



## Department of Business Regulation

### *Banking Division*

1511 Pontiac Avenue, Bldg. 68-1  
Cranston, Rhode Island 02920

# Banking Bulletin 2022-2

## REGULATORY GUIDANCE

**DATE:** July 1, 2022

**TO:** Rhode Island Licensed Entities and Registrants

**FROM:** Elizabeth Kelleher Dwyer, Superintendent of Banking

**RE:** CURRENCY TRANSMITTER LICENSE REQUIREMENTS –  
CLARIFICATION ON DEFINITION OF CONTROL AS SET  
FORTH IN R.I. GEN. LAWS §19-14.3-1.1(ii)

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For the licensing of currency transmitters, the following is intended as clarification on the definition of control as set forth in R.I. Gen. Laws §19-14.3-1.1(ii).

The Rhode Island Division of Banking (“Division”) is in the process of adopting a single set of nationwide standards and procedures developed under the Model Money Transmission Modernization Act, also known as the Money Transmitter Model Law. This set of standards was created by industry and state experts and approved by the Conference of State Bank Supervisors (“CSBS”) Board of Directors. The standards are intended to create harmonization in the money transmission industry, as states will be better able to work together in the licensing, regulation and supervision of money transmitters operating across state lines. In order to align the Division’s licensing standards, clarification to the definition of control to include a passive investor is required.

### **GUIDANCE:**

The Money Transmitter Model Law defines a passive investor as a person that:

- (1) does not have the power to elect a majority of key individuals;
- (2) is not employed by and does not have any managerial duties of the licensee or person in control of a licensee;
- (3) does not have the power to exercise directly or indirectly, a controlling influence over management or policies of a licensee or person in control of a licensee and
- (4) either
  - (a) attests to (1), (2), and (3) in a form prescribed by the Commissioner or
  - (b) commits to the passivity characteristics of (1), (2) and (3) in a written document.

A passive investor is not a control person, but a passive investor may rebut this presumption of control.

By the authority provided to the Superintendent of Banking in R.I. Gen. Laws §19-14-3, in order to continue to implement a standardized approach for the processing of the currency transmitter license application, the Department has adopted the model definition for control to include passive investor.

This clarification does not change the statutory percentages for determination of principal owner or control of a currency transmitter for licensing purposes.

If you have any questions regarding this guidance, please contact Sara Paterson Cabral, State Chief Bank Examiner, at [sara.cabral@dbr.ri.gov](mailto:sara.cabral@dbr.ri.gov).