



NEW YORK STATE  
DEPARTMENT OF FINANCIAL SERVICES  
ONE STATE STREET  
NEW YORK, NEW YORK 10004

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In the Matter of :  
MONEYGRAM INTERNATIONAL, INC. :  
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**CONSENT ORDER**

The New York State Department of Financial Services (the “Department” or “DFS”) and MoneyGram International, Inc. (“MoneyGram” or the “Company”) are willing to resolve the matters described herein without further proceedings.

WHEREAS, MoneyGram is a global financial institution and money service business headquartered in Dallas, Texas;

WHEREAS, the Company is licensed by the Department to operate a money transmission business in New York State;

WHEREAS, an investigation conducted by the Department revealed that MoneyGram failed to maintain an effective anti-money laundering (“AML”) program and to supervise adequately several agents that conducted suspicious transactions on behalf of customers;

WHEREAS, the Company has fully cooperated with the Department’s investigation, including by reporting on the results of its internal investigation of the matter, and has already

voluntarily undertaken significant enhancements to its compliance program and remediation to prevent similar violations from recurring;

NOW THEREFORE, to resolve this matter without further proceedings, the Department finds as follows:

## **THE DEPARTMENT'S FINDINGS**

### Introduction

1. MoneyGram operates an electronic network by which consumers can send money to individuals and businesses in the United States and around the world. It provides such money transmitting services to consumers through more than 430,000 MoneyGram agent locations in more than 200 countries and territories. MoneyGram primarily offers services through third-party agents, including retail chains, independent retailers, post offices, banks and other financial institutions. MoneyGram also offers digital services, such as moneygram.com, mobile app solutions, account deposit and kiosk-based services. Additionally, MoneyGram has limited company-operated retail locations.

2. In New York, MoneyGram operates through more than 1,000 agent locations. In 2020, MoneyGram's New York agents processed more than 2 million consumer-to-consumer money transfers.

3. MoneyGram earns revenue primarily from consumer transaction fees and the management of currency exchange spreads on money transfer transactions involving different "send" and "receive" currencies.

4. MoneyGram pays each agent a commission for each money transfer the agent processes. MoneyGram may also pay an agent bonuses and other compensation based on

transaction volume. The Company can terminate or suspend any agent or agent location for a variety of reasons, including compliance failures.

5. MoneyGram has held a money transmitter license in New York issued by the Department (or its predecessor agency) since 1998.

6. Under New York law, money transmitters such as MoneyGram must establish, implement, and maintain an effective AML compliance program that, among other things, provides for: internal policies, procedures, and controls to guard against money laundering; a designated individual or individuals to coordinate and monitor day-to-day compliance with federal AML and Bank Secrecy Act (“BSA”) obligations and corresponding New York banking laws and regulations; an employee training program; independent program testing; customer identification verification; and accurate, complete, timely reports of suspicious activity.

7. Companies holding money transmitter licenses must also exercise reasonable supervision over its agents to ensure compliance by the agents with all applicable laws, rules, and regulations.

#### The Conduct at Issue

8. The Department commenced an investigation of MoneyGram stemming from an examination that was conducted in March and April of 2017. That investigation revealed several significant compliance weaknesses, in particular with regard to MoneyGram’s supervision of six New York City-based agents that were responsible for conducting large volumes of transactions to MoneyGram locations in China (the “Agents at Issue”).

9. Specifically, each of the Agents at Issue contributed to a dramatic increase in transactions to China, without reasonable explanation, particularly during the period from January 2016 to May 2017. By way of comparison, over the twelve months of 2014 — prior to

the suspicious spike — there were approximately 7,500 transactions between New York and China aggregating approximately \$30,000,000; during the 17-month period from January 2016 through May 2017, however, there were more than 25,000 transactions to China aggregating more than \$100,000,000.

10. The sheer number and size of the transactions processed by New York agents — some of which were small, store-front independent agents — were clear indicators of increased money laundering risk, particularly given that the destination (China) was known to carry a high AML risk. Other warning signs also were present in the transactions, including a suspicious pattern that many different senders transmitted money to the same recipient, and certain indications that the transactions were being structured in a way to evade currency reporting requirements.

11. Despite the suspicious spike in activity and the other warning signs, MoneyGram failed to stop the activity by the Agents at Issue for more than a year after the suspicious transactions began. Specifically, MoneyGram's Financial Investigation Unit identified instances where the Company's compliance program was lacking insofar as the Company failed to detect and prevent apparent structuring activity by the Agents at Issue and the Company failed to take remedial measures to ensure that the Agents at Issue were filing certain suspicious activity reports based on the appearance of suspicious transactions. In sum, the Company failed to adequately oversee the Agents at Issue during the relevant time frame to prevent these compliance failures.

#### Mitigating Factors

12. The Department acknowledges that MoneyGram has already undertaken significant remedial measures and implemented compliance enhancements designed to improve

its AML programs and supervision of agents since the conduct at issue. These compliance program enhancements and remedial measures have included, among other things, the termination of the Agents at Issue, the creation of new compliance procedures designed to increase the authority of compliance personnel within the Company, new limits on and supervision of high-risk agents, and a substantial increase in the resources allocated to compliance, including a significant increase in compliance personnel.

Violations of Law and Regulations

13. MoneyGram failed to maintain an effective and compliant AML program, in violation of 3 N.Y.C.R.R. § 417.2.

14. MoneyGram failed to exercise reasonable supervision over its agents to ensure compliance with applicable laws, rules, and regulations, in violation of 3 N.Y.C.R.R. § 406.3(g).

NOW THEREFORE, to resolve this matter without further proceedings, the Department and the Company stipulate and agree to the following terms and conditions:

**SETTLEMENT PROVISIONS**

Monetary Penalty

15. No later than ten (10) days after the Effective Date (as defined below) of this Consent Order, the Company shall pay a civil monetary penalty pursuant to New York Banking Law § 44 to the Department in the amount eight million two-hundred and fifty thousand U.S. dollars (\$8,250,000). The payment shall be in the form of a wire transfer in accordance with instructions provided by the Department.

16. The Company shall not claim, assert, or apply for a tax deduction or tax credit with regard to any U.S. federal, state, or local tax, directly or indirectly, for any portion of the civil monetary penalty paid pursuant to this Consent Order.

17. The Company shall neither seek nor accept, directly or indirectly, reimbursement or indemnification with respect to payment of the penalty amount, including but not limited to, payment made pursuant to any insurance policy.

18. In assessing a penalty for the failures found herein, the Department has taken into account factors that include, without limitation: the extent to which the entity has cooperated with the Department in the investigation of such conduct, the financial resources and good faith of the entity, and the substantial compliance enhancements and voluntary remediation already undertaken.

#### Remediation and Reporting

19. Within ninety (90) days of this Consent Order's effective date, MoneyGram shall submit to the Department for its review a detailed, written description of all elements of its current program to supervise its agents in New York, including without limitation:

- a. due diligence efforts with respect to on-boarding of new agents;
- b. ongoing due diligence efforts on existing agents;
- c. MoneyGram's transaction monitoring of agents' activity, including a summary of alert triggers and how such triggers are derived and modified over time;
- d. a narrative report supported by data summarizing alert triggers and how such triggers were resolved over the preceding six (6) month period;
- e. a summary of all suspicious activity reporting, including with respect to any changes in reporting thresholds and any reporting backlogs;
- f. any special transaction limitations on New York agents; and
- g. any removal of agents from the MoneyGram system for any reason including a description of the reason(s) therefor.

20. At twelve and twenty-four months after the Effective Date of this Consent Order (as defined below), MoneyGram shall submit to the Department for its review an update on all of the items enumerated in paragraph 19 above.

21. Within thirty (30) days of the Effective Date of this Consent Order (as defined below), MoneyGram shall deliver to the Department, in a format that was agreed to between the Company and the Department concurrently with this Consent Order, detailed data of all transactions in the State of New York for the period of one year prior to the Effective Date. Thereafter, MoneyGram shall continue to provide all such transaction data to the Department on a periodic basis no less than quarterly for a two-year period from the Effective Date.

Full and Complete Cooperation

22. The Company commits and agrees that it will fully cooperate with the Department regarding all terms of this Consent Order.

Further Action by the Department

23. No further action will be taken by the Department against the Company or its successors for the conduct set forth in this Consent Order, or in connection with the remediation set forth in this Consent Order, provided that the Company fully complies with the terms of the Consent Order.

24. Notwithstanding any other provision in this Consent Order, however, the Department may undertake additional action against the Company for transactions or conduct that was not disclosed in the written materials submitted to the Department in connection with this matter.

### Waiver of Rights

25. The Company submits to the authority of the Superintendent to effectuate this Consent Order.

26. The parties understand and agree that no provision of this Consent Order is subject to review in any court, tribunal, or agency outside of the Department.

### Parties Bound by the Consent Order

27. This Consent Order is binding on the Department and the Company, as well as any successors and assigns. This Consent Order does not bind any federal or other state agency or any law enforcement authority.

### Breach of Consent Order

28. In the event that the Department believes the Company to be in material breach of the Consent Order, the Department will provide written notice to the Company, and the Company must, within ten (10) days of receiving such notice, or on a later date if so determined in the Department's sole discretion, appear before the Department to demonstrate that no material breach has occurred or, to the extent pertinent, that the breach is not material or has been cured.

29. The Company understands and agrees that its failure to make the required showing within the designated time period shall be presumptive evidence of the Company's breach. Upon a finding that a breach of this Consent Order has occurred, the Department has all the remedies available to it under New York Banking and Financial Services Law, and any other applicable laws, and may use any evidence available to the Department in any ensuing hearings, notices, or orders.



Notices

30. All notices or communications regarding this Consent Order shall be sent to:

For the Department:

Cynthia M. Reed  
Senior Assistant Deputy Superintendent  
New York State Department of Financial Services  
One State Street  
New York, NY 10004

Kathryn A. Taylor  
Senior Assistant Deputy Superintendent  
New York State Department of Financial Services  
One State Street  
New York, NY 10004

For the Company:

Robert Villaseñor  
General Counsel, Corporate Secretary & Chief Administrative Officer  
MoneyGram International, Inc.  
2828 N. Harwood Street, #15  
Dallas, TX 75201

Ephraim (Fry) Wernick  
Vinson & Elkins LLP  
2200 Pennsylvania Avenue NW, Suite 500  
Washington, DC 20037

Miscellaneous

31. This Consent Order and any dispute thereunder shall be governed by the laws of the State of New York without regard to any conflicts of laws principles.

32. This Consent Order may not be altered, modified, or changed unless in writing and signed by the parties hereto.

33. This Consent Order constitutes the entire agreement between the Department and the Company and supersedes any prior communication, understanding, or agreement, whether written or oral, concerning the subject matter of this Consent Order.

34. Each provision of this Consent Order shall remain effective and enforceable against the Company, its successors, and assigns, until stayed, modified, suspended, or terminated by the Department.

35. In the event that one or more provisions contained in this Consent Order shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Consent Order.

36. No promise, assurance, representation, or understanding other than those contained in this Consent Order has been made to induce any party to agree to the provisions of this Consent Order.

37. Nothing in this Consent Order shall be construed to prevent any consumer or any other third party from pursuing any right or remedy at law.

38. This Consent Order may be executed in one or more counterparts and shall become effective when such counterparts have been signed by each of the parties hereto (the "Effective Date").

*[remainder of this page intentionally left blank]*

IN WITNESS WHEREOF, the parties have caused this Consent Order to be signed on the dates set forth below.

**NEW YORK STATE DEPARTMENT OF  
FINANCIAL SERVICES**

**MONEYGRAM  
INTERNATIONAL, INC.**

By: /s/ Cynthia M. Reed  
Cynthia M. Reed  
Senior Assistant Deputy Superintendent  
Consumer Protection & Financial  
Enforcement

March 11, 2022

By: /s/ Robert Villaseñor  
Robert Villaseñor  
General Counsel, Corporate  
Secretary and Chief  
Administrative Officer

March 10, 2022

By: /s/ Kevin R. Puvalowski  
Kevin R. Puvalowski  
Acting Executive Deputy Superintendent  
Consumer Protection & Financial  
Enforcement

March 14, 2022

**THE FOREGOING IS HEREBY  
APPROVED. IT IS SO ORDERED.**

/s/ Adrienne A. Harris  
ADRIENNE A. HARRIS  
Superintendent of Financial Services

March 14, 2022