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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO FINANCIAL INSTITUTIONS -- PROCEDURES AND OPERATIONS

Introduced By: Representatives Medina, Tanzi, Hull, Keable, and O`Grady

Date Introduced: February 09, 2012

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 19-3-13 of the General Laws in Chapter 19-3 entitled "Powers and
2 Operations" is hereby amended to read as follows:

3 **19-3-13. Use of electronic devices and machines.** -- (a) Any financial institution, or
4 credit union, may make available for use by its customers one or more electronic devices or
5 machines (customer-bank communications terminals/automated teller machines). These devices
6 or machines shall not be deemed to be the establishment of a branch of the particular financial
7 institution or credit union. All surcharges chargeable for use of these devices shall be disclosed
8 prior to completion of any transaction. Disclosure of the surcharge shall be displayed
9 electronically by the electronic device or machine and shall not be disclosed by means of any
10 stickers or placards placed on the exterior of the electronic device or machine.

11 (b) The establishment and use of these devices are subject to approval by the director or
12 the director's designee which approval shall not be unreasonably withheld. Any request to
13 establish a customer-bank communications terminal/automated teller machine must be sent to the
14 director or the director's designee by ~~certified mail, return receipt requested~~ [any means acceptable](#)
15 [to the director or the director's designee](#). Any request which is received by the director or the
16 director's designee shall be deemed approved, if within five (5) business days of receipt by the
17 director or the director's designee of the request, the director or the director's designee has not
18 issued a notice of intent to deny the request. The director or the director's designee may
19 promulgate rules and regulations not inconsistent with this section.

1 (c) To the extent consistent with the antitrust laws, each financial institution or credit
2 union, chartered by this or any other state, is permitted but not required to share these devices
3 with one or more other financial institutions or credit unions, chartered by the state or federal
4 government.

5 (d) Each financial institution or credit union shall adopt and maintain safeguards on each
6 electronic device or machine consistent with the minimum requirements specified under the
7 federal Bank Protection Act, 12 U.S.C. section 1881 et seq.

8 SECTION 2. Sections 19-14-7, 19-14-8 and 19-14-14 of the General Laws in Chapter 19-
9 14 entitled "Licensed Activities" are hereby amended to read as follows:

10 **19-14-7. Issuance or denial of license.** -- (a) Upon the filing of a completed application,
11 the payment of fees and the approval of the bond, the director or the director's designee shall
12 commence an investigation of the applicant.

13 (b) After the investigation determines that a completed application has been filed, the ~~The~~
14 director or the director's designee shall approve the license applied for in accordance with the
15 provisions of this chapter if he or she shall find:

16 The director or the director's designee shall approve the license applied for in accordance
17 with the provisions of this chapter if he or she shall find:

18 (1) That the financial responsibility, experience, character, and general fitness of the
19 applicant, and of the applicant's members and of the applicant's officers, including the designated
20 manager of record of a licensed location, if the applicant is a partnership, limited liability
21 company or association, or of the officers including the designated manager of record of a
22 licensed location, and directors and the principal owner or owners of the issued and outstanding
23 capital stock, if the applicant is a corporation, are such as to command the confidence of the
24 community and to warrant belief that the business will be operated honestly, fairly, and efficiently
25 within the purposes of this title; and

26 (2) That allowing the applicant to engage in business will promote the convenience and
27 advantage of the community in which the business of the applicant is to be conducted.

28 (b) A license provided pursuant to this title shall remain in full force and effect until it is
29 surrendered by the licensee or revoked or suspended as provided by law.

30 (c) If the director or the director's designee rejects an application for a license, he or she
31 shall notify the applicant, ~~by certified mail, of the denial, the reason(s) supporting the denial and~~
32 ~~shall afford the applicant the opportunity for a hearing within a reasonable time period to show~~
33 ~~cause why the license should not be denied.~~ in writing, and advise the applicant of the reason for
34 the denial of the application for license. When an application for a license is denied by the

1 director or the director's designee or withdrawn by the applicant, the director or the director's
2 designee shall return to the applicant the bond, but shall retain the investigation fee to cover the
3 costs of investigating the application. ~~The director or the director's designee shall approve or deny~~
4 ~~every application for license under this section within sixty (60) days from the date the~~
5 ~~application is deemed by the director or the director's designee to be completed. Upon written~~
6 ~~request of the applicant, the director or the director's designee shall advise the applicant whether~~
7 ~~the applicant's application for any such license is complete and if not, the reason why such~~
8 ~~application is not complete.~~ The applicant may make written demand for hearing upon the
9 director or director's designee within thirty (30) days of the notice to determine the
10 reasonableness of the action to deny the license.

11 (d) Any applicant or licensee aggrieved by the action of the director or the director's
12 designee in denying a completed application for a license shall have the right to appeal the action,
13 order, or decision pursuant to chapter 35 of title 42.

14 **19-14-8. Denial of license by default Denial of license due to incomplete application.**

15 -- If, within sixty (60) days of the initial filing of the application, the applicant has failed to
16 provide the ~~necessary factual data~~ information requested by the department ~~in order~~ to complete
17 the application, the director or the director's designee shall notify the applicant, ~~by certified mail~~
18 in writing, that the application shall be considered ~~in default and rejected~~ denied if all ~~necessary~~
19 ~~data for a completed application~~ information requested is not received within ~~fourteen (14)~~ thirty
20 (30) days of the notice unless the application is withdrawn. The notice shall specify what
21 information is necessary for completion. The applicant may make a written demand within thirty
22 (30) days for a hearing to determine the reasonableness of the director's or the director's
23 designee's action. The hearing shall be conducted pursuant to the Administrative Procedures Act,
24 chapter 35 of title 42. If the applicant fails to provide the information or request a hearing within
25 thirty (30) days from the notice, the application shall be denied on the basis that it is incomplete.

26 **19-14-14. Revocation by default.** -- (a) The director or the director's designee may
27 revoke any license without a hearing by default if the licensee fails to respond to notifications
28 informing the licensee of a failure to pay the annual license fee, maintain in effect the required
29 bond or bonds or maintain net worth requirements as required by this title.

30 (b) For the purposes of revocation by default, the director or the director's designee
31 shall send, in writing, to the licensee and to the licensee's registered attorney for service of
32 process at the current address stated in the application for ~~the licensee license~~ according to the
33 records of the department, by certified mail, notice of the deficiency and potential revocation of
34 license. Should the licensee or the licensee's registered attorney fail to respond ~~to the certified~~

1 ~~mail or is not answering to service~~ within fifteen (15) days of the notification, the director or the
2 director's designee may revoke the license by default and without hearing ~~after fifteen (15) days~~
3 ~~from the date of the certified mail~~. The director or the director's designees shall notify the
4 licensee of such revocation in writing.

5 (c) Any action taken under this section may be appealed pursuant to the Administrative
6 Procedures Act, chapter 35, of title 42.

7 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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1 This act would update and simplify procedures for reviewing applications for licenses,
2 notifying licensees of incomplete applications and denying incomplete applications without a
3 formal order of denial (which could be reported by the licensee) while preserving the right of
4 applicants to a legal proceeding to challenge any action of the department.

5 This act would take effect on passage.

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