

MO1**Surety Bond**

- A. A combination of surety bond and permissible investments pursuant to Rule MO-2 must, at a minimum, equal the amount of outstanding payment instruments in Colorado. However, the surety bond may never be less than \$250,000.
- B. A surety bond of \$250,000 is permissible provided that, following application by the licensee and an opportunity for hearing before the Banking Board, the Banking Board finds that the provisions of Rule MO-2, Permissible Investments, are met.
- C. If the provisions of Rule MO-2 are not met, the licensee must maintain a surety bond in an amount of at least one million dollars. The Banking Board may, following notice to the licensee and an opportunity for hearing before the Banking Board, and upon the determination that customers of the licensee are at undue risk, order the licensee to increase the bond amount up to two million dollars based on the following factors:
 - 1. The nature and volume of the business and proposed business of the licensee in Colorado;
 - 2. The amount, nature, quality, and liquidity of the assets of the licensee;
 - 3. The amount and nature of the liabilities (including contingent liabilities) of the licensee;
 - 4. The nature and sufficiency of the licensee's cash flow;
 - 5. The licensee's net worth;
 - 6. The history of, and prospects for, the licensee to earn and retain income;
 - 7. The quality of the operations of the licensee;
 - 8. The quality of the management of the licensee;
 - 9. The nature and quality of the controlling person or persons of the licensee; and
 - 10. Such other factors as are, in the opinion of the Banking Board, relevant.
- D. Generally Accepted Accounting Principles shall be used, where applicable, by the Banking Board in connection with its consideration of such factors.
- E. MO2 is a rule and regulation enacted by the Colorado State Banking Board and is administered by the Colorado Division of Banking.

This rule does not include amendments to or editions of the referenced material later than the effective date of this rule, January 30, 1993.

For more detailed information pertaining to these provisions, please contact the secretary for the State Banking Board at 1560 Broadway, Suite 1175, Denver, Colorado 80202, (303) 894-7575.