order Act) (Act) was adopted by the General Assembly in 1959. The legislation vested the State Bank Commissioner (Commissioner) in the Division of Banking (Division) with regulatory oversight of the money order industry. Initially, to obtain a money order license in Colorado, an applicant was required to post a \$10,000-bond and an additional \$10,000 for each additional outlet, up to a maximum of \$50,000.

Since the adoption of the original Act, the regulatory oversight of the industry has evolved, and the Colorado Office of Policy, Research and Regulatory Reform has completed several sunset reviews of the Act.

In 1977, the General Assembly increased the principal bond amount to \$250,000 with an additional \$10,000 per operating location and a maximum bond amount of \$1 million.

In 1988, the regulatory authority over Money Transmitters was moved to the State Banking Board (Board).

One significant recommendation in the 1993 sunset review was to require a licensee that fails to provide an annual statement or report to the Commissioner to pay a fine of \$250 per day of the delinquency, which the General Assembly adopted in the following year. The bond amount was also increased to \$1 million, and the Board was provided the latitude to decrease the required bond to \$250,000 or increase it to \$2 million, depending on the financial condition of a particular licensee.

Following a sunset review in 2003, the General Assembly adopted the recommendation to change the title of the Act to the “Money Transmitters Act” in order to better reflect the industry that the Act governed.

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The General Assembly adopted several sunset recommendations from the 2012 sunset report. Notably, it provided explicit authority for the Board to investigate anyone suspected of engaging in money transmission without a license.

## Legal Summary

The third, fourth, fifth and seventh sunset criteria question:

Whether the existing statutes and regulations establish the least restrictive form of governmental oversight consistent with the public interest, considering other available regulatory mechanisms;

Whether agency rules enhance the public interest and are within the scope of legislative intent;

Whether the agency operates in the public interest and whether its operation is impeded or enhanced by existing statutes, rules, procedures and practices and any other circumstances, including budgetary, resource and personnel matters; and

Whether the composition of the agency's board or commission adequately represents the public interest and whether the agency encourages public participation in its decisions rather than participation only by the people it regulates.

A summary of the current statutes and rules is necessary to understand whether regulation is set at the appropriate level and whether the current laws are impeding or enhancing the agency's ability to operate in the public interest.

### Federal Laws

Several federal laws influence the regulation of money transmitters, including, but not limited to:

- The Bank Secrecy Act (BSA), enacted in 1970;
- The Money Laundering Control Act, enacted in 1986;
- The Money Laundering Suppression Act, enacted in 1994;
- The Patriot Act, enacted in 2001;
- The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), enacted in 2010; and
- The Money Remittances Improvement Act, enacted in 2014.

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## THE BANK SECRECY ACT

The BSA was established to prevent money laundering and other financial crimes.<sup>13</sup> Money laundering may be used to enable drug trafficking, terrorism and other criminal activity. Money laundering can also be detrimental to the global economy.<sup>14</sup> The BSA has been amended several times since it was enacted.

Among other things, the BSA requires banks and other financial institutions, such as money transmitters, to keep records and report currency transactions and suspicious activity. Specifically, the BSA requires reports and documentation to be filed related to any suspicious cash transactions and transactions above \$10,000.<sup>15</sup>

The Financial Crimes Enforcement Network (FinCEN), which is located within the U.S. Department of the Treasury, is responsible for implementing the BSA. Among its duties, FinCEN is responsible for analyzing and sharing financial transaction data to fight against money laundering and the financing of terrorism.<sup>16</sup>

## THE MONEY LAUNDERING CONTROL ACT

The Money Laundering Control Act amended the BSA and established money laundering as a federal crime. It also prohibited structuring transactions in order to evade reporting currency transactions, authorized civil and criminal forfeiture for violations of the BSA and required banks to establish procedures to monitor their compliance with BSA recordkeeping and reporting requirements.<sup>17</sup>

## THE MONEY LAUNDERING SUPPRESSION ACT

The Money Laundering Suppression Act requires money transmitters, and other money service businesses, to be registered with the federal government and to keep a list of any businesses acting as agents in connection with the financial services offered by the business, and it also establishes that operating an unregistered money service business is a federal crime.<sup>18</sup>

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<sup>13</sup> Investopedia. *Bank Secrecy Act (BSA): Definition, Purpose, and Effects*. Retrieved February 21, 2023, from [www.investopedia.com/terms/b/bank\\_secrecy\\_act.asp](http://www.investopedia.com/terms/b/bank_secrecy_act.asp)

<sup>14</sup> Financial Crimes Enforcement Network. *History of Anti-Money Laundering Laws*. Retrieved February 21, 2023, from [www.fincen.gov/history-anti-money-laundering-laws](http://www.fincen.gov/history-anti-money-laundering-laws)

<sup>15</sup> Encyclopedia Britannica. *Bank Secrecy Act*. Retrieved February 21, 2023, from [www.britannica.com/print/article/1977999](http://www.britannica.com/print/article/1977999)

<sup>16</sup> Financial Crimes Enforcement Network. *What We Do*. Retrieved February 21, 2023, from [www.fincen.gov/what-we-do](http://www.fincen.gov/what-we-do)

<sup>17</sup> Financial Crimes Enforcement Network. *History of Anti-Money Laundering Laws: Money Laundering Control Act (1986)*. Retrieved February 21, 2023, from [www.fincen.gov/history-anti-money-laundering-laws](http://www.fincen.gov/history-anti-money-laundering-laws)

<sup>18</sup> Financial Crimes Enforcement Network. *History of Anti-Money Laundering Laws: Money Laundering Suppression Act (1994)*. Retrieved February 21, 2023, from [www.fincen.gov/history-anti-money-laundering-laws](http://www.fincen.gov/history-anti-money-laundering-laws)

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FinCEN has since adopted a rule based on this act, which requires money transmitters, and other money service businesses, to register with FinCEN and renew their registration every two years.<sup>19</sup>

#### THE PATRIOT ACT SECTION

Section 314(b) of the the Patriot Act created a voluntary information sharing program, which provides money transmitters and other financial institutions the ability to share information with one another with the goal of improving the identification of money laundering or terrorist activities.<sup>20</sup>

#### THE DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT

Under the authority of the Dodd-Frank Act, the Consumer Financial Protection Bureau established Regulation E, which governs electronic funds transfers and remittance transfer systems.<sup>21</sup>

#### MONEY REMITTANCES IMPROVEMENT ACT

The Money Remittances Improvement Act is intended to streamline the regulation of money transmitters by allowing FinCEN to use data from examinations by state regulators rather than subjecting money transmitters to multiple examinations by state and federal regulators.<sup>22</sup>

#### Colorado Laws

##### MONEY LAUNDERING LAW

Colorado's money laundering law is located in Article 5 of Title 18, Colorado Revised Statutes (C.R.S.). The purpose of the law, among other things, is to provide criminal penalties for money laundering.

Specifically, violating Colorado's money laundering law is a Class 3 felony.<sup>23</sup> A person commits money laundering when they conduct or attempt to conduct a financial

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<sup>19</sup> Financial Crimes Enforcement Network. *Fact Sheet on MSB Registration Rule*. Retrieved February 21, 2023, from [www.fincen.gov/fact-sheet-msb-registration-rule](http://www.fincen.gov/fact-sheet-msb-registration-rule)

<sup>20</sup> *Telegraphs, Steamships, and Virtual Currency: An Analysis of Money Transmitter Regulation*, Congressional Research Service (2020), p. 8.

<sup>21</sup> Consumer Financial Protection Bureau. *Electronic Funds Transfers (Regulation E); Amendments*. Retrieved February 21, 2023, from [www.consumerfinance.gov/rules-policy/final-rules/electronic-fund-transfers-regulation-e/#:~:text=Regulation%20E%20implements%20the%20Electronic,fund%20and%20remittance%20transfer%20systems](http://www.consumerfinance.gov/rules-policy/final-rules/electronic-fund-transfers-regulation-e/#:~:text=Regulation%20E%20implements%20the%20Electronic,fund%20and%20remittance%20transfer%20systems)

<sup>22</sup> *Telegraphs, Steamships, and Virtual Currency: An Analysis of Money Transmitter Regulation*, Congressional Research Service (2020), p. 8.

<sup>23</sup> § 18-5-309(2), C.R.S.



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transaction that involves money or any other thing of value that they know or believe to be the proceeds of a criminal offense.<sup>24</sup>

#### COLORADO BANKING CODE

The Colorado Banking Code (Banking Code) governs the regulation of state-chartered banks, trust companies and money transmitters. The Banking Code creates the Division and the Board and addresses the powers and duties of the Board and the Commissioner.

The Board is composed of nine members who are appointed by the Governor with the consent of the Senate.<sup>25</sup> The membership includes:<sup>26</sup>

- Five executive officers of state banks, each of whom is required to have at least five years of experience as an executive officer of a bank;
- One licensed money transmitter;
- One executive officer of a trust company; and
- Two public members who have expertise in finance through their current experience in agriculture, business, education or industry.

Of the five executive officers of state banks, at least two of these members must represent banks having less than \$150 million in total assets at the time of their appointment.<sup>27</sup>

At least one member of the Board is required to reside west of the Continental Divide.<sup>28</sup>

#### MONEY TRANSMITTERS ACT

The Act, which is located in Article 110 of Title 11, C.R.S., of the Banking Code, charges the Board with the authority to oversee the regulation of money transmitters.

The declaration of policy stated in section 11-101-102, C.R.S., of the Banking Code, and the powers, duties and functions of the Board and the Commissioner as defined in Article 102 of Title 11, C.R.S., of the Banking Code, are applicable to the Act. This includes a violation of the Act, an order or a rule established under the Act.

Money transmission is defined as<sup>29</sup>

the sale or issuance of exchange or engaging in the business of receiving money for transmission or transmitting money within the United States or

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<sup>24</sup> § 18-5-309(1)(a), C.R.S.

<sup>25</sup> § 11-102-103(1), C.R.S.

<sup>26</sup> § 11-102-103(1), C.R.S.

<sup>27</sup> § 11-102-103(1)(a), C.R.S.

<sup>28</sup> § 11-102-103(3), C.R.S.

<sup>29</sup> § 11-110-103(11), C.R.S.

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to locations abroad by any and all means including but not limited to payment instrument, wire, facsimile or electronic transfer.

Exchange is defined as “any check, draft, money order or other instrument for the transmission or payment of money or credit. It does not mean money or currency of any nation.”<sup>30</sup>

Prior to engaging in the business of money transmission, a person or business is required to obtain a license from the Board,<sup>31</sup> except licenses are not required for agents, sub-agents or representatives acting on behalf of a licensee in the sale of exchange by the licensee.<sup>32</sup>

In order to obtain a license from the Board, an applicant must submit an application, which must include:<sup>33</sup>

- The name and address of the main office;
- The name and address of each location;
- The date and place of incorporation;
- The fingerprints for each of the owners, principal shareholders, principal members, directors, trustees, officers or other managing officials; and
- The company’s financial statements.

All applicants must also provide information demonstrating that they possess the necessary qualifications and experience to obtain a license from the Board.<sup>34</sup> Specifically, applicants must provide the following:<sup>35</sup>

- The history of the applicant’s material litigation and criminal convictions, during the previous five years;
- A description of the activities conducted by the applicant and a history of its operations;
- A description of the business activities in which the applicant would be engaged while operating in Colorado;
- A list of the applicant’s proposed agents;
- The locations of the applicant and its agents; and
- The name and address of the clearing bank, or banks, where the applicant’s payment instruments will be payable.

Additionally, the Commissioner may require a licensed money transmitter to possess investments that are equal to the amount of outstanding payment instruments issued or sold by the licensee. Some examples of acceptable investments are:<sup>36</sup>

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<sup>30</sup> § 11-110-103(5), C.R.S.

<sup>31</sup> § 11-110-105(1), C.R.S.

<sup>32</sup> § 11-110-105(1), C.R.S.

<sup>33</sup> §§ 11-110-107(1) and (2), C.R.S.

<sup>34</sup> § 11-110-107(1)(b), C.R.S.

<sup>35</sup> 3 CCR 701-7 § M04 (B)(1), Division of Banking Money Transmitters Rules.

<sup>36</sup> § 11-110-108(3), C.R.S.

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- Cash;
  - Certificates of deposit or other debt obligations of a financial institution; and
  - Shares in a money market fund, interest-bearing bills, notes, bonds or stock traded on any national securities exchange or on a national over-the-counter market.

Once the Board approves an application for licensure, the applicant must furnish a corporate surety bond of at least \$1 million.<sup>37</sup> Depending on the financial condition of the applicant, the Board may reduce the \$1 million bond requirement to an amount not less than \$250,000<sup>38</sup> or increase it to no more than \$2 million.<sup>39</sup>

According to Board rule, the decision to increase the bond amount is based on several factors including the:<sup>40</sup>

- Nature and volume of the business and proposed business,
- Assets,
- Liabilities,
- Cash flow,
- Net worth,
- Quality of the operations, and
- Individuals in control.

In place of the surety bond, licensed money transmitters may deposit securities with the Board, as long as the securities have a total value equal to the amount of the required surety bond.<sup>41</sup> Securities must consist of general obligations of, or securities fully guaranteed by, the United States or any agency or corporation owned by the United States.<sup>42</sup> Appropriate securities may also include direct general obligations of the State of Colorado, or any county, town, city, village, school district or other political subdivision or municipal corporation of the State of Colorado.<sup>43</sup>

The Commissioner is authorized to examine the books and records of licensees using risk-based criteria.<sup>44</sup> The Board requires licensees to maintain the following records for at least seven years:<sup>45</sup>

- A general ledger containing all asset, liability, capital, income and expense accounts; and
- Financial institution statements and reconciliation records.

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<sup>37</sup> § 11-110-108(1)(a), C.R.S.

<sup>38</sup> § 11-110-108(1)(b), C.R.S.

<sup>39</sup> § 11-110-108(1)(c), C.R.S.

<sup>40</sup> 3 CCR 701-7 § M01(C), Division of Banking Money Transmitters Rules.

<sup>41</sup> § 11-110-108(2)(a), C.R.S.

<sup>42</sup> § 11-110-108(2)(b)(I), C.R.S.

<sup>43</sup> § 11-110-108(2)(b)(II), C.R.S.

<sup>44</sup> § 11-110-111(1)(a), C.R.S.

<sup>45</sup> 3 CCR 701-7 § M03 (B)(1), Division of Banking Money Transmitters Rules.

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Also, the Board requires licensees to maintain the following records for at least five years:<sup>46</sup>

- All payment instruments sold and money transmitted,
- Any settlement sheets from agents,
- All outstanding payment instruments and money transmitted,
- Each payment instrument paid and money transmitted, and
- A list of names and addresses of the licensee's agents and copies of their contracts.

Instead of an examination, the Commissioner may accept an audit performed by an independent certified public accountant or an independent registered accountant.<sup>47</sup> While this option is available, it is rarely used.

Additionally, each licensed money transmitter is required to file, with the Commissioner, an annual financial statement that has been audited by an independent certified public accountant or an independent registered accountant.<sup>48</sup> The financial statement must include a:<sup>49</sup>

- Balance sheet,
- Profit and loss statement, and
- Statement of retained earnings of the licensee and the licensee's agents and subagents.

In addition to the annual financial statement requirement, licensees must file at least three reports during the calendar year.<sup>50</sup> Each report must detail the resources and liabilities of the licensee at the close of business on a specific day required by the Commissioner.<sup>51</sup>

The Board is charged with imposing discipline on licensees for violations of the Act. Specifically, the Board has the authority to impose an administrative penalty of up to \$100 for refusing to allow the Commissioner to conduct an examination,<sup>52</sup> and of up to \$250 for failing to file reports on the resources or liabilities of the licensee as required by the Commissioner or notify the Board of certain circumstances, such as a change in management.<sup>53</sup>

Under the Act, a violation of the Act is a misdemeanor, punishable by a fine of up to \$10,000. Each violation is a separate offense.<sup>54</sup>

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<sup>46</sup> 3 CCR 701-7 § M03 (B)(2), Division of Banking Money Transmitters Rules.

<sup>47</sup> § 11-110-111(1)(b), C.R.S.

<sup>48</sup> § 11-110-111(2)(a), C.R.S.

<sup>49</sup> § 11-110-111(2)(a), C.R.S.

<sup>50</sup> § 11-110-111(2)(b)(I), C.R.S.

<sup>51</sup> § 11-110-111(2)(b)(I), C.R.S.

<sup>52</sup> § 11-110-111(1)(a), C.R.S.

<sup>53</sup> § 11-110-111(2)(c), C.R.S.

<sup>54</sup> § 11-110-118, C.R.S.

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Additionally, section 11-110-115(2), C.R.S., authorizes the Board to revoke a money transmitter's license for:

- Failing to maintain a surety bond as required by the Act;
- Failing to comply with any order, decision or finding of the Board or the Commissioner;
- Violating any provision of the Act;
- Having any conditions that would warrant the Board's refusal to issue an initial license;
- Failing to maintain, under certain circumstances, a separate bank deposit account or accounts for the exclusive payment of exchange issued; or
- Selling or issuing exchange without receiving payment for the face value of the exchange.

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## Program Description and Administration

In a sunset review, the Colorado Office of Policy, Research and Regulatory Reform (COPRRR) is guided by sunset criteria located in section 24-34-104(6)(b), Colorado Revised Statutes (C.R.S.). The fifth, sixth and seventh sunset criteria question:

Whether the agency operates in the public interest and whether its operation is impeded or enhanced by existing statutes, rules, procedures, and practices and any other circumstances, including budgetary, resource, and personnel matters;

Whether an analysis of agency operations indicates that the agency or the agency's board or commission performs its statutory duties efficiently and effectively; and

Whether the composition of the agency's board or commission adequately represents the public interest and whether the agency encourages public participation in its decisions rather than participation only by the people it regulates.

In part, COPRRR utilizes this section of the report to evaluate the agency according to these criteria.

The Colorado Money Transmitters Act (Act), located in Article 110 of Title 11, C.R.S., entrusts the State Banking Board (Board) in the Division of Banking (Division) with the supervision of money transmitters. Specifically, the Act grants the Board licensing, disciplinary and rulemaking authority.

The Board consists of nine members: five executive officers of commercial banks, an executive officer of a money transmitter company, an executive officer of a trust company and two public members. At least two of the commercial bank members must represent institutions with less than \$150 million in total assets and one member must be located on the Western Slope. Board members are appointed by the Governor to four-year terms. The Board conducts monthly meetings, which are open to the public.

The State Bank Commissioner (Commissioner) and the Division are responsible for conducting examinations of licensees, reviewing financial statements and performing any duties delegated to the Commissioner by the Board. The Division works closely with other states to supervise money transmitters.

The licensing of money transmitters is cash funded through examination and license fees.

Table 2 illustrates the total expenditures and staffing dedicated for the regulation of money transmitters over a five-year period.

**Table 2  
Program Expenditures and Staffing**

Fiscal Year	Total Program Expenditures	FTE
17-18	\$864,263	6.5
18-19	\$903,687	7.0
19-20	\$931,192	7.0
20-21	\$924,635	7.0
21-22	\$953,056	10.0

The increases in program expenditures and staffing are attributed to increased activity in licensing and examining money transmitters due to the rapid growth of the money transmitter industry in Colorado.

In fiscal year 21-22, the Division devoted 10 full-time equivalent (FTE) employees to provide examinations and administrative support for the regulatory oversight of money transmitter companies.

**Director of Money Transmitters (Financial/Credit Examiner V, 1.0 FTE)**

This position is responsible for the Division’s examination activities for Colorado licensed money transmitter companies; supervises and appraises the performance of staff; provides guidance to ensure staff complies with the Division’s goals and objectives; reviews reports of examination to ensure interpretations of statutes and regulations are consistent; oversees daily operations of the Money Transmitter Unit; provides input on the changes to rules, policies and procedures applicable to the Money Transmitter Unit; communicates with members of the Conference of State Bank Supervisors (CSBS) and other state regulatory agencies to ensure cooperation and regulation is consistent; works closely with the Deputy Commissioner of Banking in recruiting and hiring decisions; provides examination status reports as requested; and schedules examinations of regulated institutions based on Division examination policies and the CSBS interagency examination agreement for money transmitter companies and state regulatory agencies.

**Caseload Manager (Financial Credit Examiner IV, 1.0 FTE)**

This position manages a minimum of three financial credit examiner positions related to the supervision of money transmitter companies; supervises and appraises the performance of staff members; provides guidance to ensure staff members are in compliance with the Division’s goals and objectives; manages a portfolio of assigned money transmitter companies, including reviewing all reports of examination and performs quarterly monitoring and processing reports to ensure regulatory compliance; develops and manages the field examiner training program for the Money Transmitter Unit; and serves as the examiner-in-charge, as needed.



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### **Field Examiner (Financial Credit Examiner III, 2.0 FTE)**

This position is typically assigned as the examiner-in-charge and is responsible for regulating and reporting on the safety and soundness of money transmitter companies by planning, organizing and managing assigned examination personnel; supervising the preparation of the report of each examination; and ensuring the examination is thorough and the findings are documented, supported and complete. As a work leader, the position holds the assigned team accountable in the performance of their duties; independently evaluates the adequacy, effectiveness and efficiency of the systems within a financial entity; assesses the quality of ongoing operations; and assures that information is timely and reliable and that errors and violations are corrected promptly. This position is also responsible for performing off-site monitoring on a portfolio of money transmitter companies and preparing written reports on findings.

### **Field Examiner (Financial Credit Examiner II, 2.0 FTE)**

This position is responsible for determining the safety and soundness of money transmitter companies by planning, organizing and conducting regular examinations and performing off-site monitoring. Duties include assisting the examiner-in-charge and preparing work papers for the area assigned and determining whether the information is sufficient for inclusion in the examination workpapers; reviewing reports of examinations and interviews; investigating all areas of the money transmitter company; and communicating examination findings to the examiner-in-charge. This position is also responsible for performing off-site monitoring on a portfolio of assigned money transmitter companies and preparing written reports on findings.

### **Field Examiner (Financial Credit Examiner I, 1.0 FTE)**

This position determines safety and soundness of money transmitter companies by conducting regular examinations and off-site monitoring. Regular examinations include examining all areas of the money transmitter company and communicating examination findings to the examiner-in-charge. This position is also responsible for performing off-site monitoring on a portfolio of assigned money transmitter companies and preparing written reports on findings.

### **Field Examiner (Financial Credit Examiner Intern, 2.0 FTE)**

This position assists in determining the safety and soundness of money transmitter companies by conducting regular examinations. This position is also responsible for performing off-site monitoring on a caseload of money transmitter companies and preparing written reports on findings.

### **Administrative Support (Technician IV, 1.0 FTE)**

This position provides administrative support to the Money Transmitter Unit, including document management, data retrieval and analysis and other administrative duties.

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## Licensing

The eleventh sunset criterion questions whether the scope of practice of the regulated occupation contributes to the optimum use of personnel.

In part, COPRRR utilizes this section of the report to evaluate the program according to this criterion.

Money transmitters must be licensed by the Board in order to provide the following services to Colorado consumers:<sup>55</sup>

- Bill paying,
- Electronic money transmitting,
- Foreign currency dealing or exchange,
- Issuing money orders,
- Issuing prepaid access or stored value,
- Issuing travelers checks,
- Selling money orders,
- Selling prepaid access or stored value, and
- Selling travelers checks.

In order to obtain a license, an applicant must submit an application through the Nationwide Multistate Licensing System (NMLS) and include, among other things:<sup>56</sup>

- Audited financial statements;
- A list of agents authorized to conduct services on behalf of the applicant;
- Authorization for fingerprint-based background checks of executive officers, managers, directors, partners, key shareholders and owners of the applicant;
- Other trade names;
- The name and address of the clearing bank or banks on which the applicant's payment instruments will be payable;
- An electronic surety bond;
- An Anti-Money Laundering (AML) and Bank Secrecy Act (BSA) policy and the most recent independent review of the AML/BSA program;
- A business plan;
- A Certificate of Authority or Certificate of Good Standing from the Secretary of State;

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<sup>55</sup> Nationwide Multistate Licensing System. *CO-DOB Money Transmitters License New Application Checklist (Company)*. Retrieved May 12, 2023, from [mortgage.nationwidelicensingsystem.org/slr/PublishedStateDocuments/CO-DOB-MTL\\_Company-New\\_App-Checklist\\_DOB.pdf](https://mortgage.nationwidelicensingsystem.org/slr/PublishedStateDocuments/CO-DOB-MTL_Company-New_App-Checklist_DOB.pdf)

<sup>56</sup> Nationwide Multistate Licensing System. *CO-DOB Money Transmitters License New Application Checklist (Company)*. Retrieved May 12, 2023, from [mortgage.nationwidelicensingsystem.org/slr/PublishedStateDocuments/CO-DOB-MTL\\_Company-New\\_App-Checklist\\_DOB.pdf](https://mortgage.nationwidelicensingsystem.org/slr/PublishedStateDocuments/CO-DOB-MTL_Company-New_App-Checklist_DOB.pdf)

- Document samples, including a sample of an agent contract and a sample of a payment instrument;
- A flow of funds structure for each type of transaction to be conducted, from the consumer through the completion of the transaction;
- The information technology policies and procedures;
- The formation documents, including a list of any name changes; and
- A management and organizational chart and description.

The Act requires a \$1 million surety bond,<sup>57</sup> but it allows the Board to increase the bond requirement to \$2 million.<sup>58</sup> The Board also has flexibility to lower the bond amount if an applicant meets certain conditions, but the bond cannot be less than \$250,000.<sup>59</sup>

Table 3 shows the licensing activity over a five-year period.

**Table 3**  
**Licensing Activity by Calendar Year**

Activity	2018	2019	2020	2021	2022
Active Licenses Beginning of Year	83	92	99	106	122
New Licenses	14	10	11	18	14
Surrendered Licenses	5	3	4	2	1
<b>Total Licenses Year End</b>	<b>92</b>	<b>99</b>	<b>106</b>	<b>122</b>	<b>135</b>

The total number of licensed money transmitters has increased steadily over the five-year period. Historically, money transmitters were large, established companies like Western Union and Money Gram. Today, numerous financial technology companies, such as Square and Paypal, have joined the ranks of money transmitters.

In 2019, Colorado began licensing companies that transmit virtual currency, such as Bitcoin. The Board does not regulate virtual currency companies *per se*, it only regulates the transmission of virtual currency between parties. Companies like Coinbase and Coinme, for example, transmit virtual currency.

NMLS enables money transmitters to easily apply for licenses in all states that regulate money transmitters. Through NMLS, Colorado receives an application at the same time as New York and California. Some of the increase in the number of licensed money transmitters in Colorado is attributed to NMLS.

<sup>57</sup> § 11-110-108(1)(a), C.R.S.

<sup>58</sup> § 11-110-108(1)(c), C.R.S.

<sup>59</sup> § 11-110-108(1)(b), C.R.S.

Surrendering a money transmitter license is typically a business decision rather than an enforcement action, which is why it is reported in Table 3 rather than Table 7, which concerns the Board’s enforcement actions.

Money transmitter licenses expire on January 1 and must be renewed annually.

Currently, the fee to obtain a money transmitter license is \$7,500. However, if a license is granted by the Board between July 1 and December 31, the cost of the license is reduced to \$3,750. The fee to renew a license is \$3,000.<sup>60</sup>

## Consumer Complaints

The eighth and tenth sunset criteria require COPRRR to examine whether regulatory oversight can be achieved through a director model, whether complaint, investigation and disciplinary procedures adequately protect the public and whether final dispositions of complaints are in the public interest or self-serving to the profession or regulated entity.

In part, COPRRR utilizes this section of the report to evaluate the program according to these criteria.

Anyone may file a complaint with the Division against a licensed money transmitter.

Table 4 provides the total number of consumer complaints filed against money transmitters, by type of complaint, over a five-year period.

**Table 4**  
**Consumer Complaint Activity**

Nature of Complaints	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
Money Order	5	7	5	0	1
Charge/Refund	2	0	3	6	7
Unauthorized Transaction	5	6	9	5	2
Access to Funds	3	7	8	12	12
Internet Banking/Wire Transfer	2	1	4	4	0
Other/Statement/Personnel/ Legal	1	5	2	1	3
<b>Total Consumer Complaints</b>	<b>18</b>	<b>26</b>	<b>31</b>	<b>28</b>	<b>25</b>
<i>Total dollar amount included in the complaints</i>	\$3,608	\$60,835	\$24,934	\$248,261	\$104,701

<sup>60</sup> Colorado Division of Banking, Department of Regulatory Agencies. *Fee Schedule*. Retrieved May 12, 2023, from [drive.google.com/file/d/1hFf65JPrt6zJsboXPSG9GhFyxtG4TLuK/view](https://drive.google.com/file/d/1hFf65JPrt6zJsboXPSG9GhFyxtG4TLuK/view)

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The dollar amount in the last row of the above table indicates the total amount of money that was included in the complaints each year; it does not reflect the amount of money saved by the Division.

Considering the volume of money transmission transactions taking place in Colorado every year, few consumer complaints were filed against money transmitters over the five-year period. Consumer complaints, however, do not drive the regulation of money transmitters. Regulation of money transmitters is primarily achieved through the examination process.

Typically, the Division acts as an intermediary to resolve complaints between the consumer and the money transmitter, and it frequently does not find that the money transmitter has violated the law. Complaints related to access to funds often occur because someone sends money to another person and that individual is unable to retrieve the funds, which may be due to several reasons. For example, an individual who is attempting to access the funds may not have their identification on them.

When the Division receives a complaint, staff attempt to send the complaint to the money transmitter by the next business day. The money transmitter has 14 days to respond to the complaint and may request an extension if needed. If the Division finds that the money transmitter has not violated the law, it will notify the consumer that the complaint is closed.

However, if the Division uncovers a trend of complaints against a particular company, it may investigate issues related to these complaints during its next scheduled examination.

The Division's goal is to close each complaint within 20 days.

Table 5 shows the average time it took for the Division to close consumer complaints over fiscal years.

**Table 5**  
**Average Time to Close Complaints**

<b>Fiscal Year</b>	<b>Number of Days</b>
17-18	22
18-19	23
19-20	27
20-21	20
21-22	16

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On average, the Division did not meet its goal of closing complaints during the first three fiscal years reported in the above table. However, in fiscal year 20-21, the Division was able to meet its goal of closing complaints within an average of 20 days. In fiscal year 21-22, the Division was able to close complaints within an average of 16 days, which is well below its goal.

## Examination Activity

The sixth sunset criteria questions whether the agency performs its statutory duties efficiently and effectively. In part, COPRRR utilizes this section of the report to evaluate the program according to this criterion.

The Division conducts safety and soundness examinations of licensed money transmitters. An examination may be a full-scope examination or a target examination.

The Division completes an initial target examination of each newly licensed money transmitter within the first six months of licensure. The purpose of the initial target examination is to determine if the licensee has all necessary operational processes and personnel to operate in a safe and sound manner. Once the initial target examination is complete, the Division will schedule a full-scope examination of the licensee.

A full-scope examination is an on-site, comprehensive examination of licensed money transmitters that focuses on almost every aspect of a licensee's business. Specifically, a full-scope examination considers compliance with federal and state laws as well as an in-depth testing of systems, oversight capabilities, monitoring of transactions and agent selection and monitoring.

A full-scope examination is completed within the first 18 months following the commencement of operations in Colorado. The Division utilizes two examiners for a full-scope examination, and it takes approximately two weeks to complete a full-scope examination. Following this, the Division conducts examinations on a periodic basis, depending on the results of previous full-scope examinations.

The Division rates money transmitters based on the results of a full-scope examination. The rating system for money transmitters is based on a scale of 1 to 5, with 1 being the highest rating and 5 being the lowest rating.

To achieve a rating of 1, a licensee must demonstrate during the full-scope examination that any weaknesses are minor and can be handled in a routine manner by the board of directors and management. Licensees that achieve a composite rating of 1 are the most capable of withstanding changing business conditions and are resistant to outside influences, such as economic instability.

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Licenses that obtain a composite rating of 2 are fundamentally sound and capable of withstanding fluctuations in business conditions, and they are substantially in compliance with laws and regulations.

Licenses that are assessed a composite rating of 3 are generally less capable of withstanding variable business conditions and may not be substantially in compliance with laws and regulations. The licenses' risk management practices may also be less than satisfactory relative to the organization's size, complexity and risk profile.

Licenses that have a composite rating of 4 have demonstrated unsafe or unsound practices or conditions. These money transmitters are generally not capable of withstanding business fluctuations, and they also may not be substantially in compliance with laws and regulations. Licenses with a 4 rating require close regulatory supervision, which may include formal enforcement action by the Board to address any problems.

Licenses that are assessed a composite rating of 5, the lowest rating, exhibit extremely unsafe and unsound practices or conditions and critically deficient performance, and they often have inadequate risk management practices. These licenses require ongoing regulatory oversight, and they pose a significant risk to consumers.

Licenses that have a composite rating of 1 or 2 and have not had any enforcement actions by the Board are typically scheduled for an examination every 36 months. Licenses who have a composite rating of 1 or 2 but had a previous composite rating of 3, 4 or 5 and have not had any enforcement actions imposed by the Board, are scheduled for a full-scope examination every 18 months. Licenses who have a composite score of 3, 4 or 5 are required to have a full-scope examination completed every 12 months.

A target examination focuses on specific areas related to licensed money transmitters. For example, a target examination may be conducted to review and analyze the licensee's transactions to determine compliance with federal and state money laundering laws.

The Division may conduct an examination of licensed money transmitters on its own, or the Division may join with other states to conduct a multi-state examination, in which Colorado or other states may take the lead on the examination.

The Division may rely on the results of a full-scope examination conducted by another state if the Division does not have the resources to conduct a full-scope examination and the licensee meets certain criteria or if the licensee has a high rating, indicating that that it is a low-risk company and there may not be a need for every state to conduct a full-scope examination. When the Division relies on the results of another state's full-scope examination, it refers to it as a "return on equity review."

Table 6 demonstrates the total number of examinations, by type, conducted over a five-year period.



**Table 6  
Examination Data**

Examinations	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
<b>Independent Examinations</b>					
Initial Target	5	12	8	10	20
Full Scope	22	9	4	2	0
Target	1	1	0	0	0
Return on Equity Review	11	0	6	9	9
<b>Multi-State Examinations</b>					
Full Scope—Colorado Lead	3	4	10	6	4
Full Scope—Other State Lead	4	6	10	24	24
<b>Total Examinations</b>	<b>46</b>	<b>32</b>	<b>38</b>	<b>51</b>	<b>57</b>

The increase in initial target examinations corresponds with the increase in newly licensed money transmitters. Otherwise, the Division generally only conducts a target examination if it determines that a target examination is necessary based on the findings of a full-scope examination.

The number of independent full-scope examinations has declined as the number of multi-state examinations increased. Through the Conference of State Bank Supervisors, the Division is now working with other states to schedule examinations and to determine which states will lead the examinations.

### **Disciplinary Activity**

The tenth sunset criterion requires COPRRR to examine whether complaint, investigation and disciplinary procedures adequately protect the public and whether final dispositions of complaints are in the public interest or self-serving to the profession or regulated entity.

In part, COPRRR utilizes this section of the report to evaluate the program according to this criterion.

The Board may take formal actions against a money transmitter for violations of the Act, Board rules or orders of the Board. The Board has the authority to revoke a money

transmitter license. However, the Board does not have explicit authority under the Act to suspend a money transmitter license.

The Board requires licensees to maintain capital of at least \$50,000, and if the licensee has agents, it increases the capital requirement up to \$100,000. If the Board finds that a money transmitter’s business has changed substantially and the current capital requirement is no longer sufficient, it may issue a capital directive, in which it requires the licensee to increase the amount of capital that it maintains.

The Board may also take informal enforcement actions. When the Board uncovers multiple deficiencies, it may require the licensee’s board members to sign a Memorandum of Understanding (MOU), which outlines specific steps that the Board requires the licensee to complete to address the licensee’s deficiencies. When less serious issues are uncovered by the Division, the Board may require the licensee’s board to develop a board resolution, which is a plan outlining specific improvements that the licensee will make and the timeframes in which the improvements must be completed.

Any informal action taken by the Board is not publicly disclosed, and they are not enforceable in a court of law.

Table 7 illustrates the total enforcement actions taken against money transmitters over a five-year period.

**Table 7  
Enforcement Actions**

Type of Action	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
Revocation	0	0	0	0	0
Summary Suspension	0	0	0	0	1
Board Resolution	0	0	0	0	0
Memorandum of Understanding	0	0	0	0	1
Capital Directive	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>

The Board did not revoke any money transmitter licenses over the five-year period, nor did it issue any board resolutions or capital directives connected to money transmitter licenses.

However, in fiscal year 21-22, the Board entered into an MOU with one money transmitter when an examination by the Division uncovered multiple violations. The MOU outlined the violations, required the business to correct the violations and established deadlines by which each violation must be corrected.

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Later, this same licensee’s capital dropped below the requirements established by the Board. The Board subsequently summarily suspended the license, on the basis that the public health, safety or welfare required emergency action.

While the Board does not have authority under the Act to suspend a money transmitter’s license, under the State Administrative Procedure Act (APA), if an agency determines that the public health, safety or welfare requires emergency action, it may summarily suspend a license pending proceedings for suspension or revocation.<sup>61</sup> As the Board took the steps required under the APA, it did not exceed its authority.

## **Fining Activity**

The tenth sunset criterion requires COPRRR to examine whether complaint, investigation and disciplinary procedures adequately protect the public and whether final dispositions of complaints are in the public interest or self-serving to the profession or regulated entity.

The Board has the authority to issue administrative penalties against money transmitters. Over the five-year period between fiscal year 17-18 and fiscal year 21-22, the Board did not assess any administrative penalties against money transmitters.

Typically, the Board imposes administrative penalties against money transmitters for failing to file reports on time. However, since Colorado joined NMLS, reports are submitted through this system and, according to the Division, the vast majority of money transmitter reports are filed on time.

The Board also has authority to assess administrative penalties against money transmitters for more egregious violations. However, the Board is typically able to bring money transmitters into compliance without having to resort to penalties, and it did not issue any penalties during the five-year period for any such violations.

## **Collateral Consequences - Criminal Convictions**

The thirteenth sunset criterion requires COPRRR to examine whether the agency, through its licensing, certification or registration process, imposes any sanctions or disqualifications on applicants based on past criminal history and, if so, whether the sanctions or disqualifications serve public safety or commercial or consumer protection interests.

COPRRR utilizes this section of the report to evaluate the program according to this criterion.

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<sup>61</sup> § 24-4-104(4), C.R.S.

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The Board has the authority to deny a money transmitter license based on the results of a criminal background check, which is conducted during the application process. However, it rarely uncovers any criminal backgrounds that warrant the denial of a license, and no licenses were denied on this basis from fiscal year 17-18 to fiscal year 21-22.

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## Analysis and Recommendations

The final sunset criterion questions whether administrative and statutory changes are necessary to improve agency operations to enhance the public interest. The recommendations that follow are offered in consideration of this criterion, in general, and any criteria specifically referenced in those recommendations.

### **Recommendation 1 – Continue the Money Transmitters Act for nine years, until 2033.**

A money transmitter is essentially a nonbank financial company that transfers funds electronically. Consumers may use money transmitters to pay bills, buy products online or send money to friends or family. Money transmitters are different from traditional banks or other financial services companies since they do not accept deposits or provide loans.

The Colorado Money Transmitters Act (Act), located in Article 110 of Title 11, Colorado Revised Statutes (C.R.S.), entrusts the State Banking Board (Board) in the Division of Banking (Division) with the supervision of money transmitters. Specifically, the Act grants the Board licensing, disciplinary and rulemaking authority.

Board members are appointed by the Governor to four-year terms and include:

- Five executive officers of state-chartered commercial banks,
- One executive officer of a trust company,
- One executive officer of a money transmitter company, and
- Two public members.

The State Bank Commissioner (Commissioner) and the Division are responsible for conducting examinations of licensees, reviewing financial statements and performing any duties delegated to the Commissioner by the Board. The Division works closely with other states to supervise money transmitters.

Sunset reviews are guided by statutory criteria established in section 24-34-104, C.R.S., and the first criterion questions whether regulation is necessary to protect the public health, safety and welfare.

Money transmitters are primarily regulated to ensure they are operated in a safe and sound manner, to protect consumers against the loss of funds and to aid in the identification and prevention of money laundering and other financial crimes.

In 2022, the volume of money transmission in Colorado reached \$106.5 billion. Given the large sums of money being transferred in the state, it is important that the businesses offering these services are qualified, trustworthy, reliable and financially

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responsible and that they have appropriate safeguards in place in case of fluctuations in the market.

The average consumer who is using these services cannot easily evaluate the financial condition or safe operation of a money transmitter. Without appropriate oversight, consumers would likely lose money to companies that do not have the safeguards in place to ensure that payments are completed and consumers' funds are not lost, mishandled or stolen. Considering this, regulation of money transmitters is necessary.

The State Banking Board (Board) protects the public through its licensing functions. Among other things, during the application process, the Board evaluates the applicant's:

- Financial statements,
- Business plan,
- Anti-Money Laundering and Bank Secrecy Act policy,
- Flow of funds structure for each type of transaction to be conducted, and
- Information technology policies and procedures.

The Board also reviews the qualifications and criminal history of any individual who has control of the business.

Once an application is approved, a licensee must provide evidence of a surety bond. The Board also requires licensees to maintain capital of at least \$50,000, and if the licensee has agents, it increases the capital requirement to \$100,000. The Board may increase the capital requirement if the Board finds that a money transmitter's business has changed substantially and the current capital requirement is no longer sufficient. The bond is necessary to protect consumer funds in case a money transmitter fails, and the capital requirement is necessary to ensure that the licensee has sufficient funds to cover its liabilities.

In 2022, Colorado had a total of 135 licensed money transmitter licenses. From 2018 to 2022, the total number of licensed money transmitters in Colorado increased by 44 percent. The increase in licensing is likely due to the increasing number of financial technology companies and the additional authority to license and supervise the transmission of virtual currency, which was granted in 2019, and the development of new products and services, which have created more opportunities for companies to enter the market.

The Commissioner and the Division protect the public by conducting examinations of money transmitters to ensure that they are operating in a safe and sound manner and are compliant with the law. Over a five-year period, from fiscal year 17-18 to fiscal year 21-22, the Division conducted 224 examinations of money transmitters, including targeted and full-scope examinations. On average, the Division conducted about 38

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examinations each year.<sup>62</sup> Increasingly, the Division is conducting examinations with other states, which streamlines the examination process for both businesses and regulators.

The Board also protects the public through its enforcement activity. Over the five-year period, from fiscal year 17-18 to fiscal year 21-22, the Board did not revoke any licenses, enter into any board resolutions or issue any capital directives connected to money transmitter licenses.

However, in fiscal year 21-22, the Board entered into an MOU with one money transmitter after multiple violations were uncovered during an examination. The MOU outlined the violations and established deadlines for the violations to be corrected. The same licensee later dropped below the capital requirements established by the Board. Following an investigation, the Board found that the public health, safety or welfare required emergency action, so it took steps to summarily suspend the license of the money transmitter.

In recent years, the volume of money transmission taking place in Colorado has exploded. Along with a surge in money transmission transactions, the number of companies providing services has also increased significantly. As the volume of money transmission and new companies offering these services has grown, the risk of harm to consumers has also increased. More than ever, it is important for states to oversee these financial service companies to ensure that they are being operated in a safe and sound manner, to protect consumers in case of failure and to better identify and prevent money laundering and other financial crimes.

Over the past few years, industry groups and regulators have worked together to create the Model Money Transmission Modernization Act (Model Act), and efforts are now underway to persuade all 50 states to adopt it. Currently, regulation of money transmitters varies from state to state, and the purpose of the Model Act is to modernize and streamline the regulation of money transmitters across the country. As of the writing of this report, about 14 states have adopted the Model Act.

While the issue of adopting the Model Act was raised during the sunset process, adopting it would require the Act to be repealed and replaced with a new law. Considering this, the Colorado Office of Policy, Research and Regulatory staff determined that it did not have sufficient time or resources to devote to such an endeavor. Additionally, many stakeholders reported few problems with the Act.

While this report does not include a recommendation to adopt the Model Act, it is expected that it will be proposed for adoption in the next year or two.

While few problems were identified with the Act, it would be reasonable to review the Act again in nine years, especially considering the changes that are taking place in the

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<sup>62</sup> The average does not include return-on-equity examinations, in which the Division relies on examinations conducted by other states.



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industry. If the Model Act has not been adopted at that time, additional changes may be necessary to modernize the law. If the Model Act has been adopted, it would be an appropriate time to evaluate how well it is working.

For these reasons, the General Assembly should continue the Act for nine years, until 2033.

## **Recommendation 2 – Authorize the Board to suspend the license of a money transmitter.**

Currently, the Board does not have the authority to suspend a money transmitter's license.

This can be a problem if a business falls out of compliance with the Act or the Board rules, such as the requirement to maintain a surety bond or sufficient capital. In such a case, the Board only has two options, to allow the license to remain in place even though consumers using the money transmitter's services are at an increased risk of harm or to revoke the license.

In fiscal year 21-22, a money transmitter's capital fell below the requirements set by the Board. On the basis that the public health, safety or welfare required emergency action, and the Board summarily suspended the license.

While the Board does not have authority under the Act to suspend a money transmitter's license, under the State Administrative Procedure Act (APA), if an agency determines that the public health, safety or welfare requires emergency action, it may summarily suspend a license pending proceedings for suspension or revocation.<sup>63</sup> As the Board took the steps required under the APA for a summary suspension, it did not exceed its authority. However, this case exemplifies the need for the Board to have the general authority to suspend a license.

Sunset criteria question whether regulation is necessary, whether the agency operates in the public interest and whether its operation is impeded or enhanced by existing statutes.

It is common for state regulators to have the authority to suspend a license. The purpose of a summary suspension is an immediate step that any state agency may take to protect the public prior to proceedings to suspend or revoke a license. As the Board does not have the authority to suspend a license, if it issues a summary suspension, it must seek to revoke a license.

If the Board is confident that a licensee may be brought into compliance, it would be reasonable for the Board to suspend a license rather than revoke it. Undertaking a

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<sup>63</sup> § 24-4-104(4), C.R.S.

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revocation is a costly exercise for both parties, and in a case such as this, it would be a waste of resources.

Granting the Board authority to suspend a license would create a more efficient and flexible regulatory program, and it would ensure that the Board has the authority to protect consumers when a money transmitter should not be providing services until it is brought into compliance, without having to seek revocation.

For these reasons, the General Assembly should authorize the Board to suspend the license of a money transmitter.

**Recommendation 3 – Expand the surety bond coverage to include all money transmission rather than just “exchange.”**

At this time, the surety bond coverage is limited to “exchange,” which is defined in section 11-110-103(5), C.R.S., as

any check, draft, money order or other instrument for the transmission or payment of money or credit. It does not mean money or currency of any nation.

This is a narrow definition that likely functioned well for much of the life of the Act. However, today, it no longer captures all the activities that a money transmitter may engage in.

Sunset criteria question whether conditions have changed that would warrant an increase in regulatory oversight.

Money transmission has changed dramatically over the last few years. With the addition of new products and services that have been created for the internet and mobile applications, the surety bond coverage no longer protects much of the money transmission that is taking place in Colorado.

Rather than cover only “exchange,” consumers would be better protected if the surety bond covered all money transmission, which is defined as

the sale or issuance of exchange or engaging in the business of receiving money for transmission or transmitting money within the United States or to locations abroad by any and all means including but not limited to payment instrument, wire, facsimile or electronic transfer.

By doing this, all consumers who submit funds to a money transmitter would be able to recover some or all of the funds lost in case of a business failure.

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Therefore, the General Assembly should expand the surety bond requirement to cover money transmission generally.

**Recommendation 4 – Modernize the Board’s authority to issue penalties in sections 11-110-111(1)(a) and 11-110-111(2)(c), C.R.S.**

Under the Act, the Board has the authority to issue specific administrative penalties:

- For failure to allow the Commissioner to conduct an examination, the Board may assess a penalty of up to \$100 per day; and
- For failure to submit a statement or report specific information to the Commissioner, a money transmitter must pay a penalty of up to \$250 per day.

The Commissioner supervises money transmitters to ensure they are operating in a safe and sound manner and to monitor compliance with laws.

If a money transmitter does not cooperate with the Commissioner and refuses to allow Division staff to conduct an examination or fails to submit financial reports and statements to the Division on time, the Commissioner cannot take action to protect the public from harm.

These penalty limits were established decades ago. At the time, they were significantly more meaningful than they are today. In order to ensure that the penalties continue to deter money transmitters from failing to cooperate with regulators, the maximum penalty amounts should be adjusted for inflation.

The \$250 penalty is 30 years old. In 1993, \$250 was equivalent to about \$530 today. In order for this penalty to remain relevant over the next decade, the \$250 penalty should be increased to \$750.

Additionally, it is unclear why failure to submit a financial statement to the Commissioner would result in a penalty of \$250 a day while failure to allow the Commissioner to conduct an examination is limited to \$100 per day.

Failing to cooperate with examinations is serious conduct, which could put consumers at risk of harm. It would be reasonable to expect that a penalty for such conduct would at a minimum be equal to the penalty for failing to submit a financial statement or failing to notify the Board to a change in management. However, as this conduct is more serious, a penalty of up to \$1,000 a day would be reasonable. Such a penalty would be consistent with the penalty amount established in the Model Act, which, at this time, about 14 other states have adopted.

Sunset criteria ask whether the Board operates in the public interest and whether its operation is impeded by existing statutes.

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The Commissioner's fining authority is outdated and, consequently, may no longer be meaningful. Considering this, the penalties authorized in the Act should be modernized to ensure that the Act continues to deter money transmitters from failing to submit financial information to the Division or cooperate with the examination process.

Therefore, the General Assembly should modernize the Board's authority to issue penalties established under sections 11-110-111(1)(a) and (2)(c), C.R.S., by increasing the penalty for failure to report to a maximum of \$750 a day and the penalty for failure to allow an examination to a maximum of \$1,000 a day.

**Recommendation 5 – Authorize the Commissioner to submit fingerprints directly to the Federal Bureau of Investigation.**

Section 11-110-107(1)(e), C.R.S., currently requires the Commissioner to forward the fingerprints of each applicant's owner, principal shareholder, principal member, director, trustee, officer or other managing official to the Colorado Bureau of Investigation (CBI) for a state and national fingerprint-based criminal history record check.

Today, Colorado and other U.S. jurisdictions are using the Nationwide Multistate Licensing System (NMLS) for money transmitter application and reporting activities. NMLS allows states to more easily coordinate regulatory activities and share information. An applicant can submit fingerprints through NMLS, which will be sent directly to the Federal Bureau of Investigation (FBI) for a nationwide criminal history record check, and the results will be shared with all the states selected by the applicant.

Since the Act currently requires fingerprints to be submitted to CBI and for a state criminal history record check, an applicant that is seeking to be licensed in several other states will be required to submit fingerprints to NMLS, which will forward them to the FBI for a national criminal history record check and then, to comply with Colorado's requirements, they must also send them to the Commissioner who will share the fingerprints with CBI for a state and national criminal history record check.

Sunset criteria question whether the agency operates in the public interest, whether its operations are impeded by statutes and whether the agency performs its statutory duties efficiently and effectively.

Rather than require a state and national criminal history check to be conducted by CBI, it would be reasonable to continue to require a fingerprint criminal history record check, but create two avenues for these to be completed:

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- Authorize fingerprints to be submitted to the FBI for a national criminal history record check, and
  - Maintain the authority for fingerprints to be submitted to CBI for state and national criminal history record checks if required by the Board.

This change would streamline the criminal history record checks for those companies that do not have a presence in Colorado.

At the same time, it would allow the Commissioner the flexibility to conduct criminal history record checks using CBI when appropriate. For instance, a state criminal history record check may be required by the Board if the applicant has a presence in Colorado. By conducting both state and national record checks, the Commissioner would be able to obtain a more complete background check.

As many money transmitters do not have a presence in Colorado, however, a national criminal history record check is often sufficient.

Therefore, the General Assembly should authorize the Commissioner to submit fingerprints directly to the FBI.

**Recommendation 6 – Repeal the requirement in section 11-110-201(1)(b), C.R.S., for licensed money transmitters to annually send certain agent information to the Board.**

Currently, the Act requires licensees to annually submit certain agent information to the Board:

- The name, address and telephone number of each agent that engages in the business of money transmission;
- The name, address and telephone number of each of owner of an agent holding more than a 10 percent interest in the business if the agent is a partnership or an entity created pursuant to Title 7, C.R.S.;
- The money transmission services offered by the agent and the locations where the services are offered; and
- Any other information that the Board may require concerning the agent or its directors, trustees, officers, members, branches, subsidiaries, affiliates or agents as promulgated by rule.

This requirement is unique to Colorado, and it is unnecessary.

Under federal law, money transmitters are already required to keep track of agent information and most of this information is already captured by NMLS. The Division reviews the agent information during an examination, and if the Division needs additional information on a particular agent, it can request it.

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Sunset criteria question whether regulation is necessary and, if it is, whether regulations establish the least restrictive form of governmental oversight consistent with the public interest, considering other available regulatory mechanisms.

While it is important for the money transmitter to keep track of agent information and provide this information to the examiners if requested, the Board does not need to collect it annually.

Repealing this requirement will streamline the compliance process for money transmitters without eroding consumer protection.

For this reason, the General Assembly should repeal the requirement in section 11-110-201(1)(b), C.R.S., for money transmitters to annually send certain agent information to the Board.

### **Recommendation 7 – Authorize the Board to issue cease and desist orders.**

If a person has sold or issued exchange or transmitted money without a license, the Board currently has the authority to seek an injunction in a court. However, it does not have the authority to issue a cease and desist order for such conduct.

Sunset criteria question whether the agency operates in the public interest, whether its operations are impeded by statutes and whether the agency performs its statutory duties efficiently and effectively.

It is not uncommon for state regulators to have the authority to issue cease and desist orders in case of a violation connected to money transmission laws or for acting as a money transmitter without a license.

Seeking an injunction is a costly and time-consuming endeavor. It would be more cost effective to allow the Board to issue a cease and desist order. Then, if someone ignores the cease and desist order, the Board could seek an injunction.

In order to create a more efficient regulatory program, the General Assembly should authorize the Board to issue cease and desist orders.

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**Recommendation 8 – Amend the exemption from licensure to include banks, savings and loan associations and credit unions that are chartered in other states.**

The Act currently exempts U.S. and Colorado chartered banks, savings and loan associations and credit unions from the requirement to obtain a license as a money transmitter. However, the Act does not clearly exempt banks that are chartered in other states.

Sunset criteria question whether the Act establishes the least restrictive form of regulation consistent with the public interest, taking into consideration other available regulatory mechanisms.

In order to reduce an unnecessary regulatory burden, banks, savings and loan associations and credit unions chartered in other states should be exempted from the requirement to obtain a money transmitter license.

Making this change to the Act should not increase the risk of harm to consumers since each state supervises its banks, savings and loan associations and credit unions according to its laws, and these financial institutions are also regulated by a federal agency.

Therefore, the General Assembly should provide clear authority for banks, savings and loan associations and credit unions chartered in other states to be exempted from the Act.

**Recommendation 9 – Make technical amendments to the Act.**

The Act contains outdated language that should be revised to eliminate obsolete references and to reflect current terminology and administrative practices. Therefore, the Act should be amended to address the following technical issues:

- Amend the Act to make it gender neutral by replacing terms such as “him,” “her,” “he” and “she” with gender-neutral terms; and
- Repeal the following obsolete language from section 11-110-106, C.R.S.: “or to the receipt of money by an incorporated telegraph or cable company at any office or agency thereof for immediate transmission by telegraph or cable.”

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## Appendix A – Customer Service Survey

In July 2023, Colorado Office of Policy, Research and Regulatory Reform staff conducted a survey of all licensed money transmitters. The survey was sent to 205 individuals representing money transmitter businesses, including company presidents, chief executive officers and compliance officers, and 11 emails were returned as undeliverable. The survey received 16 responses, which is an 8.25 percent response rate. Survey results may be found below.

**In the past year, how many times have you interacted with the Division of Banking? Please count all forms of interaction (telephone, e-mail, internet or website, regular mail, in person).**

Number of Interactions	Percentage
I have not interacted	6.3%
1 to 2 times	25%
2 to 4 times	37.4%
4 to 6 times	6.3%
6 to 8 times	6.3%
8 or more times	18.7%



**If you have interacted with the Division of Banking, what was your primary purpose in doing so?**

Purpose of Interaction	Percentage
Licensing or registration	80%
Inspection, audit or examination	13.3%
To file a complaint	0%
To learn about the requirements for a profession/occupation	0%
To learn about the functions of (insert name of program/agency)	0%
To obtain help with an issue	0%
Respond to a complaint	0%
Respond to a request made to you	6.7%
Participate in a board, committee, commission, taskforce or working group for the agency	0%
Comment on or learn about existing/proposed rules or legislation	0%
Continuing education	0%
Update my information	0%
Questions about the scope of practice	0%
Not applicable	0%
Other	0%

**Overall please rate the service provided by the Division of Banking.**

Service Provided	Percentage
Excellent	43.7%
Good	43.7%
Fair	6.3%
Poor	0%
Unacceptable	0%
Not Applicable	6.3%

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Please rate the usefulness of the Division of Banking's website in answering your questions or providing needed information.

Website Usefulness	Percentage
Excellent	18.7%
Good	62.5%
Fair	6.3%
Poor	0%
Unacceptable	0%
Not Applicable	12.5%

Please rate the usefulness of the Division of Banking's communications in answering your questions or providing needed information.

Communications Usefulness	Percentage
Excellent	43.7%
Good	37.5%
Fair	12.5%
Poor	0%
Unacceptable	0%
Not Applicable	6.3%

Regardless of the outcome of your most recent issue, do you feel the Division of Banking listened to your concerns?

Listening to Concerns	Percentage
Excellent	37.5%
Good	31.3%
Fair	12.5%
Poor	0%
Unacceptable	0%
Not Applicable	18.7%

Please rate the timeliness of the Division of Banking in responding to your issues.

Response Timeliness	Percentage
Excellent	31.3%
Good	49.9%
Fair	12.5%
Poor	0%
Unacceptable	0%
Not Applicable	6.3%

Please provide the number and types of interactions that were required to resolve or address your most recent issue. (Please select all applicable types of interactions used AND the number times for each type of interaction selected.)

Number of Interactions	Type of Interaction				
	Phone	Website	E-mail	In Person	Regular Mail
0 times	5	6	2	7	8
1 to 2 times	6	5	8	1	0
3 to 4 times	1	0	2	0	0
5 to 6 times	1	0	0	0	0
7 or more times	1	0	1	0	0

Please rate the helpfulness of the Division of Banking in resolving your issue or need.

Helpfulness	Percentage
Excellent	37.5%
Good	37.5%
Fair	6.3%
Poor	0%
Unacceptable	0%
Not Applicable	18.7%

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**Please rate the professionalism of the Division's staff.**

<b>Professionalism</b>	<b>Percentage</b>
Very professional	37.5%
Professional	37.5%
Somewhat professional	12.5%
Not very professional	0%
Unprofessional	0%
Not applicable	12.5%

**Please rate the accuracy of information provided by the Division.**

<b>Professionalism</b>	<b>Percentage</b>
Very accurate	18.7%
Accurate	56.3%
Somewhat accurate	12.5%
Not very accurate	0%
Inaccurate	0%
Not applicable	12.5%