

Licensing of Coin Processors

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New York State
DEPARTMENT OF STATE
Division of Licensing Services
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Licensing of Coin Processors

Article 27-a, General Business Law

Section

418	Short title
419	Definitions
420	Doing business without license prohibited
421	Application for licenses
422	Conditions precedent to licensing
423	Licensing
424	Grounds for denial, suspension or revocation of license; procedure
425	Insurance
426	Violations and penalties
427	Preemption
428	Regulations
429	Separability

Agriculture and Markets Law

Section 179, Subdivision 13

Section 181, Subdivision 5

Licensing of Coin Processors

§418. Short title

This article shall be known and may be cited as the “Coin Processor Licensing Act.”

§419. Definitions

When used in this article:

1. The term “applicant” means a coin processor who has filed and application with the department for a license.
2. The term “coin processor” means any individual, partnership, association or corporation engaged in the business of providing coin processing services.
3. The term “coin processing services” means the taking in, holding and counting of coins received by other businesses and exchanging such coins for an equivalent amount of money, currency, coins or negotiable instruments for a negotiated service fee. This term does not include any corporations, unincorporated associations, partnerships and individuals subject to the provisions of the banking law nor does it include any “food processing establishment” as defined in §251-z-2(3) of the Agriculture and Markets Law which owns a coin counting machine and makes this service available to its customers nor does it include any “armored car carrier.” The term “armored car carrier” shall have the same meaning as such term is defined in §89-bbb of this chapter.
4. The term “department” means the Department of State.
5. The term “division” means the Division of Criminal Justice Services.
6. The term “licensee” means a coin processor that has been issued a license in accordance with the provisions of this article.
7. The term “secretary” means the Secretary of State.
8. The term “principal owner” means any person controlling an interest greater than 10 percent in a business providing coin processing services, or any person with a controlling interest in a company that has a controlling interest in a business providing coin processing services.

§420. Doing business without license prohibited

No coin processor shall operate in the state except as authorized by this article and without first being licensed by the department. All coin processors operating in the state after the effective date of this article shall become licensed within one year of such date.

§421. Application for licenses

1. Application for a license required under this article shall be in writing, under oath, and in the form prescribed by the secretary, and shall contain the following:
 - a. The exact name and the address of the applicant and its date of incorporation;
 - b. The name and the business and residential address of each principal and officer of the applicant;
 - c. The complete address where the business of the applicant is to be conducted, showing the street and number, if any, post office and building and room number, if any, the office building and room number, if any, and the municipality and county;
 - d. If the applicant has one or more branches, subsidiaries or affiliates operating in the state, the complete address of each such place of business; and

- e. A complete set of two fingerprint cards for each principal and officer of the applicant on a standard fingerprint card approved by the division and a fee pursuant to subdivision §837(8-a) of the Executive Law, and amendments thereto, for the cost of the division’s full search and retain procedures, which fee shall be remitted by the department to the division for deposit by the Comptroller into the General Fund. Before approving such application the secretary, or his or her designee, shall forward one copy of such fingerprint card and the processing fee to the division upon receipt of such fingerprints. The division shall forward to the secretary a report with respect to the applicant’s previous criminal history, if any, or a statement that the applicant has no previous criminal history according to its files. If additional copies of fingerprints are required, the applicant shall furnish them upon request.

2. Upon original application for a license to operate as a coin processor, the applicant shall pay an application fee, in such amount as may be determined by the secretary, not to exceed \$300. Upon application for a license renewal, the licensee shall pay a renewal processing fee in such amount as shall be determined by the secretary, not to exceed \$300.

§422. Conditions precedent to licensing

Upon filing of an application for a license, if the secretary shall be satisfied of the good character, competency and integrity of the applicant, and of the principals and officers thereof are such as to comply with the provisions of this article, he or she shall thereupon issue a license in duplicate to operate as a coin processor in accordance with the provisions of this article. The secretary shall transmit one copy of such license to the licensee and file another in the office of the department. Such license shall remain in full force and effect for a period of two years unless it is surrendered by the licensee or revoked or suspended as hereinafter provided; if the secretary shall not so find, the secretary shall not issue such license and the secretary shall notify the applicant of the denial in writing. The secretary shall approve or deny every application for license hereunder within 90 days from the filing thereof.

§423. Licensing

1. Each license issued under this article shall state the address or addresses at which the business is to be conducted and shall state fully the name of the licensee, and the date and place of its incorporation and the expiration date of the license. A copy of such license shall be prominently posted in each place of business of the licensee. Such license shall not be transferable or assignable.
2. In the event the location at which the business is to be conducted shall be changed, the licensee shall forthwith notify the secretary in writing, who shall thereupon without charge attach to the license a rider setting forth such changed location.
3. In the event that there shall be any change among the principals or officers of any licensee, the licensee shall forthwith notify the secretary in writing, of the name and address of each new principal or officer, and shall submit a complete set of two fingerprint cards for each such principal or officer in accordance with the provisions of paragraph §421(1)(e) of this article.
4. Prior to or upon the sale or transfer of all or the majority of the stock or assets of any coin processor, the new principals or officers shall apply for a new license with the department in accordance with the provisions of §421 and §422 of this article. Such application shall be made within 60 days of such sale or transfer.

5. A license granted under the provisions of this article may be renewed by the department upon application therefor by the licensee, in such form as the department may prescribe, accompanied by the non-refundable renewal processing fee pursuant to subdivision §421(2) of this article. In no event will renewal be granted more than six months after the date of expiration of a license. No person, firm, company, partnership or corporation shall carry on any business subject to this article during any period which may exist between the date of expiration of a license and the renewal thereof.

§424. Grounds for denial, suspension or revocation of license; procedure

1. The secretary shall have the power to suspend or revoke a license or, in lieu thereof, to impose a fine not exceeding \$1,000 payable to the department, or reprimand any licensee or deny an application for a license or renewal thereof upon proof:

- a. that the applicant or licensee has violated any of the provisions of this article or the rules and regulations promulgated hereunder;
- b. that the applicant or licensee has practiced fraud, deceit or misrepresentation;
- c. that the applicant or licensee has made a material misstatement in the application for or renewal of his or her license; or
- d. that the applicant or licensee has demonstrated incompetence or untrustworthiness in his or her actions.

2. No license shall be revoked or suspended except after written notice and a hearing as set forth in subdivisions (2), (3), (4), (5) and (6) of §79 this chapter.

3. Every license issued hereunder shall remain in full force and effect for a period of two years unless the same shall have been surrendered, revoked or suspended in accordance with the provisions of this article, but the secretary shall have authority to reinstate a suspended license or to issue a new license to a licensee whose license shall have been revoked if no fact or condition then exists which would have warranted the secretary in refusing originally to issue such license under this article.

4. Whenever the secretary shall revoke or suspend a license issued pursuant to this article, the secretary shall forthwith execute in duplicate a written order to that effect. The secretary shall file one copy of such order in the office of the department and shall forthwith serve the other copy upon the licensee. Any such order may be reviewed in the manner provided by article 78 of the Civil Practice Law and rules.

§425. Insurance

1. Every coin processor shall obtain a minimum of \$10 million all risk insurance coverage and such additional amount as are sufficient to cover the value of coins consigned to such coin processor for counting. In addition, each such coin processor shall obtain comprehensive general liability insurance coverage for death, personal injury and property damage in the minimum amount of \$500,000 per occurrence and \$1 million in the aggregate.

2. A written certificate or certificates of insurance shall be provided to the secretary by all coin processors as part of the application for licenses process set forth in §421 of this article.

3. Failure by a coin processor to keep such all risk insurance or comprehensive general liability insurance coverage in full force and effect, shall be grounds for the secretary to refuse to issue or renew a license or to suspend or revoke such license, in accordance with the provisions of §424 of this article.

4. All such insurance required by this section shall be issued by an insurer authorized to do business in the state or otherwise be procured by an excess line broker duly licensed pursuant to the applicable provision of the Insurance Law.

§426. Violations and penalties

1. Any person, partnership, association or corporation and the several members, principals, officers, directors, agents and employees thereof, who knowingly and willfully makes material misstatements in the application for a renewal of a license in this article shall be guilty of a misdemeanor, which upon conviction shall be punishable by imprisonment for not more than six months or by a fine of not more than \$1,000, or by both such fine and imprisonment, upon the first conviction and by a term of imprisonment not to exceed one year, or by a fine of not less than \$1,000 and not to exceed \$2,500, or by both such fine and imprisonment, upon a subsequent conviction.

2. Any licensee who shall knowingly and willfully fail to surrender his or her license within five days of receipt of notice of suspension, revocation or non-renewal thereof by the secretary, or the officer designated by the secretary to preside over the hearing, pursuant to the provisions of §424 of this article, shall be guilty of a violation, punishable by a fine not to exceed \$250, in addition to any other penalty prescribed by law.

3. Notwithstanding the provisions of subdivision two of this section, when it is determined after a hearing pursuant to §424 of this article that the licensee has violated one or more provisions of this article, the secretary may, in lieu of revocation or suspension of such license, impose a fine not to exceed \$1,000 for each violation payable to the department.

§427. Preemption

1. The provisions of this article shall exclusively govern all coin processors notwithstanding the provisions of any other law to the contrary and further, no local law shall be enacted which shall require any fee or license for the licensure or registration of coin processors.

2. The provisions of this article shall not apply to any subsidiary of an entity organized and operating pursuant to the Bank Holding Company Act of 1956 (12 USCA 1841 et seq.).

§428. Regulations

The secretary is hereby authorized and empowered to make such rules and regulations necessary for the proper conduct of the business authorized under this article, and not inconsistent herewith.

§ 429. Separability

In the event it is determined by a court of competent jurisdiction that any phrase, clause, part, subdivision, paragraph or section, or any of the provisions of this article is unconstitutional or otherwise invalid or inoperative, such determination shall not affect the validity or effect of the remaining provisions of this article.

Agriculture and Markets Law Section 179, Subdivision 13

13. Inspect and test, either personally or through his authorized agents, weights and measures, weighing and measuring devices and systems, and accessories relating thereto which are used commercially within the state by any person, firm or corporation in determining the weight, measure or count of commodities or things sold, or offered or exposed for sale on the basis of weight, measure or count, or in computing the basic charge or

payment for services rendered on the basis of weight, measure or count, or in the case of coin counting machines which are used commercially within the state by any coin processor required to be licensed pursuant to article 27-A of the General Business Law (“coin processor licensing act”), in determining an accurate count of coins, in order to ascertain if such weights and measures, weighing and measuring devices and systems, or accessories related thereto are correct and are being used correctly; and charge fees commensurate with the cost of each such inspection or test for inspections and tests which are not otherwise conducted by municipalities. The commissioner is also authorized to charge fees commensurate with the cost of each such inspection or test for inspections and tests conducted for the purpose of certifying municipal weighing and measuring devices and systems. Fees authorized by this subdivision shall be established by the commissioner by regulation.

Agriculture and Markets Law

Section 181, Subdivision 5

5. Inspect, test and ascertain, as frequently as prescribed by the commissioner, if weights and measures, weighing and measuring devices and systems, and accessories related thereto, which are used commercially by any person, firm or corporation, including but not limited to coin counting machines used by any coin processor required to be licensed pursuant to article 27-A of the General Business Law (“Coin Processor Licensing Act”), are correct and being used correctly.