

- SUBJECT:** Disclosure requirements for international currency transfers
- COMMITTEE:** Border and International Affairs — favorable, with amendment
- VOTE:** 4 ayes — Chavez, Griggs, Castro, Riddle  
0 nays  
2 absent — Canales, Merritt
- SENATE VOTE:** On final passage, April 28 — voice vote
- WITNESSES:** For — Annette LaVoi, Texas Appleseed; (*Registered, but did not testify:*)  
Ann Baddour, Texas Appleseed; Keith Strama, Western Union  
  
Against — None  
  
On — (*Registered, but did not testify:*) Randall James, Texas Department of  
Banking
- BACKGROUND:** Finance Code, ch. 153 requires a person to be licensed by the Texas  
Department of Banking (TDB) before engaging in currency exchange,  
transmission, or transportation and establishes criteria for licensure and  
license revocation.
- DIGEST:** SB 1583 would add Finance Code, ch. 278 to regulate currency transmissions.  
It would apply to any business that offered currency transmission services for  
profit, except for federally insured credit unions, banks, savings and loans,  
and trust companies.  
  
The bill would require a currency transmission business to disclose certain  
information to a customer at the time of transmission or, upon request, before  
completing the transmission of currency to a recipient in another country. The  
disclosure would have to state:
- the amount of currency presented for transmission;
  - fees charged by the transmitter;

- a local or toll-free telephone number for transaction information;
- for a fixed exchange rate, the amount to be paid in foreign currency and, if any, the period in which payment must be made to qualify for the fixed rate; and
- for a variable exchange rate, that the rate would be set upon receipt of the funds by the foreign recipient.

The bill would give customers the right to cancel a currency transmission after receiving the disclosure information, as long as they did so before leaving the premises of the currency transmission business, and within 30 minutes of initiating the transaction, unless the recipient already had received the currency. The disclosure would be made in English and, if the currency transmission was to a Spanish speaking country, in Spanish.

The bill would establish a civil penalty not to exceed \$1,000 for a person who knowingly violated these provisions. It would permit the attorney general (AG) or the prosecuting attorney in the county where the violation occurred to sue to recover the penalty and to bring an action in the name of the state to restrain or enjoin the person from violating the provisions. The AG or prosecuting attorney could recover reasonable expenses including attorney's fees, court costs, and investigatory costs.

SB 1583 would take effect September 1, 2003.

**SUPPORTERS  
SAY:**

Many Texans, especially immigrants, regularly use currency transfer services to transmit money to family, friends, or businesses in other countries. Currency transmitters are required to be licensed by TDB, though this requirement is structured primarily to prevent money laundering. There currently are no standards governing international wire transfer transactions from a consumer protection perspective.

Consumers often have a difficult time comparing the true cost of a transfer because businesses advertise their fee structures differently. Since fees typically comprise between 5 and 30 percent of the transaction price, it is essential that they are clearly disclosed so that consumers may make informed choices and get the most value out of their resources. SB 1583 would provide standards and consistency in disclosure so that consumers could better

compare wire transfer services and understand the full cost of the transaction they sought to make.

The civil penalties in SB 1583 reasonably would apply only to a person who knowingly violated the statute. This would protect consumers against the conscious perpetration of fraud while not being unduly harsh on currency transmitters who violated the law unknowingly with no intent to harm a customer.

**OPPONENTS  
SAY:**

The fact that civil penalties in SB 1583 would apply only to a person who knowingly violated the statute would leave consumers vulnerable. It wrongly would protect currency transmission businesses that remained ignorant of the law and its requirements. To provide more robust consumer protections, civil penalties should apply to any currency transmitter who violated the law.

**NOTES:**

The committee amendment would exclude federally insured credit unions, banks, savings and loans, and trust companies from the provisions of this bill.