

ALABAMA SECURITIES COMMISSION

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Alabama Legislature Passes Bill to Modernize Regulation of Money Transfers Governor Ivey Signs Into Law (Effective on August 1, 2017)

MONTGOMERY, ALABAMA (August 16, 2017) The Alabama Legislature passed SB173/HB215 during the last week of the General Session on May 17, 2017 and Governor Kay Ivey signed the bill into law which became effective on August 1, 2017.

State Senator Arthur Orr (R), 3rd District and Representative Ken Johnson (R), 7th District, sponsored bills in the House and Senate which passed the Legislature. The bill, entitled “The Alabama Monetary Transmission Act,” (Code of Alabama, 1975 8-7a-1, et seq) was drafted by the Alabama Securities Commission (ASC) and replaces the former Sale of Checks Act which has been in effect since 1961.

The new law modernizes the former law which lacked administrative and enforcement authority, and did not adequately address modern technology. The Act governs non-banking entities that engage in the business of selling, issuing or otherwise dispensing checks or transfers of money on behalf of individuals who may regularly use these services. The law also covers debt management services that receive money from obligors for the purpose of paying the obligors’ bills or accounts. The new law exempts banks, bank holding companies, securities-clearing firms, payment system and settlement processors, broker-dealers, federal, state, county and municipal government entities, commodities boards of trade and registered futures commission merchants.

ASC Director, Joseph Borg said, “This Commission sincerely thanks Senator Orr and Representative Johnson for their sponsorships of this important legislation; and Governor Ivey for signing the bill into law. This significant legislation will help streamline our regulatory and enforcement activities to meet the challenges presented by modern technology, such as the use of cybercurrency, online money transmissions and further assists law enforcement in preventing money laundering and activities involving the illegal international transfer of funds.”



Sen. Arthur Orr



Rep. Ken Johnson

Senator Orr said, “This new law is an important instrument to help assure that those companies engaged in the business of money transmission are held to the highest standards of compliance for meeting the needs of our citizens who depend on these type services.”

Representative Johnson said, “The Alabama Monetary Transmission Act represents an important evolution in the regulation of businesses that serve the needs of, and the protection of, many Alabama citizens.”

The Alabama Monetary Transmission Act codifies a broad definition of monetary transmissions to include “virtual” currency such as Bitcoin, and specifies records that licensees are required to maintain. The Act grants the ASC administrative authority to audit/review the records of any licensee, including individuals, officers, directors and other persons who may control the actions of the licensee. Additionally, licensees will be required to maintain a surety bond to cover potential compensation to any person damaged by any failure to comply with the law or by any breach of conditions. The law also codifies the ASC’s authority and powers to regulate money transmitters, including administrative and civil causes for action and establishes criminal penalties for violation of the Act.

To view filing requirements for money transmitters, pursuant to the Alabama Monetary Transmission Act, visit the ASC website, www.asc.alabama.gov.

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For further information contact Dan Lord, Education and Public Affairs Manager, 334-353-4858.

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