

12-410.

(a) With the application for a new or renewal license, the applicant either shall file a surety bond or bond renewal certificate or shall deposit permissible investments with the Bank Commissioner as provided in this section.

(b) (1) A surety bond filed under this section shall run to this State for the benefit of any person who has a cause of action against the applicant for any liability incurred on a payment instrument or traveler's check issued or sold by the applicant or by any agent of the applicant.

(2) The surety bond shall be:

(i) In the amount required by subsection (d) of this section; and

(ii) Issued by a bonding company or insurance company that is authorized to do business in this State.

(3) The surety bond shall provide that if a buyer or holder of a payment instrument or traveler's check obtains a judgment against the licensee and the judgment remains unsatisfied for more than 30 days after the licensee and surety are served with notice of the entry of judgment, an action may be brought against the surety for the amount of the judgment, but not exceeding the amount of the bond.

(4) The liability of a surety:

(i) Is not affected by the insolvency or bankruptcy of the licensee or by any misrepresentation, breach of warranty, failure to pay a premium, or other act or omission of the licensee; and

(ii) Continues, if the licensee dies, dissolves, or liquidates, as to all transactions of an agent, until the earlier of 60 days after the death, dissolution, or liquidation or 60 days after the termination of the bond.

(5) A licensee or surety may cancel a bond by giving the Bank Commissioner notice of the cancellation by certified mail, return receipt requested, bearing a postmark from the United States Postal Service. However, the cancellation is not effective until 30 days after the Bank Commissioner receives the notice.

(c) (1) Permissible investments deposited under this section shall:

(i) Have a market value equal to the amount required by subsection (d) of this section; and

(ii) Be held by the Bank Commissioner to secure the same obligations as are required to be secured by a bond under subsection (b) of this section.

(2) At any time, a licensee may exchange deposited permissible investments for other permissible investments that meet the requirements of this subsection.

(3) The Bank Commissioner may sell or transfer deposited permissible investments and dispose of their proceeds only on the order of a court of competent jurisdiction.