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# MARYLAND COMMISSIONER OF FINANCIAL REGULATION INDUSTRY ADVISORY REGULATORY GUIDANCE

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June 22, 2023

## **Enforcement Actions by Maryland’s Attorney General: Potential Impact on Money Transmitter Licensure**

In recent months, the Maryland Attorney General’s Securities Division and other state and federal agencies have taken action against a number of cryptocurrency-related businesses (see examples [here](#), [here](#), and [here](#)). These actions allege that certain products offered by these businesses constitute securities, the offer of which requires proper registration and the provision of certain disclosures to prospective investors. Some of these businesses were money transmitters licensed by the Commissioner of Financial Regulation.

The Commissioner does not enforce Maryland law regarding the offering and sale of securities. However, a fundamental pillar of licensure is “character and fitness.” To qualify for licensure, a money transmitter must “satisfy the Commissioner that the applicant...has sufficient financial responsibility, business experience, and general fitness to...warrant the belief that that the business of money transmission will be conducted lawfully, honestly, fairly, and efficiently...” *See* Md. Code Ann., Financial Institutions Article §12-406(a). Compliance with law, particularly Maryland law, regardless of whether or not the law falls within the Commissioner’s purview, must be considered when determining whether a licensee warrants the belief that business will be conducted lawfully, and thus whether the licensee is, or remains, qualified for licensure.

**Therefore, licensed money transmitters and applicants for money transmitter licenses should be aware that violations of law, including violations of Maryland securities law, are considered in license-granting determinations. Any such violations could form the grounds for action by the Commissioner against a Maryland Money Transmitter license including, but not limited to, an action seeking to revoke a license.**

For questions about this advisory, please contact Shereefat Balogun, Assistant Commissioner, by phone at (410) 230-6390 or by email at [shereefat.balogun@maryland.gov](mailto:shereefat.balogun@maryland.gov).

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*The Office of the Commissioner of Financial Regulation, a division of the Maryland Department of Labor, is Maryland's consumer financial protection agency and financial services regulator. For more information, please visit our website at [www.labor.maryland.gov/finance](http://www.labor.maryland.gov/finance).*



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