

Randy Samuelson

From: Laura Stowe
Sent: Thursday, February 14, 2019 2:55 PM
To: Fisher, Ryan
Subject: FinTech Regulatory Sandbox
Attachments: HB2434H - Arizona.pdf; 86R 5157 FinTech Regulatory Sandbox.pdf

Ryan,

Attached is the bill draft we got back from Leg Council last night on a bill creating a regulatory sandbox for financial services and products. We would like to file soon, but definitely want Paul Singer to have a chance to review. I also attached the Arizona law that the bill draft is based on. Please let me know if anything else is needed.

Will also send draft to OCCC. If you have a contact there, please send. If not, no worries.

Best,

Laura Stowe
Legislative Coordinator & Policy Analyst
Office of State Senator Angela Paxton
512-463-0108

Randy Samuelson

From: Randy Samuelson
Sent: Tuesday, February 12, 2019 10:11 AM
To: 'Jones, Landry'
Cc: Suzanne Bowers
Subject: Leadership Wylie - meeting request

Landry,

Leadership Wylie is coming to the Capitol on February 27. I spoke with Suzanne Bowers, Rep. Candy Noble's Chief of Staff, this morning. We would like to invite General Paxton to visit with the Leadership Wylie group on Feb 27. We are flexible on times, but between 11 am and 4 pm would be the ideal time for the group. Many of the individuals are constituents of Senator Paxton in SD 8.

Suzanne Bowers offered to be the point of contact to assist with times and locations. We do know they have the Historic Court of Appeals room in the 3rd floor of the Capitol reserved from 1-4 pm on Feb 27 for come and go visits with elected officials as part of Wylie Legislative Days.

--

Randy A. Samuelson
Chief of Staff, Senator Angela Paxton
512-463-0108

Randy Samuelson

From: Fisher, Ryan <[REDACTED]>
Sent: Wednesday, January 30, 2019 5:50 PM
To: Randy Samuelson
Cc: Emily Landon
Subject: PPACA Changes

Follow Up Flag: Follow up
Flag Status: Completed

Sorry for the hold up – thanks for the reminder Randy! Here’s what I’ve found:

<https://www.cms.gov/newsroom/press-releases/trump-administration-announces-state-relief-and-empowerment-waivers-give-states-flexibility-lower>

Here’s the fact sheet below:

<https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Downloads/SRE-Waiver-Fact-Sheet.pdf>

And here’s the federal register posting:

<https://s3.amazonaws.com/public-inspection.federalregister.gov/2018-23182.pdf>

Here’s a Texas-specific news article:

<https://medium.com/@txhealthplans/1332-waivers-texas-ticket-to-reforming-the-market-34b98df5134f>

And here’s some TDI guidance:

<https://www.tdi.texas.gov/reports/documents/Waiver-Option.pdf>

I do not claim to be an expert in this. I’d call Libby Elliott, Regan Ellmer, or Luke Bellsnyder at TDI. I’d probably also reach out to Jamie Dudensing with TAHP. Her cell is 512.450.4909.

Ryan

Ryan Fisher
Intergovernmental Relations Division
Office of the Attorney General
209 W. 14th Street, 7th floor- Mail Code 021
Austin, TX 78701
(512) 936-1440

Randy Samuelson

From: Fisher, Ryan <[REDACTED]>
Sent: Friday, February 1, 2019 10:43 AM
To: Randy Samuelson
Subject: RE: Feb 6

Yeah – pretty sure the event is being cancelled.

From: Randy Samuelson [mailto:[REDACTED]]
Sent: Friday, February 01, 2019 10:29 AM
To: Fisher, Ryan [REDACTED] >
Subject: Feb 6

Ryan,

We just found out the Senate Property Tax Committee will likely meet all day on Feb 6, with the exception of session and the State of the Judiciary. The meeting isn't posted yet, but knowing that, it is unlikely that she'll be able to make the invite. I'll let you know once we see the committee posting.

--

Randy A. Samuelson
Chief of Staff, Senator Angela Paxton
512-463-0108

Randy Samuelson

From: Randy Samuelson
Sent: Friday, February 15, 2019 4:55 PM
To: Della Bryant; 'Jones, Landry'
Subject: RE: Republican Party of Texas Annual Spring Dinner

Here is the contact for the event at the RPT:

Here's the contact info:
Laura King
Republican Party of Texas-Special Projects Coordinator

[REDACTED]
[REDACTED] (office)

--
Randy A. Samuelson
Chief of Staff, Senator Angela Paxton
512-463-0108

From: Randy Samuelson
Sent: Friday, February 15, 2019 4:50 PM
To: Della Bryant <[REDACTED]>; 'Jones, Landry' <[REDACTED]>
Subject: FW: Republican Party of Texas Annual Spring Dinner

Della and Landry,

Senator Hughes invited the Paxton's to sit at his table for the annual spring dinner on April 9. We don't know the Senator's committee schedule yet as Tuesdays will be very busy days, but I do want to make sure they know of the invite. I asked Caroline who the best point of contact is at RPT for additional details.

--
Randy A. Samuelson
Chief of Staff, Senator Angela Paxton
512-463-0108

From: Caroline Harris <[REDACTED]>
Sent: Friday, February 15, 2019 4:47 PM
To: Randy Samuelson <[REDACTED]>
Subject: Republican Party of Texas Annual Spring Dinner

Good afternoon Randy!

Senator Hughes would like to extend an invitation to Senator Paxton as well as Attorney General Paxton to join him at one of the front tables at the Republican Party of Texas' Annual Spring Dinner on Tuesday, April 9th, at 5:00pm, at the JW Marriott located at 110 E. 2nd Street, Austin, Texas 78701.

If you'd let me know their availability I would greatly appreciate it. Also, I'm happy to provide more information if need be, just let me know.

Thanks so much,

-Caroline

Caroline Harris
Office Manager/Scheduler
Senator Bryan Hughes (SD-1)
512-463-0101 (O)

[REDACTED] ■

Randy Samuelson

From: Jones, Landry <[REDACTED]>
Sent: Tuesday, February 19, 2019 1:27 PM
To: Randy Samuelson; Della Bryant
Subject: RE: Republican Party of Texas Annual Spring Dinner

Randy,

I apologize for the slow reply as I have been at a conference in Louisiana. I will get this processed as soon as possible.

Thanks for sending along,

Landry Jones

Director of Scheduling for Attorney General Ken Paxton

Office of the Attorney General | P.O. Box 12548 | Austin, Texas 78711-2548

[REDACTED] | Fax (512) 936-0545 | Email [REDACTED]



KEN PAXTON

ATTORNEY GENERAL OF TEXAS

PRIVILEGED AND CONFIDENTIAL: This communication may be confidential and/or privileged pursuant to Government Code Sections 552.101, 552.103, 552.107 and 552.111, and should not be disclosed without the express authorization of the Texas Attorney General.

From: Randy Samuelson [mailto:[REDACTED]]
Sent: Friday, February 15, 2019 4:55 PM
To: Della Bryant <[REDACTED]>; Jones, Landry <[REDACTED]>
Subject: RE: Republican Party of Texas Annual Spring Dinner

Here is the contact for the event at the RPT:

Here's the contact info:

Laura King

Republican Party of Texas-Special Projects Coordinator



--

Randy A. Samuelson
Chief of Staff, Senator Angela Paxton
512-463-0108

From: Randy Samuelson
Sent: Friday, February 15, 2019 4:50 PM
To: Della Bryant <[REDACTED]>; 'Jones, Landry' <[REDACTED]>
Subject: FW: Republican Party of Texas Annual Spring Dinner

Della and Landry,

Senator Hughes invited the Paxton's to sit at his table for the annual spring dinner on April 9. We don't know the Senator's committee schedule yet as Tuesdays will be very busy days, but I do want to make sure they know of the invite. I asked Caroline who the best point of contact is at RPT for additional details.

--

Randy A. Samuelson
Chief of Staff, Senator Angela Paxton
512-463-0108

From: Caroline Harris <[REDACTED]>
Sent: Friday, February 15, 2019 4:47 PM
To: Randy Samuelson <[REDACTED]>
Subject: Republican Party of Texas Annual Spring Dinner

Good afternoon Randy!

Senator Hughes would like to extend an invitation to Senator Paxton as well as Attorney General Paxton to join him at one of the front tables at the Republican Party of Texas' Annual Spring Dinner on Tuesday, April 9th, at 5:00pm, at the JW Marriott located at 110 E. 2nd Street, Austin, Texas 78701.

If you'd let me know their availability I would greatly appreciate it. Also, I'm happy to provide more information if need be, just let me know.

Thanks so much,

-Caroline

Caroline Harris
Office Manager/Scheduler
Senator Bryan Hughes (SD-1)
512-463-0101 (O)
[REDACTED]

Randy Samuelson

From: Fisher, Ryan <[REDACTED]>
Sent: Thursday, February 14, 2019 5:35 PM
To: Emily Landon
Subject: Re: Roe v. Wade Trigger Bill

Receipt confirmed. Thank you.

Sent from my iPhone

On Feb 14, 2019, at 4:25 PM, Emily Landon <[REDACTED]> wrote:

Ryan,

As discussed, please find attached the bill provided to us by Jennifer Allmon with edits from Joe Pojman.

Thanks!

Emily

Emily Landon | General Counsel and Policy Director | Senator Angela Paxton
(512) 463-0108 | email: [REDACTED]

<86R 8713.pdf>

Randy Samuelson

From: Jones, Landry <[REDACTED]>
Sent: Monday, February 11, 2019 11:44 AM
To: Randy Samuelson
Subject: RE: schedule request - Boy Scouts of America

Got it, I've sent him a note.

Hope you had a good weekend, Randy!

Landry Jones

Director of Scheduling for Attorney General Ken Paxton

Office of the Attorney General | P.O. Box 12548 | Austin, Texas 78711-2548

[REDACTED] | Fax [REDACTED] | Email [REDACTED]



KEN PAXTON

ATTORNEY GENERAL OF TEXAS

PRIVILEGED AND CONFIDENTIAL: This communication may be confidential and/or privileged pursuant to Government Code Sections 552.101, 552.103, 552.107 and 552.111, and should not be disclosed without the express authorization of the Texas Attorney General.

From: Randy Samuelson [mailto:[REDACTED]]
Sent: Monday, February 11, 2019 11:08 AM
To: Jones, Landry <[REDACTED]>
Subject: RE: schedule request - Boy Scouts of America

You should check with Joe on that. He didn't provide me that granular detail.

Everything going good for you?

--

Randy A. Samuelson
Chief of Staff, Senator Angela Paxton
512-463-0108

From: Jones, Landry <[REDACTED]>
Sent: Monday, February 11, 2019 10:24 AM
To: Randy Samuelson <[REDACTED]>
Subject: RE: schedule request - Boy Scouts of America

Thanks Randy. I'll get this on our scheduling docket to be discussed at the next Scheduling Meeting. This sounds like a fun event! Is there a specific location, length and topic for his requested speech?

Hope you had a nice weekend,

Landry Jones

Director of Scheduling for Attorney General Ken Paxton



KEN PAXTON
ATTORNEY GENERAL OF TEXAS

PRIVILEGED AND CONFIDENTIAL: This communication may be confidential and/or privileged pursuant to Government Code Sections 552.101, 552.103, 552.107 and 552.111, and should not be disclosed without the express authorization of the Texas Attorney General.

From: Randy Samuelson [mailto:]

Sent: Monday, February 11, 2019 10:11 AM

To: Jones, Landry < >

Subject: schedule request - Boy Scouts of America

Landry,

My brother-in-law, Joe Connole, works at the Boy Scouts as a regional director and program coordinator and he is helping with organizing a fundraiser for the Boy Scouts for later in the spring. One of General Paxton's family members (sister-in-law) is active in the council and recommended that Joe contact the AG to invite him to attend, so naturally, he called me over the weekend.

From Joe:

"We would like to have him be our keynote speaker for the event honoring our longest turned charter partners (churches namely) and our longest serving volunteers. The three mayors of Highland Village, Flower Mound, and Lewisville are all co-hosting the event. We are flexible but we're shooting for either Thursday, April 25th, or Friday, April 26th. We had planned to do breakfast (7:30 a.m. to 8:30 a.m.) but we're open to doing a lunch if it works better for General Paxton."

Additional information:

Lewisville Council is celebrating their 100th anniversary this year

Location of Event:

Lewisville area

Date:

April 25 or 26, 2019

Contact information:

Joe Connole ()

--

Randy A. Samuelson
Chief of Staff, Senator Angela Paxton
512-463-0108

By: _____

____.B. No. _____

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the creation of a regulatory sandbox program
3 administered by the attorney general for certain financial products
4 and services; authorizing a fee.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Title 99, Business & Commerce Code, is amended by
7 adding Chapter 2005 to read as follows:

8 CHAPTER 2005. REGULATORY SANDBOX PROGRAM

9 SUBCHAPTER A. GENERAL PROVISIONS

10 Sec. 2005.001. DEFINITIONS. In this chapter:

11 (1) "Applicable agency" means the department of this
12 state established by law to regulate certain types of business
13 activity in this state and the people engaging in that business,
14 including the issuance of licenses and registrations, that the
15 attorney general determines would regulate a program participant if
16 the person were not operating under this chapter.

17 (2) "Consumer" means a person who enters into a
18 transaction or agreement to receive an innovative financial product
19 or service that is being offered under this chapter.

20 (3) "Financial product or service" means a financial
21 product or service that requires a license or registration, or a
22 financial product or service that includes a business model,
23 delivery mechanism, or element that would otherwise require a
24 license, registration, or other authorization to act as a financial

1 institution that is regulated under the Finance Code or The
2 Securities Act.

3 (4) "Innovative" means the use of new or emerging
4 technology or the reimagining of existing technology to address a
5 problem, provide a benefit, or otherwise offer a product, service,
6 business model, or delivery mechanism that is not known by the
7 attorney general to have comparable widespread offering.

8 (5) "Innovative financial product or service" means a
9 financial product or service that is considered innovative by the
10 attorney general.

11 (6) "Program" means the regulatory sandbox program
12 established under this chapter that allows a person, without being
13 licensed or registered under the laws of this state, to test
14 innovative financial products or services for a limited time and on
15 a limited basis.

16 (7) "Program participant" means a person whose
17 application to participate in the program is approved and in good
18 standing.

19 (8) "Test" means to provide a financial product or
20 service to the extent allowed under this chapter.

21 Sec. 2005.002. CONFLICT OF LAW. If there is a conflict
22 between this chapter and another law or regulation of this state,
23 this chapter controls.

24 Sec. 2005.003. FEDERAL LICENSURE REQUIREMENTS. A program
25 participant is considered to be licensed, registered, or otherwise
26 authorized to act in this state for purposes of any federal law that
27 requires a person to be licensed, registered, or otherwise

1 authorized to act.

2 Sec. 2005.004. CREATION OF PROGRAM. (a) The attorney
3 general, in consultation with applicable agencies in this state,
4 shall create a regulatory sandbox program that enables a person to
5 obtain limited access to the market in this state to test innovative
6 financial products or services without obtaining a license,
7 registration, or other regulatory authorization.

8 (b) The program shall be administered by the consumer
9 protection division of the office of the attorney general.

10 Sec. 2005.005. REPORT ON REGULATIONS. (a) Not later than
11 December 31 of each even-numbered year, the attorney general shall
12 deliver a report to each legislative committee with jurisdiction
13 over each applicable agency.

14 (b) The report shall give an overview of the program,
15 including detailed recommendations on regulations appropriate for
16 certain financial products and services tested in the program.

17 SUBCHAPTER B. APPLICATION FOR PROGRAM PARTICIPATION

18 Sec. 2005.051. APPLICATION REQUIRED. (a) A person must
19 obtain approval from the attorney general before testing an
20 innovative financial product or service as a program participant.
21 A separate application is required for each product or service to be
22 tested under the program.

23 (b) A person that is licensed, registered, or has otherwise
24 gained regulatory authorization to provide a financial product or
25 service in this state must submit an application to test a new
26 financial product or service under the program.

27 Sec. 2005.052. APPLICATION. (a) The attorney general

1 shall review each submitted application to test a product or
2 service under the program.

3 (b) The attorney general shall accept and review
4 applications on a rolling basis.

5 (c) The application must be on a form prescribed under
6 Section 2005.053 and demonstrate that the applicant:

7 (1) is subject to the attorney general's jurisdiction
8 through incorporation, residency, presents agreement, or some
9 other means;

10 (2) has an established location that the attorney
11 general can access, either physically or virtually, from which
12 testing will be developed and performed, and where all required
13 records, documents, and data will be maintained; and

14 (3) has an adequate understanding of the product or
15 service and a sufficient plan to:

16 (A) test, monitor, and assess the product or
17 service; and

18 (B) ensure that consumers are protected from the
19 test's failure.

20 Sec. 2005.053. CONTENTS OF APPLICATION. The attorney
21 general by rule shall prescribe the application form. The form must
22 require the applicant to:

23 (1) provide personal and contact information for the
24 applicant, including the applicant's full legal name, addresses,
25 phone numbers, e-mail addresses, Internet website addresses, and
26 other information the attorney general requires;

27 (2) disclose any criminal convictions of the applicant

1 or the officers and directors of the applicant; and

2 (3) provide a detailed description of the innovative
3 product or service the applicant desires to test in the program,
4 including:

5 (A) the regulation the product or service would
6 be subject to outside of this program;

7 (B) the benefit the product or service would
8 provide consumers;

9 (C) how the product or service is different from
10 products and services available to consumers in this state;

11 (D) any risks to consumers who use or purchase
12 the product or service;

13 (E) how participation in the program will allow
14 for a successful test of the product or service;

15 (F) the proposed testing plan, including the
16 estimated time period needed for market entry, market exit, and
17 pursuit of necessary licensure, registration, or other regulatory
18 authorization; and

19 (G) how the applicant will wind down the test and
20 protect consumers if the product or service fails.

21 Sec. 2005.054. APPLICATION FEE. (a) The attorney general
22 shall collect an application fee for each application submitted.

23 (b) The attorney general by rule shall set the application
24 fee amount.

25 (c) All application fees collected under this section shall
26 be remitted to the comptroller for deposit in the general revenue
27 fund. Money deposited under this subsection may be appropriated

1 only for programs of the consumer protection division of the office
2 of the attorney general.

3 Sec. 2005.055. CONSULTATION WITH APPLICABLE AGENCY. (a)
4 Before acting on an application under Section 2005.056, the
5 attorney general must consult with the applicable agency.

6 (b) In consulting with the applicable agency, the attorney
7 general may seek information regarding if:

8 (1) the applicant could obtain a license,
9 registration, or other authorization from the applicable agency;
10 and

11 (2) the applicable agency has:

12 (A) issued a license or registration to the
13 applicant; or

14 (B) investigated, sanctioned, or disciplined, or
15 pursued legal action against, the applicant.

16 Sec. 2005.056. APPROVAL OR DENIAL OF APPLICATION. (a) Not
17 later than the 90th day after the date the application is submitted,
18 the attorney general shall notify the applicant if the application
19 is approved for participation in the program.

20 (b) The attorney general and an applicant may mutually agree
21 to extend the time to review an application under Subsection (a).

22 (c) In reviewing an application, the attorney general may
23 request any additional information necessary for the attorney
24 general to make a determination.

25 (d) Not later than the 30th day after the date the applicant
26 receives notice of denial of an application by the attorney
27 general, the applicant may file with the attorney general an appeal

1 of the attorney general's determination requesting a time and place
2 for a hearing before a hearing officer designated by the attorney
3 general. The applicant is entitled to a hearing not later than the
4 60th day after the date of the request. A hearing under this
5 subsection is governed by Chapter 2001, Government Code. After the
6 hearing, based on the findings of fact, conclusions of law, and
7 recommendations of the hearing officer, the attorney general shall
8 enter a final order.

9 SUBCHAPTER C. PROGRAM ADMINISTRATION

10 Sec. 2005.101. APPROVAL OF PROGRAM PARTICIPATION. (a) On
11 approval of an application by the attorney general, the applicant
12 shall be issued a unique registration number.

13 (b) The program participant may test the product or service
14 under the program for not longer than 24 months after the date the
15 application is approved.

16 Sec. 2005.102. MAXIMUM NUMBER OF CONSUMERS. A product or
17 service tested under the program may not be offered for sale or use
18 to more than 10,000 consumers.

19 Sec. 2005.103. SCOPE OF PROGRAM. (a) Program participants
20 may only offer financial products or services to residents of this
21 state.

22 (b) The program is open only to the following financial
23 products and services:

24 (1) consumer loans subject to Chapter 342, Finance
25 Code, other than mortgage loans;

26 (2) money transmission as defined by Section 151.301,
27 Finance Code;

1 (3) retail installment transactions as defined by
2 Section 348.001, Finance Code; and

3 (4) acting as an investment adviser as defined by
4 Subsection N, Section 4, The Securities Act (Article 581-4,
5 Vernon's Texas Civil Statutes).

6 (c) Mortgage loans are not an eligible product to be tested
7 in the program.

8 Sec. 2005.104. PROVISIONS APPLICABLE GENERALLY. (a) The
9 attorney general may determine that certain laws or regulations
10 apply to a program participant.

11 (b) If the attorney general determines that a law or
12 regulation applies to a program participant, the attorney general
13 must notify in writing the participant of the specific law or
14 regulation.

15 Sec. 2005.105. PROVISIONS APPLICABLE TO CONSUMER LOANS.
16 (a) This section applies to consumer loans that would be subject to
17 Chapter 342, Finance Code, if not offered under the program.

18 (b) A lender may not lend to an individual borrower more
19 than:

20 (1) \$15,000 for each loan; and

21 (2) \$50,000 in aggregate for all loans.

22 (c) The sum of all fees, interest, and other amounts in
23 excess of principal due under a loan may not exceed 30 percent of
24 the principal of that consumer loan.

25 Sec. 2005.106. PROVISIONS APPLICABLE TO MONEY
26 TRANSMISSION. (a) This section applies to money transmission as
27 defined by Section 151.301, Finance Code.

1 (b) A money transmission business may not transmit for an
2 individual consumer more than:

3 (1) \$2,500 for each transaction; and

4 (2) \$25,000 in aggregate for all transactions.

5 Sec. 2005.107. PROVISIONS APPLICABLE TO MOTOR VEHICLE
6 RETAIL INSTALLMENT TRANSACTIONS. (a) This section applies to a
7 retail installment transaction as defined by Section 348.001,
8 Finance Code.

9 (b) Sections 342.002, 348.102, 348.107, 348.112, 348.123,
10 348.201, 348.204, 348.205, 348.208, 348.209, and 348.412, Finance
11 Code, apply to a retail installment transaction under the program.

12 (c) The sum of all fees, interest, and other amounts in
13 excess of principal due under a retail installment transaction may
14 not exceed 30 percent of the principal of that retail installment
15 transaction.

16 Sec. 2005.108. PROVISIONS APPLICABLE TO INVESTMENT
17 ADVISERS. (a) This section applies to a financial adviser as
18 defined by Subsection N, Section 4, The Securities Act (Article
19 581-4, Vernon's Texas Civil Statutes), offering investment
20 services.

21 (b) Each program participant offering investment services
22 must make, maintain, and preserve books and records in accordance
23 with the requirements imposed on federal covered advisers under 17
24 C.F.R. Section 275.204-2.

25 (c) The participant shall file with the attorney general and
26 the State Securities Board a copy of any notices or written
27 undertakings required to be filed by federal covered advisors with

1 the United States Securities and Exchange Commission under 17
2 C.F.R. Section 275.204-2.

3 (d) Subsection C, Section 29, The Securities Act (Article
4 581-29, Vernon's Texas Civil Statutes), applies to investment
5 services offered under this program.

6 (e) State Securities Board rules adopted under The
7 Securities Act (Article 581-1 et seq., Vernon's Texas Civil
8 Statutes) apply as they relate to:

- 9 (1) dishonest and unethical practices;
10 (2) information required to be furnished to clients;
11 (3) custody of client funds or securities; and
12 (4) disclosure of financial and disciplinary
13 information to clients.

14 Sec. 2005.109. REPORTING REQUIREMENTS. (a) The attorney
15 general may require program participants to periodically report
16 information requested by the attorney general.

17 (b) Program participants shall make records, documents, and
18 data available for inspection by the attorney general.

19 Sec. 2005.110. CONFIDENTIALITY OF RECORDS UNDER PROGRAM.

20 (a) Subject to Subsection (b), records provided to the attorney
21 general by a program participant are confidential and do not
22 constitute public information for purposes of Chapter 552,
23 Government Code.

24 (b) Records provided to the attorney general by a program
25 participant may be disclosed to:

- 26 (1) federal and state agencies;
27 (2) representatives of foreign governments who have

1 regulatory authority over a program participant;

2 (3) a state or federal grand jury in response to a
3 subpoena; and

4 (4) the state auditor for the purpose of conducting
5 audits authorized by law.

6 Sec. 2005.111. REMOVAL FROM PROGRAM. (a) If the attorney
7 general believes a program participant is violating an applicable
8 state or federal regulation, the attorney general may remove the
9 participant from the program immediately.

10 (b) The decision to remove a program participant may be
11 appealed using the process under Section 2005.056(d).

12 SUBCHAPTER D. CONSUMER PROTECTION

13 Sec. 2005.151. WRITTEN CONSUMER DISCLOSURE REQUIRED. (a)
14 Before providing an innovative financial product or service to a
15 consumer, a program participant must disclose to the consumer all
16 information required under this section.

17 (b) The program participant must disclose:

18 (1) the name and contact information of the
19 participant, including the registration number assigned by the
20 attorney general under Section 2005.101(a);

21 (2) that the financial product or service is
22 authorized under the program, and the participant does not have a
23 license, registration, or other regulatory authorization to
24 provide financial products or services under the laws of this state
25 that regulate financial products and services;

26 (3) that this state does not endorse or recommend the
27 financial product or service;

1 (4) that the financial product or service is a
2 temporary test under the program and may be discontinued at the end
3 of the testing period, and the expected end date of the test; and

4 (5) that consumers may contact the consumer protection
5 division of the office of the attorney general regarding the
6 financial product or service and provide the division's phone
7 number, e-mail address, and Internet website where complaints may
8 be filed.

9 (c) The disclosure required by Subsection (b) must be:

10 (1) clear and conspicuous;

11 (2) in both English and Spanish; and

12 (3) physically or digitally signed by the consumer.

13 Sec. 2005.152. FAILURE OF TEST. (a) If a financial product
14 or service fails, the program participant shall notify the attorney
15 general not later than the 30th day before the date the program
16 participant will cease operation.

17 (b) The program participant shall implement the wind down
18 plan as described in the application under Section 2005.053.

19 SUBCHAPTER E. TERMINATION OF PROGRAM

20 Sec. 2005.201. EXPIRATION. This chapter expires on
21 December 31, 2029.

22 Sec. 2005.202. PROGRAM WRAP UP. The attorney general shall
23 make all necessary preparations to ensure that all program
24 participants' tests of financial products or services are concluded
25 before the date under Section 2005.201.

26 SECTION 2. This Act takes effect September 1, 2019.

State of Arizona
House of Representatives
Fifty-third Legislature
Second Regular Session
2018

HOUSE BILL 2434

AN ACT

AMENDING SECTION 41-1491.10, ARIZONA REVISED STATUTES; AMENDING TITLE 41, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 55; AMENDING SECTION 44-1531.01, ARIZONA REVISED STATUTES; RELATING TO FINANCIAL PRODUCTS AND SERVICES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 41-1491.10, Arizona Revised Statutes, is amended
3 to read:
4 41-1491.10. Reports; studies
5 A. The attorney general shall publish annually a written report
6 recommending legislative or other action to carry out the purposes of this
7 article. This report shall contain, for the preceding fiscal year, the
8 following information:
9 1. The number of complaints initiated by the attorney general.
10 2. The number of complaints filed with the attorney general by
11 aggrieved persons.
12 3. The number of complaints dismissed by the attorney general.
13 4. The number of complaints that resulted in conciliation
14 agreements.
15 5. The number of complaints for which the attorney general found
16 reasonable cause that a discriminatory housing practice occurred or was
17 about to occur.
18 6. The number of civil actions filed by the attorney general
19 pursuant to section 41-1491.34.
20 7. A DESCRIPTION OF THE RESULTS OF THE REGULATORY SANDBOX PROGRAM
21 ESTABLISHED PURSUANT TO CHAPTER 55 OF THIS TITLE.
22 B. The report shall include a description of the relief awarded in
23 civil actions and, without attribution, benefits to complainants agreed to
24 in conciliation agreements. The report shall also include the number of
25 instances in the preceding fiscal year, and the reasons therefor, but
26 without attribution to parties, the number of investigations that were not
27 completed within the time periods provided by section 41-1491.24,
28 subsection B or a determination made pursuant to section 41-1491.29,
29 subsection B.
30 C. The attorney general may make studies relating to the nature and
31 extent of discriminatory housing practices in this state.
32 Sec. 2. Title 41, Arizona Revised Statutes, is amended by adding
33 chapter 55, to read:

34 CHAPTER 55
35 REGULATORY SANDBOX PROGRAM
36 ARTICLE 1. GENERAL PROVISIONS

37 41-5601. Definitions
38 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:
39 1. "APPLICABLE AGENCY" MEANS A DEPARTMENT OR AGENCY OF THIS STATE
40 ESTABLISHED BY LAW TO REGULATE CERTAIN TYPES OF BUSINESS ACTIVITY IN THIS
41 STATE AND PERSONS ENGAGED IN SUCH BUSINESS, INCLUDING THE ISSUANCE OF
42 LICENSES OR OTHER TYPES OF AUTHORIZATION, THAT THE ATTORNEY GENERAL
43 DETERMINES WOULD REGULATE A SANDBOX PARTICIPANT IF THE PERSON WAS NOT A
44 REGULATORY SANDBOX PARTICIPANT.

1 2. "CONSUMER" MEANS A PERSON THAT PURCHASES OR OTHERWISE ENTERS
2 INTO A TRANSACTION OR AGREEMENT TO RECEIVE AN INNOVATIVE FINANCIAL PRODUCT
3 OR SERVICE THAT IS BEING TESTED BY A SANDBOX PARTICIPANT.

4 3. "FINANCIAL PRODUCT OR SERVICE" MEANS A PRODUCT OR SERVICE THAT
5 REQUIRES LICENSURE UNDER TITLE 6 OR TITLE 44, CHAPTER 2.1 OR 13 OR A
6 PRODUCT OR SERVICE THAT INCLUDES A BUSINESS MODEL, DELIVERY MECHANISM OR
7 ELEMENT THAT MAY OTHERWISE REQUIRE A LICENSE OR OTHER AUTHORIZATION TO ACT
8 AS A FINANCIAL INSTITUTION OR ENTERPRISE OR OTHER ENTITY THAT IS REGULATED
9 BY TITLE 6 OR TITLE 44, CHAPTER 2.1 OR 13.

10 4. "INNOVATION" MEANS THE USE OR INCORPORATION OF NEW OR EMERGING
11 TECHNOLOGY OR THE REIMAGINATION OF USES FOR EXISTING TECHNOLOGY TO ADDRESS
12 A PROBLEM, PROVIDE A BENEFIT OR OTHERWISE OFFER A PRODUCT, SERVICE,
13 BUSINESS MODEL OR DELIVERY MECHANISM THAT IS NOT KNOWN BY THE ATTORNEY
14 GENERAL TO HAVE A COMPARABLE WIDESPREAD OFFERING IN THIS STATE.

15 5. "INNOVATIVE FINANCIAL PRODUCT OR SERVICE" MEANS A FINANCIAL
16 PRODUCT OR SERVICE THAT INCLUDES AN INNOVATION.

17 6. "REGULATORY SANDBOX" MEANS THE PROGRAM ESTABLISHED BY THIS
18 CHAPTER THAT ALLOWS A PERSON TO TEMPORARILY TEST INNOVATIVE FINANCIAL
19 PRODUCTS OR SERVICES ON A LIMITED BASIS WITHOUT OTHERWISE BEING LICENSED
20 OR AUTHORIZED TO ACT UNDER THE LAWS OF THIS STATE.

21 7. "SANDBOX PARTICIPANT" MEANS A PERSON WHOSE APPLICATION TO
22 PARTICIPATE IN THE REGULATORY SANDBOX IS APPROVED PURSUANT TO THIS
23 CHAPTER.

24 8. "TEST" MEANS TO PROVIDE PRODUCTS AND SERVICES AS ALLOWED BY THIS
25 CHAPTER.

26 41-5602. Program purpose

27 THE ATTORNEY GENERAL SHALL ESTABLISH A REGULATORY SANDBOX PROGRAM IN
28 CONSULTATION WITH APPLICABLE AGENCIES OF THIS STATE TO ENABLE A PERSON TO
29 OBTAIN LIMITED ACCESS TO THE MARKET IN THIS STATE TO TEST INNOVATIVE
30 FINANCIAL PRODUCTS OR SERVICES WITHOUT OBTAINING A LICENSE OR OTHER
31 AUTHORIZATION THAT OTHERWISE MIGHT BE REQUIRED.

32 41-5603. Application process and requirements; fee

33 A. ANY PERSON MAY APPLY TO ENTER THE REGULATORY SANDBOX TO TEST AN
34 INNOVATION.

35 B. THE ATTORNEY GENERAL MUST ACCEPT AND REVIEW EACH APPLICATION FOR
36 ENTRY INTO THE REGULATORY SANDBOX ON A ROLLING BASIS.

37 C. AN APPLICATION MUST DEMONSTRATE THAT AN APPLICANT BOTH:

38 1. IS AN ENTITY OR INDIVIDUAL THAT IS SUBJECT TO THE JURISDICTION
39 OF THE ATTORNEY GENERAL THROUGH INCORPORATION, RESIDENCY, PRESENCE
40 AGREEMENT OR OTHERWISE.

41 2. HAS ESTABLISHED A LOCATION, WHETHER PHYSICAL OR VIRTUAL, THAT IS
42 ADEQUATELY ACCESSIBLE TO THE ATTORNEY GENERAL, FROM WHICH TESTING WILL BE
43 DEVELOPED AND PERFORMED AND WHERE ALL REQUIRED RECORDS, DOCUMENTS AND DATA
44 WILL BE MAINTAINED.

1 D. PERSONS THAT ALREADY POSSESS A LICENSE OR OTHER AUTHORIZATION
2 UNDER STATE LAWS THAT REGULATE A FINANCIAL PRODUCT OR SERVICE MUST FILE AN
3 APPLICATION WITH THE ATTORNEY GENERAL TO TEST INNOVATIVE FINANCIAL
4 PRODUCTS OR SERVICES WITHIN THE REGULATORY SANDBOX.

5 E. APPLICATIONS MUST CONTAIN SUFFICIENT INFORMATION TO DEMONSTRATE
6 THAT AN APPLICANT HAS AN ADEQUATE UNDERSTANDING OF THE INNOVATION AND A
7 SUFFICIENT PLAN TO TEST, MONITOR AND ASSESS THE INNOVATION WHILE ENSURING
8 CONSUMERS ARE PROTECTED FROM A TEST'S FAILURE.

9 F. APPLICATIONS MUST CONTAIN THE INFORMATION REQUIRED BY A FORM
10 THAT IS DEVELOPED AND MADE PUBLICLY AVAILABLE BY THE ATTORNEY GENERAL.
11 THE INFORMATION REQUIRED BY THE FORM MAY INCLUDE:

12 1. RELEVANT PERSONAL AND CONTACT INFORMATION FOR THE APPLICANT,
13 INCLUDING FULL LEGAL NAMES, ADDRESSES, TELEPHONE NUMBERS, E-MAIL
14 ADDRESSES, WEBSITE ADDRESSES AND OTHER INFORMATION THAT THE ATTORNEY
15 GENERAL DEEMS NECESSARY.

16 2. DISCLOSURE OF ANY CRIMINAL CONVICTIONS OF THE APPLICANT OR KEY
17 PERSONNEL, IF ANY.

18 3. A DESCRIPTION OF THE INNOVATION DESIRED TO BE TESTED, INCLUDING
19 STATEMENTS REGARDING ALL OF THE FOLLOWING:

20 (a) HOW AN INNOVATION IS SUBJECT TO REGULATION OUTSIDE OF THE
21 REGULATORY SANDBOX.

22 (b) HOW THE INNOVATION WOULD BENEFIT CONSUMERS.

23 (c) HOW THE INNOVATION IS DIFFERENT FROM OTHER PRODUCTS OR SERVICES
24 AVAILABLE IN THIS STATE.

25 (d) WHAT RISKS WILL CONFRONT CONSUMERS THAT USE OR PURCHASE THE
26 INNOVATIVE FINANCIAL PRODUCT OR SERVICE.

27 (e) HOW ENTERING THE REGULATORY SANDBOX WOULD ENABLE A SUCCESSFUL
28 TEST OF THE INNOVATION.

29 (f) A DESCRIPTION OF THE PROPOSED TESTING PLAN, INCLUDING ESTIMATED
30 TIME PERIODS FOR MARKET ENTRY, MARKET EXIT AND THE PURSUIT OF NECESSARY
31 LICENSURE OR AUTHORIZATION.

32 (g) HOW THE APPLICANT WILL WIND DOWN THE TEST AND PROTECT CONSUMERS
33 IF THE TEST FAILS.

34 G. THE ATTORNEY GENERAL SHALL COLLECT AN APPLICATION FEE IN AN
35 AMOUNT TO BE DETERMINED BY THE ATTORNEY GENERAL. THE ATTORNEY GENERAL
36 SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146 AND 35-147, ALL FEES COLLECTED
37 PURSUANT TO THIS SUBSECTION IN THE CONSUMER PROTECTION-CONSUMER FRAUD
38 REVOLVING FUND ESTABLISHED BY SECTION 44-1531.01.

39 H. A PERSON SHALL FILE A SEPARATE APPLICATION FOR EACH INNOVATION
40 SOUGHT TO BE TESTED.

41 I. AFTER THE INFORMATION REQUIRED BY SUBSECTION F OF THIS SECTION
42 IS SUBMITTED, THE ATTORNEY GENERAL MAY SEEK ADDITIONAL INFORMATION THAT IT
43 DEEMS NECESSARY. NOT LATER THAN NINETY DAYS AFTER AN APPLICATION IS
44 INITIALLY SUBMITTED, THE ATTORNEY GENERAL SHALL NOTIFY THE APPLICANT AS TO
45 WHETHER THE APPLICATION IS APPROVED FOR ENTRY INTO THE REGULATORY SANDBOX.

1 THE ATTORNEY GENERAL AND AN APPLICANT MAY MUTUALLY AGREE TO EXTEND THE
2 TIME PERIOD FOR THE ATTORNEY GENERAL TO DETERMINE WHETHER AN APPLICATION
3 IS APPROVED FOR ENTRY INTO THE REGULATORY SANDBOX.

4 J. THE ATTORNEY GENERAL MAY DENY APPLICATIONS IN ITS DISCRETION AND
5 A DENIAL IS NOT AN APPEALABLE AGENCY ACTION FOR THE PURPOSES OF CHAPTER 6,
6 ARTICLE 10 OF THIS TITLE.

7 41-5604. Consultation with applicable agencies; admission
8 authority; insurance products; investment
9 management

10 A. THE ATTORNEY GENERAL MUST CONSULT WITH AN APPLICABLE AGENCY
11 BEFORE ADMITTING A PERSON INTO THE REGULATORY SANDBOX. THIS CONSULTATION
12 MAY INCLUDE SEEKING INFORMATION ABOUT:

13 1. WHETHER THE APPLICABLE AGENCY PREVIOUSLY HAS EITHER:

14 (a) ISSUED A LICENSE OR OTHER AUTHORIZATION TO THE APPLICANT.

15 (b) INVESTIGATED, SANCTIONED OR PURSUED LEGAL ACTION AGAINST THE
16 APPLICANT.

17 2. WHETHER THE APPLICANT COULD OBTAIN A LICENSE OR OTHER
18 AUTHORIZATION FROM AN APPLICABLE AGENCY AFTER EXITING THE REGULATORY
19 SANDBOX.

20 B. NOTWITHSTANDING SUBSECTION A OF THIS SECTION, THE ATTORNEY
21 GENERAL HAS SOLE AUTHORITY TO MAKE THE FINAL DECISION WHETHER TO ADMIT A
22 PERSON INTO THE REGULATORY SANDBOX.

23 41-5605. Scope

24 A. IF THE ATTORNEY GENERAL APPROVES AN APPLICATION FOR ENTRY INTO
25 THE REGULATORY SANDBOX, THE APPLICANT IS DEEMED A SANDBOX PARTICIPANT AND
26 BOTH OF THE FOLLOWING APPLY:

27 1. THE SANDBOX PARTICIPANT HAS TWENTY-FOUR MONTHS AFTER THE DATE OF
28 APPROVAL TO TEST THE INNOVATIVE FINANCIAL PRODUCT OR SERVICE DESCRIBED IN
29 THE SANDBOX PARTICIPANT'S APPLICATION.

30 2. THE ATTORNEY GENERAL MUST ISSUE THE SANDBOX PARTICIPANT A
31 REGISTRATION NUMBER.

32 B. INNOVATIVE FINANCIAL PRODUCTS OR SERVICES THAT ARE PROVIDED
33 WITHIN THE REGULATORY SANDBOX ARE SUBJECT TO THE FOLLOWING RESTRICTIONS:

34 1. CONSUMERS MUST BE RESIDENTS OF THIS STATE.

35 2. EXCEPT AS PROVIDED IN SUBSECTION C OF THIS SECTION, NOT MORE
36 THAN TEN THOUSAND CONSUMERS MAY TRANSACT THROUGH OR ENTER INTO AN
37 AGREEMENT TO USE THE INNOVATION.

38 3. FOR A SANDBOX PARTICIPANT TESTING CONSUMER LENDER LOANS AS
39 DEFINED IN SECTION 6-601, AN INDIVIDUAL CONSUMER LENDER LOAN MAY BE ISSUED
40 FOR UP TO FIFTEEN THOUSAND DOLLARS, EXCEPT THAT AGGREGATE LOANS PER
41 CONSUMER MAY NOT EXCEED FIFTY THOUSAND DOLLARS. ALL CONSUMER LENDER LOANS
42 ISSUED IN THE REGULATORY SANDBOX, INCLUDING LOANS IN EXCESS OF TEN
43 THOUSAND DOLLARS, ARE SUBJECT TO ALL OF THE FOLLOWING:

44 (a) SECTION 6-114.

45 (b) SECTION 6-632.

1 (c) SECTION 6-635, SUBSECTIONS A, B AND C.

2 (d) SECTION 6-637.

3 4. EXCEPT AS PROVIDED IN SUBSECTION C OF THIS SECTION, FOR A
4 SANDBOX PARTICIPANT TESTING PRODUCTS OR SERVICES AS A MONEY TRANSMITTER AS
5 DEFINED IN SECTION 6-1201, INDIVIDUAL TRANSACTIONS PER CONSUMER MAY NOT
6 EXCEED TWO THOUSAND FIVE HUNDRED DOLLARS AND AGGREGATE TRANSACTIONS PER
7 CONSUMER MAY NOT EXCEED TWENTY-FIVE THOUSAND DOLLARS.

8 5. FOR SANDBOX PARTICIPANTS TESTING PRODUCTS OR SERVICES AS A SALES
9 FINANCE COMPANY AS DEFINED IN SECTION 44-281, ALL OF THE FOLLOWING APPLY:

10 (a) SECTION 44-286.

11 (b) SECTION 44-287, EXCEPT NOT SECTION 44-287, SUBSECTION B,
12 PARAGRAPH 8.

13 (c) SECTION 44-288.

14 (d) SECTION 44-289.

15 (e) SECTION 44-290.

16 (f) SECTION 44-291.

17 (g) SECTION 44-293.

18 (h) SECTION 47-9601.

19 6. FOR SANDBOX PARTICIPANTS TESTING PRODUCTS OR SERVICES THAT
20 PROVIDE INVESTMENT MANAGEMENT THAT IS REGULATED PURSUANT TO TITLE 44,
21 CHAPTER 13:

22 (a) SECTION 44-3241 APPLIES.

23 (b) EACH SANDBOX PARTICIPANT MUST MAKE, MAINTAIN AND PRESERVE BOOKS
24 AND RECORDS IN ACCORDANCE WITH THE REQUIREMENTS IMPOSED ON FEDERAL COVERED
25 ADVISERS UNDER 17 CODE OF FEDERAL REGULATIONS SECTION 275.204-2. THE
26 SANDBOX PARTICIPANT SHALL FILE WITH THE CORPORATION COMMISSION A COPY OF
27 ANY NOTICES OR WRITTEN UNDERTAKINGS REQUIRED TO BE FILED BY FEDERAL
28 COVERED ADVISERS WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER 17 CODE
29 OF FEDERAL REGULATIONS SECTION 275.204-2.

30 (c) THE CORPORATION COMMISSION RULES ADOPTED PURSUANT TO TITLE 44,
31 CHAPTER 13 APPLY AS THEY RELATE TO THE FOLLOWING:

32 (i) DISHONEST AND UNETHICAL PRACTICES.

33 (ii) INFORMATION REQUIRED TO BE FURNISHED TO CLIENTS.

34 (iii) CUSTODY OF CLIENT FUNDS OR SECURITIES.

35 (iv) DISCLOSURE OF FINANCIAL AND DISCIPLINARY INFORMATION TO
36 CLIENTS.

37 C. IF A SANDBOX PARTICIPANT DEMONSTRATES ADEQUATE FINANCIAL
38 CAPITALIZATION, RISK MANAGEMENT PROCESS AND MANAGEMENT OVERSIGHT, THE
39 ATTORNEY GENERAL MAY ALLOW EITHER OR BOTH OF THE FOLLOWING:

40 1. NOT MORE THAN SEVENTEEN THOUSAND FIVE HUNDRED CONSUMERS TO
41 TRANSACT THROUGH OR ENTER INTO AN AGREEMENT TO USE THE INNOVATION.

42 2. FOR A SANDBOX PARTICIPANT TESTING PRODUCTS OR SERVICES AS A
43 MONEY TRANSMITTER AS DEFINED IN SECTION 6-1201, INDIVIDUAL TRANSACTIONS
44 PER CONSUMER THAT DO NOT EXCEED FIFTEEN THOUSAND DOLLARS AND AGGREGATE
45 TRANSACTIONS PER CONSUMER THAT DO NOT EXCEED FIFTY THOUSAND DOLLARS.

1 D. THIS SECTION DOES NOT RESTRICT A SANDBOX PARTICIPANT WHO HOLDS A
2 LICENSE OR OTHER AUTHORIZATION IN ANOTHER JURISDICTION FROM ACTING
3 PURSUANT TO AND IN ACCORDANCE WITH THAT LICENSE OR OTHER AUTHORIZATION.

4 E. A SANDBOX PARTICIPANT IS DEEMED TO POSSESS AN APPROPRIATE
5 LICENSE UNDER THE LAWS OF THIS STATE FOR PURPOSES OF ANY PROVISION OF
6 FEDERAL LAW REQUIRING STATE LICENSURE OR AUTHORIZATION.

7 F. EXCEPT AS OTHERWISE PROVIDED IN THIS CHAPTER, A SANDBOX
8 PARTICIPANT IS NOT SUBJECT TO STATE LAWS THAT REGULATE A FINANCIAL PRODUCT
9 OR SERVICE.

10 G. THE ATTORNEY GENERAL MAY DETERMINE THAT CERTAIN STATE LAWS THAT
11 REGULATE A FINANCIAL PRODUCT OR SERVICE APPLY TO A SANDBOX PARTICIPANT.
12 IF THE ATTORNEY GENERAL MAKES THIS DETERMINATION AND APPROVES AN
13 APPLICATION FOR ENTRY INTO THE REGULATORY SANDBOX, THE ATTORNEY GENERAL
14 MUST NOTIFY THE SANDBOX PARTICIPANT OF THE SPECIFIC STATE REGULATORY LAWS
15 THAT WILL APPLY TO THE SANDBOX PARTICIPANT.

16 H. A SANDBOX PARTICIPANT MAY OBTAIN, RECORD, PROVIDE OR MAINTAIN IN
17 ELECTRONIC FORM, INCLUDING AS PROVIDED IN SECTION 44-7601, ANY
18 INFORMATION, WRITING, SIGNATURE, RECORD OR DISCLOSURE THAT IS REQUIRED BY
19 THIS CHAPTER OR MAY SUBSTITUTE ANY SUBSTANTIALLY SIMILAR EQUIVALENT
20 INFORMATION, WRITING, SIGNATURE, RECORD OR DISCLOSURE THAT IS APPROVED BY
21 THE ATTORNEY GENERAL.

22 41-5606. Consumer protection

23 A. BEFORE PROVIDING AN INNOVATIVE FINANCIAL PRODUCT OR SERVICE TO
24 CONSUMERS, A SANDBOX PARTICIPANT MUST DISCLOSE TO CONSUMERS ALL OF THE
25 FOLLOWING:

26 1. THE NAME AND CONTACT INFORMATION OF THE SANDBOX PARTICIPANT,
27 INCLUDING THE REGISTRATION NUMBER PROVIDED BY THE ATTORNEY GENERAL
28 PURSUANT TO SECTION 41-5605.

29 2. THAT THE INNOVATIVE FINANCIAL PRODUCT OR SERVICE IS AUTHORIZED
30 PURSUANT TO THE REGULATORY SANDBOX AND, IF APPLICABLE, THAT THE SANDBOX
31 PARTICIPANT DOES NOT HAVE A LICENSE OR OTHER AUTHORIZATION TO GENERALLY
32 PROVIDE PRODUCTS OR SERVICES UNDER STATE LAWS THAT REGULATE A FINANCIAL
33 PRODUCT OR SERVICE THAT IS OUTSIDE THE REGULATORY SANDBOX.

34 3. THAT THIS STATE DOES NOT ENDORSE OR RECOMMEND THE INNOVATION.

35 4. THAT THE INNOVATIVE FINANCIAL PRODUCT OR SERVICE IS A TEMPORARY
36 TEST THAT MAY BE DISCONTINUED AT THE END OF THE TESTING PERIOD, INCLUDING
37 THE EXPECTED END DATE OF THE TESTING PERIOD.

38 5. THAT CONSUMERS MAY CONTACT THE ATTORNEY GENERAL TO FILE
39 COMPLAINTS REGARDING THE INNOVATIVE FINANCIAL PRODUCT OR SERVICE BEING
40 TESTED AND PROVIDE THE ATTORNEY GENERAL'S TELEPHONE NUMBER AND WEBSITE
41 ADDRESS WHERE COMPLAINTS MAY BE FILED.

42 B. THE NOTIFICATIONS PRESCRIBED BY SUBSECTION A OF THIS SECTION
43 MUST BE PROVIDED TO CONSUMERS IN A CLEAR AND CONSPICUOUS FORM IN BOTH
44 ENGLISH AND SPANISH. FOR INTERNET OR APPLICATION-BASED INNOVATIVE

1 FINANCIAL PRODUCTS OR SERVICES, CONSUMERS MUST ACKNOWLEDGE RECEIPT OF
2 THESE NOTIFICATIONS BEFORE COMPLETION OF A TRANSACTION.

3 C. THE ATTORNEY GENERAL MAY REQUIRE THAT A SANDBOX PARTICIPANT MAKE
4 ADDITIONAL DISCLOSURES TO CONSUMERS. WHEN THE ATTORNEY GENERAL APPROVES
5 AN APPLICATION FOR ENTRY INTO THE REGULATORY SANDBOX, THE ATTORNEY GENERAL
6 SHALL NOTIFY THE SANDBOX PARTICIPANT OF THE ADDITIONAL DISCLOSURES.

7 41-5607. Exit requirements

8 A. AT LEAST THIRTY DAYS BEFORE THE END OF THE TWENTY-FOUR MONTH
9 REGULATORY SANDBOX TESTING PERIOD, A SANDBOX PARTICIPANT MUST EITHER:

10 1. NOTIFY THE ATTORNEY GENERAL THAT THE SANDBOX PARTICIPANT WILL
11 EXIT THE REGULATORY SANDBOX, WIND DOWN ITS TEST AND CEASE OFFERING ANY
12 INNOVATIVE PRODUCTS OR SERVICES IN THE REGULATORY SANDBOX WITHIN SIXTY
13 DAYS AFTER THE TWENTY-FOUR-MONTH TESTING PERIOD ENDS.

14 2. SEEK AN EXTENSION PURSUANT TO SECTION 41-5608 TO PURSUE A
15 LICENSE OR OTHER AUTHORIZATION REQUIRED BY LAW.

16 B. IF THE ATTORNEY GENERAL DOES NOT RECEIVE NOTIFICATION PURSUANT
17 TO SUBSECTION A OF THIS SECTION, THE REGULATORY SANDBOX TESTING PERIOD
18 ENDS AT THE END OF THE TWENTY-FOUR-MONTH TESTING PERIOD AND THE SANDBOX
19 PARTICIPANT MUST IMMEDIATELY CEASE OFFERING INNOVATIVE PRODUCTS OR
20 SERVICES.

21 C. IF A TEST INCLUDES OFFERING PRODUCTS OR SERVICES THAT REQUIRE
22 ONGOING DUTIES, SUCH AS SERVICING A LOAN, THE SANDBOX PARTICIPANT MUST
23 CONTINUE TO FULFILL THOSE DUTIES OR ARRANGE FOR ANOTHER PERSON TO FULFILL
24 THOSE DUTIES AFTER THE DATE THE SANDBOX PARTICIPANT EXITS THE REGULATORY
25 SANDBOX.

26 41-5608. Extensions

27 A. A SANDBOX PARTICIPANT MAY REQUEST AN EXTENSION OF THE REGULATORY
28 SANDBOX TESTING PERIOD FOR THE PURPOSE OF PURSUING A LICENSE OR OTHER
29 AUTHORIZATION REQUIRED BY LAW.

30 B. THE ATTORNEY GENERAL MAY GRANT OR DENY A REQUEST FOR AN
31 EXTENSION PURSUANT TO SUBSECTION A OF THIS SECTION BY THE END OF THE
32 TWENTY-FOUR-MONTH REGULATORY SANDBOX TESTING PERIOD. AN EXTENSION
33 PURSUANT TO THIS SUBSECTION IS NOT EFFECTIVE FOR MORE THAN ONE YEAR AFTER
34 THE END OF THE REGULATORY SANDBOX TESTING PERIOD.

35 C. A SANDBOX PARTICIPANT THAT OBTAINS AN EXTENSION PURSUANT TO
36 SUBSECTION B OF THIS SECTION MUST PROVIDE THE ATTORNEY GENERAL WITH A
37 WRITTEN REPORT EVERY THREE MONTHS THAT PROVIDES AN UPDATE ON EFFORTS TO
38 OBTAIN A LICENSE OR OTHER AUTHORIZATION, INCLUDING ANY SUBMITTED
39 APPLICATIONS FOR LICENSURE OR OTHER AUTHORIZATION, REJECTED APPLICATIONS
40 OR ISSUED LICENSES OR OTHER AUTHORIZATION.

41 41-5609. Recordkeeping and reporting requirements

42 A. A SANDBOX PARTICIPANT MUST RETAIN RECORDS, DOCUMENTS AND DATA
43 PRODUCED IN THE ORDINARY COURSE OF BUSINESS REGARDING AN INNOVATIVE
44 FINANCIAL PRODUCT OR SERVICE TESTED IN THE REGULATORY SANDBOX.

1 B. IF AN INNOVATION FAILS BEFORE THE END OF THE TESTING PERIOD, THE
2 SANDBOX PARTICIPANT MUST NOTIFY THE ATTORNEY GENERAL AND REPORT ON ACTIONS
3 TAKEN TO ENSURE CONSUMERS HAVE NOT BEEN HARMED AS A RESULT OF THE
4 INNOVATION'S FAILURE.

5 C. A SANDBOX PARTICIPANT IS SUBJECT TO THE REQUIREMENTS OF SECTION
6 18-545 AND MUST NOTIFY THE ATTORNEY GENERAL OF ANY BREACH AS DEFINED IN
7 SECTION 18-545.

8 41-5610. Records; disclosure; evidentiary effect

9 A. RECORDS THAT ARE SUBMITTED TO OR OBTAINED BY THE ATTORNEY
10 GENERAL IN ADMINISTERING THIS CHAPTER ARE NOT PUBLIC RECORDS OR OPEN FOR
11 INSPECTION BY THE PUBLIC.

12 B. RECORDS AND INFORMATION THAT ARE SUBMITTED OR OBTAINED PURSUANT
13 TO THIS CHAPTER MAY BE DISCLOSED TO ANY OF THE FOLLOWING:

- 14 1. STATE AND FEDERAL AGENCIES.
- 15 2. REPRESENTATIVES OF FOREIGN COUNTRIES THAT HAVE REGULATORY OR
16 SUPERVISORY AUTHORITY OVER THE ACTIVITIES OF THE SANDBOX PARTICIPANT.
- 17 3. A FEDERAL, STATE OR COUNTY GRAND JURY IN RESPONSE TO A LAWFUL
18 SUBPOENA.
- 19 4. THE STATE AUDITOR GENERAL FOR THE PURPOSE OF CONDUCTING AUDITS
20 AUTHORIZED BY LAW.

21 C. THE ATTORNEY GENERAL AND ANY APPLICABLE AGENCY CONSULTED BY THE
22 ATTORNEY GENERAL PURSUANT TO SECTION 41-5604 ARE NOT LIABLE FOR THE
23 DISCLOSURE OF RECORDS, INFORMATION OR DATA RECEIVED OR OBTAINED PURSUANT
24 TO THIS CHAPTER.

25 D. THE DISCLOSURE PURSUANT TO SUBSECTION B OF THIS SECTION OF A
26 COMPLAINT OR THE RESULTS OF AN EXAMINATION, INQUIRY OR INVESTIGATION OF A
27 SANDBOX PARTICIPANT DOES NOT MAKE THAT INFORMATION A PUBLIC RECORD AND THE
28 SANDBOX PARTICIPANT OR THE SANDBOX PARTICIPANT'S HOLDING COMPANY MAY NOT
29 DISCLOSE THAT INFORMATION TO THE GENERAL PUBLIC UNLESS THE DISCLOSURE IS
30 REQUIRED BY LAW. A SANDBOX PARTICIPANT OR THE SANDBOX PARTICIPANT'S
31 HOLDING COMPANY MAY NOT DISCLOSE, USE OR REFERENCE IN ANY FORM COMMENTS,
32 CONCLUSIONS OR RESULTS OF AN EXAMINATION, INQUIRY OR INVESTIGATION IN ANY
33 TYPE OF COMMUNICATION TO A CUSTOMER OR POTENTIAL CUSTOMER.

34 E. THIS SECTION DOES NOT PREVENT THE DISCLOSURE OF INFORMATION THAT
35 IS ADMISSIBLE IN EVIDENCE IN A CIVIL OR CRIMINAL PROCEEDING BROUGHT BY A
36 STATE OR FEDERAL LAW ENFORCEMENT AGENCY TO ENFORCE OR PROSECUTE CIVIL OR
37 CRIMINAL VIOLATIONS OF THE LAW.

38 41-5611. Reporting requirements; monitoring; enforcement;
39 agreements

40 A. THE ATTORNEY GENERAL MAY ESTABLISH PERIODIC REPORTING
41 REQUIREMENTS ON SANDBOX PARTICIPANTS.

42 B. THE ATTORNEY GENERAL MAY SEEK RECORDS, DOCUMENTS AND DATA FROM
43 SANDBOX PARTICIPANTS. ON THE ATTORNEY GENERAL'S REQUEST, SANDBOX
44 PARTICIPANTS MUST MAKE SUCH RECORDS, DOCUMENTS AND DATA AVAILABLE FOR
45 INSPECTION BY THE ATTORNEY GENERAL.

1 C. IF THE ATTORNEY GENERAL HAS REASONABLE CAUSE TO BELIEVE THAT A
2 SANDBOX PARTICIPANT HAS ENGAGED IN, IS ENGAGING IN OR IS ABOUT TO ENGAGE
3 IN ANY PRACTICE OR TRANSACTION THAT IS IN VIOLATION OF THIS CHAPTER, THAT
4 CONSTITUTES AN UNLAWFUL PRACTICE UNDER SECTION 44-1522 OR THAT CONSTITUTES
5 A VIOLATION OF A STATE OR FEDERAL CRIMINAL LAW, THE ATTORNEY GENERAL MAY
6 REMOVE A SANDBOX PARTICIPANT FROM THE REGULATORY SANDBOX OR ORDER A
7 SANDBOX PARTICIPANT TO EXIT THE REGULATORY SANDBOX PURSUANT TO SECTION
8 41-5607.

9 D. REMOVAL FROM THE REGULATORY SANDBOX IS NOT AN APPEALABLE AGENCY
10 ACTION FOR THE PURPOSES OF CHAPTER 6, ARTICLE 10 OF THIS TITLE.

11 E. SANDBOX PARTICIPANTS ARE SUBJECT TO THE CONSUMER FRAUD
12 PROVISIONS UNDER TITLE 44, CHAPTER 10, ARTICLE 7.

13 F. THE ATTORNEY GENERAL MAY ENTER INTO AGREEMENTS WITH STATE,
14 FEDERAL OR FOREIGN REGULATORS THAT ALLOW SANDBOX PARTICIPANTS TO OPERATE
15 IN OTHER JURISDICTIONS AND ALLOW ENTITIES AUTHORIZED TO OPERATE IN OTHER
16 JURISDICTIONS TO BE RECOGNIZED AS SANDBOX PARTICIPANTS IN THIS STATE.

17 41-5612. Program termination

18 THE PROGRAM ESTABLISHED BY THIS CHAPTER ENDS ON JULY 1, 2028
19 PURSUANT TO SECTION 41-3102.

20 Sec. 3. Section 44-1531.01, Arizona Revised Statutes, is amended to
21 read:

22 44-1531.01. Consumer protection-consumer fraud revolving
23 fund; use of fund

24 A. The consumer protection-consumer fraud revolving fund is
25 established to be administered by the attorney general under the
26 conditions and for the purposes provided by this section. Monies in the
27 fund are subject to legislative appropriation. Monies in the fund are
28 exempt from the provisions of section 35-190, relating to lapsing of
29 appropriations.

30 B. THE FUND CONSISTS OF THE FOLLOWING:

31 1. Any investigative or court costs, attorney fees or civil
32 penalties recovered for the state by the attorney general as a result of
33 enforcement of either state or federal statutes pertaining to consumer
34 protection or consumer fraud, whether by final judgment, settlement or
35 otherwise, ~~shall be deposited in the fund established by this section,~~
36 except that the costs, penalties or fees recovered by a county attorney
37 shall be retained in the county and ~~utilized~~ USED for investigative
38 operations for consumer protection in the county.

39 2. MONIES DEPOSITED PURSUANT TO SECTION 41-5603.

40 C. The ATTORNEY GENERAL SHALL USE THE monies in the fund ~~shall be~~
41 ~~used by the attorney general~~ for operating expenses, including any cost or
42 expense associated with the tobacco master settlement agreement
43 arbitration, consumer fraud education and investigative and enforcement
44 operations of the consumer protection division.

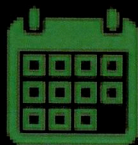
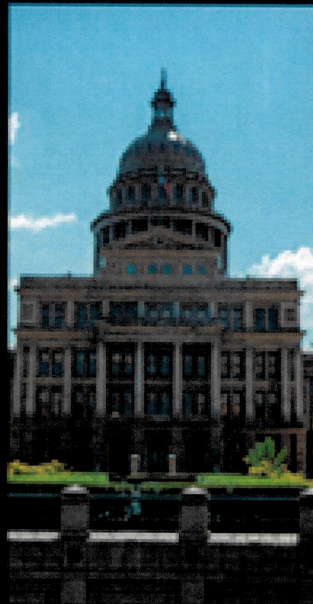
1 D. On or before January 15, April 15, July 15 and October 15, the
2 attorney general shall file with the governor, with copies to the director
3 of the department of administration, the president of the senate, the
4 speaker of the house of representatives, the secretary of state and the
5 staff director of the joint legislative budget committee, a full and
6 complete account of the receipts and disbursements from the fund in the
7 previous calendar quarter.

8 E. On or before January 15, April 15, July 15 and October 15, each
9 county attorney who retains monies pursuant to subsection B of this
10 section shall provide the county board of supervisors with a full and
11 complete account of the receipts and disbursements of the monies in the
12 previous calendar quarter.

February 21
NEW DATE
2019



INVITES YOU TO OUR 2019 LEGISLATIVE LUNCHEON AND SHOOT



Date/Time

February 21, 2019
12:30pm-4:30pm



Transportation

Members will
meet at

TSLAC
1201 Brazos St.
Austin, TX 78701



Location

Reveille Peak Ranch

RSVP: