



State of Washington

## DEPARTMENT OF FINANCIAL INSTITUTIONS

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# *Summary of Check Casher and Check Casher with Small Loan Endorsement Regulations*

Provided below is an overview of the regulations you must comply with when holding a check casher or check casher with small loan endorsement license in the state of Washington. This is not intended to be a comprehensive list of all applicable rules and regulations, but is meant to give licensees an idea of the many aspects of compliance which are expected under this license type.

**All licensees must know and comply with the law, RCW 31.45, and the rules that implement that law, WAC 208-630. Please read these requirements.**

- ❖ For surety bond purposes, please take note of WAC 208-630-180, 208-630-190, 208-630-200, 208-630-210, 208-630-220, 206-630-250, and 208-630-260.
  - These rules outline the requirements for surety bonds for licensees who have small loan endorsements. The amount of the surety bond for a small loan licensee is \$10,000 plus \$1,000 for each branch office beyond one branch. As an alternative, upon approval by the director, a time deposit equal to or greater than the amount of the required bond or a demonstration of sufficient net worth equal to at least three times the amount of the required bond may be substituted.
- ❖ For receipt requirements, please take note of WAC 208-630-505 and 208-630-610.
  - Customers must be provided a receipt for each transaction which includes the name of the licensee, the date of transaction, the type and amount of the transaction, and the fee or fees charged for the transaction. When a borrower pays off a small loan, or makes a payment toward an installment loan in cash the licensee must provide a receipt that includes the date of payment, the borrower's name, and the amount of cash received, in addition to other requirements.
- ❖ For financial recordkeeping purposes, please take note of WAC 208-630-610.
  - When cashing checks, a record of transactions conducted must be maintained; this record consists of the amount of the checks cashed, amount of fees charged for cashing the check, and amount of cash deducted from the transaction for the sales of other services or products. In addition, a daily cash reconciliation which summarizes each day's activity and reconciles cash on hand at the opening of business to cash on hand at the close of business must be maintained.
- ❖ For accounting purposes, please take note of WAC 208-630-640.
  - This rule outlines the requirement to maintain a general ledger containing records of all assets, liabilities, capital, income, and expenses. It must be posted to at least monthly from the daily record of checks cashed or other record of original entry and must be maintained in such a manner as to facilitate the preparation of an accurate trial balance of accounts in accordance with generally accepted accounting practices.

STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF CONSUMER SERVICES  
Summary of CCSA regulations – Page 2

- ❖ For compliance with federal requirements, please take note of WAC 208-630-720 and 208-630-721.
  - These rules outline that licensees may be required to register as a money services business (MSB) under the Bank Secrecy Act. Generally, an MSB is a business that cashes checks in an amount greater than one thousand dollars in currency or monetary value or other instruments for any person on any day, in one or more transactions. A licensee who qualifies as a money services business under the Bank Secrecy Act must develop, implement, and maintain an effective anti-money laundering program consistent with federal law. More information can also be found at: [http://www.fincen.gov/financial\\_institutions/msb/](http://www.fincen.gov/financial_institutions/msb/).
- ❖ For annual assessment purposes, please take note of WAC 208-630-830.
  - This rule outlines that on or before April 15th of each year, a licensee must submit the following reports: (1) annual financial statements in accordance with generally accepted accounting principles; (2) an annual assessment report with the licensee's volume of activity; and (3) a consolidated annual report with other information called for in rule.

The Department will ensure compliance with all regulations by conducting periodic examinations, as authorized under WAC 208-630-320. You must pay for examinations at the rate of \$69 an hour (plus travel expenses when the examination occurs out-of-state) as outlined in WAC 208-630-350.

If you have any questions regarding the Washington Check Cashers and Sellers Act referenced above, please feel free to contact the Washington DFI Consumer Services Division at (360) 902-8703, or [CSLicensing@dfi.wa.gov](mailto:CSLicensing@dfi.wa.gov).