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M E M O R A N D U M

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To Our Clients and Friends

Re: South Carolina Enacts Money Transmitter Law

South Carolina has enacted the South Carolina Anti-Money Laundering Act (“Act”), which will require money transmitters and currency exchangers to be licensed and comply with substantive compliance requirements set forth in the Act. South Carolina currently only regulates check cashers. The Act will be effective June 9, 2017, or upon publication of final regulations implementing the Act, whichever is later. As a result, Montana will be the only state that does not require money transmitters to be licensed.

The Act defines money transmission as “selling or issuing payment instruments, stored value, or receiving money or monetary value for transmission.” A person may not engage in the business of money transmission or advertise, solicit or hold itself out as providing money transmission in South Carolina unless the person is licensed or is an authorized delegate of a licensed money transmitter.

The Act does not apply to certain regulated entities, including banks and U.S. branches of foreign banks, if they do not issue, sell or provide payment instruments or stored value through authorized delegates; federally insured credit unions; registered securities broker-dealers; or operators of payment systems to the extent that they provide processing, clearing or settlement services between or among persons excluded by the Act (*e.g.*, banks) in connection with specified transaction types.

Companies that are licensed as money transmitters in other states may request approval to engage in money transmission in South Carolina without obtaining a license if they satisfy certain requirements.

The Attorney General is charged with promulgating regulations necessary to implement the Act. License applications will be accepted through Attorney General’s office.

A copy of the South Carolina Anti-Money Laundering Act 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.