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Deanna Holbrook
Operator's Signature

10/2/03
Date

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1184

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Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1184

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 1/15/03

Tape Number	Side A	Side B	Meter #
2	x		52.8-end
3	x		0.00-16.5
Committee Clerk Signature <i>Judith Hammer</i>			

Minutes: Chairman Kelsner opened the hearing on HB 1184.

Greg Meidinger, Investigator with Department of Financial Institutions. (See attached-prepared by Tim Karsky but presented at today's hearing by Glen Meidinger)

Klein: How will a three month notice help?

Meidinger: We're moving the deadline for applications up a month. We'll add a month on at the front end. We want the applications in by June 1, they'll expire on June 30.

Klein: Is this so complicated that it takes a two months for them to complete the applications?

Meidinger: It's not so complicated, we have a lot of information on file for renewals. But we deal with small companies in ND and large corporations from throughout the U.S. Some don't take the initiative to get them in on time.

Severson: What does the word "contumacy" mean?

Meidinger: Unwillingness to cooperate.

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Johnson: Property taxes will give you a deduction if you pay early, have you considered a reduction for paying early?

Meldinger: We haven't looked at that option. But it might cause an increase in staff workload. e.

Nottestad: What percentage of renewal applicants don't get their requests in on time now?

Meldinger: I don't have exact figures but last year they were still coming in September and October.

Nottestad: Wouldn't it be better to increase the penalty, then notify them to cease and desist doing business in North Dakota if they don't have their applications in by July?

Meldinger: I'm not sure that \$50 is enough incentive to be timely, we want to stay consistent with other states.

Nottestad: I'm not sure being nice is going to have much effect. Having to close their doors might wake them up more than a penalty.

Ruby: Can you explain and give me a good reason or example that applies to p.3, line 16?

Meldinger: A collection agency in Fargo that was previously licensed generated a complaint this summer. We found out that a person operating the company had been charged with various felonies in other states. Since they weren't currently licensed, we didn't have the authority to go in and conduct an examination. We were able to remove this person through our laws. The company was violating the law because they weren't licensed. Under existing law, we could pull her out and tell them to cease and desist but we couldn't do a full exam.

Nottestad: If you had issued a cease and desist to them when they didn't renew, wouldn't that have given you more authority.?

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Meldinger If they had violated an order, we could have gone into legal proceedings and taken them to court.

Keiser: Part of what you're hearing is that we have a law in place but it isn't being enforced. We're allowing entities and businesses to stay in operation when they are not holding proper license. As the oversight group, you have to take action.

Ruby: Is there another agency that would go in, getting records and determining damage based on complaints filed? Would this be broadening into another agencies authority? Like the States Attorney or Law Enforcement?

Meldinger: I'm not aware of any. There are a few cases where a States Attorney might get involved.

Thorpe: Who licenses "quick cash companies"? Banking commissioner or your department?

Meldinger: We do. They are required to post their license from our department on the wall near the counter where their loans are being made. They also have to post their certificate from the Secretary of State.

Tim Karsky, (Commissioner of Department of Financial Institutions) We are attempting to scrutinize renewals, check financial backgrounds. Moving the date up will be an advantage to our office and provide better service to our citizens. A \$5 fine is not cost efficient.

No one present to testify in opposition to HB 1184.

Chairman Keiser closed the hearing on HB 1184.

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1/12/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1184

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 1/20/03

Tape Number	Side A	Side B	Meter #
2		x	17.5-27.0

Committee Clerk Signature *Judith Hammer*

Minutes: **CHAIRMAN KEISER** called for committee work on HB 1184.

REP. KASPER stated that no further information is available than what was presented during the hearing on 1/15/03.

(see attached testimony from **TIM KARSKY**, Commissioner for the Dept. of Financial Institutions). The intent of this legislation is to move the date back for license renewal to allow more time, increasing a late fee from \$5 to \$50, to allow the Dept. to examine unlicensed businesses and individuals that are conducting businesses illegally and give more regulatory power to the commission. Another important and key feature of this bill is that the Dept. will be allowed to deny a renewal application on the same grounds it would justify the denial of an initial application. This constitutes a standardization of procedures.

CHAIRMAN KEISER asked for a motion. **REP. KASPER** moved a Do Pass. **REP.**

SEVERSON seconded the motion.

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Hearing Date 1/20/03

During further discussion, **REP. EKSTROM** commented on the "cease and desist" intent.

CHAIRMAN KEISER agreed that it appears to be an enforcement issue rather than a fee

problem. A roll call vote was taken on the motion. **Motion carried 13-0-1.**

REP. KASPER will carry this bill on the floor.

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