

# **Texas Department of Banking Testimony**

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## **Testimony Presented To The Committee On Financial Institutions Texas House Of Representatives**

*Date: April 6, 1999*

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H.B. 2223 by Solomons  
AMENDMENTS TO THE SALE OF CHECKS ACT

### History Of The Sale Of Checks Act

- The Legislature adopted the Sale of Checks Act ("the Act") in 1963. The regulatory scheme was simple; pay fifty dollars and obtain a license. After a large money order company filed for bankruptcy and Texas citizens lost money, the Legislature adopted amendments establishing minimum net worth and bonding requirements and giving the Department of Banking ("the Department") examination and enforcement authority. Legislative amendments in the early sessions of the 1990's expanded the definition of "check" to include electronic transmittals, increased the bond amount, imposed reporting requirements, and provided rulemaking and additional enforcement authority to the Department. The cumulative changes were designed to protect the public and advance the purpose of the Act.

### Proposed Amendments

- These proposed amendments are solely for regulatory burden reduction.

The first proposed change permits the Department to consider whether to allow some license holders to provide fiscal reports to examiners during an examination, rather than filing them with the Department, as is currently required.

The second proposed change, likewise, results in a reduction in regulatory burden. Some large license holders are not able to obtain audited financial statements within 45 days after the end of the fiscal year. Currently, the law does not provide flexibility to permit an extension of time for filing comprehensive financial reports. The amendment gives the Commissioner the authority to extend the time period for good cause shown.