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MEMORANDUM

October 1, 2010

To Our Clients and Friends

Re: The California Money Transmission Act of 2010

California has enacted a new Money Transmission Act (“MTA”). The Act is effective January 1, 2011. The MTA expands the application of the State’s money transmitter license requirement and modifies ongoing compliance requirements for licensees, such as disclosure, recordkeeping, financial and reporting requirements.

Previously, California only licensed persons physically located in the State who engaged in foreign transmittals of funds. The MTA, however, requires persons engaged in money transmission or who advertise, solicit or hold themselves out as providing money transmission in California to obtain a license, if that person is either physically located in California or conducts money transmission with persons located in California.

Entities not previously required to be licensed, but which are now required to be licensed under the MTA must file a license application with the California Department of Financial Institutions by July 1, 2011.

Under the MTA, “money transmission” is defined as: 1) receiving money or monetary value in the United States for transmission outside or within the United States; 2) selling or issuing stored value (excluding value redeemable for the issuer’s or its affiliate’s own goods or services); or 3) selling or issuing payment instruments.

A copy of the California legislation can be found on our website at <http://www.schwartzandballen.com/news.html>.

If you have any questions, please call Gilbert Schwartz, Robert Ballen, Tom Fox or Heidi Wicker at (202) 776-0700.