



UNITED STATES

**ANTI-MONEY LAUNDERING COMPLIANCE
AND TERRORIST FINANCING
PREVENTION PROGRAM**

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ANTI-MONEY LAUNDERING COMPLIANCE AND
TERRORIST FINANCING PREVENTION PROGRAM

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SECTION 1

USER INFORMATION

INSTRUCTIONS

This document contains policies and procedures to help your business comply with United States Federal and state specific Anti-Money Laundering (AML) and Prevention of Terrorist Financing Regulations. In order for this document to be considered an adequate AML program, you must:

- Document business specific policies and procedures including, but not limited to Money Services Business (MSB) Registration, designation of the Compliance Officer, scheduling employee training, acceptable IDs, transaction limits, and / or easy to follow instructions for employees
- Review and update this document on a periodic basis to ensure that the contents and procedures are current and reflect actual business practices

LEGAL DISCLAIMER

Although this document contains legal information, it is not intended to be, nor should it be considered legal advice.

For legal advice, including the interpretation and application of any law, please consult an attorney.

CIVIL & CRIMINAL SANCTIONS

Any person who sells, offers and / or processes money orders and / or money transfers must be aware that he / she is responsible if the business and / or employee is willfully blind to suspicious activity or knew information that he / she “should have known” was suspicious.

The penalties for violating Federal and / or state specific AML regulations are severe, and under certain circumstances, could be assessed against a business and / or business employees.

Any employee that violates these policies and procedures, either unknowingly or intentionally may be subject to disciplinary action, including but not limited to, termination of employment, civil fines and criminal punishment.

SECTION 2

ANTI-MONEY LAUNDERING COMPLIANCE OVERVIEW

ADOPTION OF ANTI-MONEY LAUNDERING COMPLIANCE PROGRAM

Name of Business

to be known herein as the 'Business'

hereby certifies and adopts the policies and procedures contained in this document, including the *MoneyGram International Anti-Money Laundering Agent Compliance Training Guide*, as its Anti-Money Laundering (AML) Compliance Program.

Print Name

Title

Signature

Date

STATEMENT OF POLICY

The Business supports the fight against money laundering and terrorism; it has adopted this AML Compliance Program to prevent its financial services from being used to promote criminal activity.

The Business will fully comply with both the intent and letter of all laws and regulations relating to AML, the prevention of terrorist financing and economic sanctions (including, but not limited to the Bank Secrecy Act, the USA PATRIOT Act, the Office of Foreign Assets Control and state specific AML Regulations). The Business will train its employees to comply with these laws and regulations.

A copy of this AML Compliance Program will be kept at each location conducting money services, in a place that is accessible to employees conducting MSB transactions. Every employee who conducts or is involved in MSB operations is required to understand and comply with the contents of this document.

MONEY LAUNDERING DEFINITION AND DESCRIPTION

Money laundering is the attempt to conceal or disguise the nature, location, source, ownership or control of illegally obtained money. If illegal money is successfully laundered, criminals maintain control over their illegally obtained funds and they can establish a separate cover for their illicit source of income. The AML laws apply to any funds derived from illegal activities, such as funds held by human smugglers, drug traffickers, terrorists, organized crime, tax evaders and other groups and individuals seeking to transfer, spend and / or invest money derived from any type of crime.

The money laundering cycle begins when criminals place funds into the financial system by buying money orders or sending money transfers. Once the funds have entered the system, the source of illegal funds is further disguised by transferring them through layers of financial institutions, such as bank or investment accounts. Finally, the funds are legitimized by purchasing items or investing in legitimate investments such as real estate, real property, or stocks and bonds.

Money laundering is not limited to cash; money laundering can be done through any type of financial transaction, including, but not limited to, funds transfers, money orders, checks, debit cards, stored value and credit card transactions.

TRANSACTION MONITORING

The Compliance Officer must establish procedures to review and monitor high-risk, out-of-the-ordinary transactions involving money transfers and money orders to identify transactions that may require special record keeping or reporting.

Transaction monitoring should include reviewing all MSB transactions to identify if the same or related customers conduct multiple transactions in a short period of time.

All transactions and customer activity that appears to be abnormal or suspicious must be reported.

DEFINITION OF MSB

Money Services Businesses (MSB) are defined as any business that provides or sells:

- Money transfer services in any amount
- Money orders, travelers checks or stored value items of \$1,000 or more to any person in one or more transaction in one day
- Check cashing services and / or currency exchanges of \$1,000 or more for any person in one or more transaction in one day

As a provider of MoneyGram products and services, the Business is a MSB.

MSB REGISTRATION REQUIREMENTS

If the Business only processes MoneyGram transactions and does not conduct any other MSB activity, then the Business does not need to register as a MSB with the U.S. Department of the Treasury.

If the Business conducts MSB transactions on its own behalf, then the Business must complete FinCEN Form 107, Registration of Money Services Business within 180 days from the date the Business began conducting MSB transactions. The Registration should be sent to:

**IRS Detroit Computing Center
Attention: Money Services Business Registration
PO Box 33116
Detroit, MI 48232-0116**

A blank copy of FinCEN Form 107 Registration of Money Services Business is available at: www.msb.gov/forms/forms.html.

BUSINESS MSB REGISTRATION

- The Business DOES NOT conduct money services business on its own behalf.
 - The Business is covered by the MoneyGram MSB registration.
 - The Business DOES NOT need to register independently as a MSB.
 - The Business must comply with all Federal and state specific AML regulations and follow the policies / procedures in this document.

- The Business conducts money services business on its own behalf.
 - The Business MUST register as a MSB with the U.S. Department of the Treasury.
 - The Business will maintain a copy of the registration with its AML Files.
 - Re-registration as a MSB is required every two years.
 - The Business must comply with all Federal and state specific AML regulations and follow the policies / procedures in this document.

SECTION 3

THE COMPLIANCE OFFICER

Name of Person

Title

is hereby designated as the Anti-Money Laundering Compliance Officer.

COMPLIANCE OFFICER RESPONSIBILITIES

The Compliance Officer as well as senior management's responsibilities include:

- Ensuring ongoing compliance with Federal and state specific AML regulations
- Implementing this AML Compliance Program
- Reviewing and updating the AML Compliance Program as necessary due to changes in laws or regulations and ensuring that all affected employees have been advised of these changes
- Ensuring all employees are trained on AML compliance requirements before conducting MSB transactions
- Ensuring regular AML training is conducted in an effective manner for all appropriate employees
- Ensuring all training is documented, including the date of the training, name of the trainer/trainee and topics discussed
- Monitoring day-to-day compliance with the related laws and regulations
- Ensuring accurate record keeping and reporting as mandated by the BSA and state specific regulations
- Ensuring that the AML Compliance Program is subjected to periodic independent reviews
- Cooperating with law enforcement and MoneyGram on AML reviews, audits and investigations

SECTION 4

EMPLOYEE TRAINING

TRAINING REQUIREMENTS

Training must be provided to all employees who are involved with MSB transactions and at a minimum must include:

1. Identifying suspicious activity and structured transactions
2. Record keeping and reporting requirements
3. Verifying customer identification
4. Familiarity with AML forms

Before conducting any MSB transactions, new employees are required to understand and comply with the contents of this AML Compliance Program and sign an acknowledgement form that will be retained in their personnel file or with the AML files.

Existing employees who conduct MSB transactions will receive periodic refresher AML training that will be documented and retained in their personnel file or with the AML files.

Amendment A of this AML Compliance Program can be used to help train employees. Additional employee and Compliance Officer training is available at www.moneygramu.com.

SCHEDULING EMPLOYEE TRAINING

The Business Compliance Officer will schedule and ensure periodic employee AML training is conducted:

- Every month
- Semi-Annually (every 6 months)
- Annually (every 12 months)
- Every 18 months
- Bi-Annually (every 24 months)
- As necessary
- Other: _____

SECTION 5

SUSPICIOUS ACTIVITY

FINCEN FORM 109 SUSPICIOUS ACTIVITY REPORT BY MONEY SERVICES BUSINESS (SAR-MSB)

The federal government requires that Money Services Businesses file FinCEN Form 109 Suspicious Activity Report by Money Services Business (SAR-MSB) for any transaction – or pattern of transactions – that is attempted or conducted with \$2,000 or more, if an employee knows, suspects or has reason to suspect that the activity:

1. Involves funds derived from illegal activity or is intended to hide funds derived from illegal activity
2. Is structured to avoid record keeping or reporting requirements
3. Has no business or apparent lawful purpose
4. Facilitates criminal activity
 - Suspicious transactions totaling less than \$2,000 may be reported at the Business discretion.
 - The Compliance Officer shall report suspicious transactions to FinCEN by filing a SAR-MSB within 30 calendar days of the detection of the suspicious event.

Employees must not alert or tell the customer conducting the suspicious transaction(s) that a SAR-MSB has been or will be filed.

In situations involving violations that require immediate attention, such as ongoing money laundering schemes or potential terrorist financing, the Business must notify the appropriate law enforcement authorities immediately, then file a SAR-MSB. The SAR-MSB must be completed according to the instructions provided with the SAR-MSB form.

A suspicious activity file, including blank copies of SAR-MSBs, must be kept in a secure location at each store and will be accessible at all times.

An example of a completed FinCEN Form 109 Suspicious Activity Report by Money Services Business (SAR-MSB) can be found at www.moneygram.com or in the *MoneyGram International Anti-Money Laundering Agent Compliance Training Guide*.

Blank SAR-MSB forms must be kept with the Suspicious Activity file.

Additional blank forms may be obtained online at www.fincen.gov/forms/bsa_forms or www.moneygram.com or by calling 1-800-328-5678 extension 3385.

STRUCTURING

Structuring is the act of breaking up a large transaction into several smaller transactions to avoid providing personally identifying information.

Many money launderers are familiar with the dollar thresholds that require record keeping and reporting; to remain anonymous and avoid detection by law enforcement officials, money launderers attempt to process transactions to avoid triggering record keeping and / or reporting requirements. The processing of transactions that avoid record keeping and / or reporting requirements is known as structuring.

Money launderers may attempt to trick, bribe or threaten employees into structuring transactions by splitting up transactions with several accomplices. A person trying to launder money may also try to trick employees with a hard luck story. Employees need to be on the lookout for structuring so that they can prevent it from occurring.

It is illegal to structure transactions or to help customers avoid record keeping or reporting requirements.

Employees should never help anyone structure a transaction to avoid AML record keeping or reporting requirements.

Employees may not tell or even imply to a customer that he / she can avoid providing information by conducting smaller transactions.

The following examples of potential structuring are specifically designed to avoid record keeping requirements and should be reported for further research, review and possible SAR-MSB filing:

1. A customer asks to purchase six (6) money orders or money transfers for \$500 each, totaling \$3,000 instead of asking for one (1) money order for the full amount
2. Early in the morning, a customer purchases four (4) money orders or money transfers for \$500 each, totaling \$2,000. Later in the day, the customer returns and purchases an additional four (4) money orders or money transfers for \$500 each. When combined, the eight transactions total \$4,000
3. A customer asks to send four (4) money transfers for \$850 each totaling \$3,400 on the same day to the same receiver

HUMAN SMUGGLING

Human smuggling is an activity where payment is made by the families or friends of undocumented aliens who are attempting to enter the United States illegally across the border. Where illegal aliens are attempting to enter through the U.S./Mexican border, the activity is referred to as "coyote" activity. "Snakehead" activity refers to human smuggling involving Asians entering the United States, usually through Canada.

To avoid detection, this activity typically involves multiple payments between \$899 and \$2,999. While coyotes operate most frequently in Arizona, California, New Mexico and Texas, coyote and snakehead activity has been reported throughout the United States.

The following are examples of potential “coyote” or “snakehead” activity:

1. A customer picks up money transfers in agent locations along the U.S. border from multiple senders in various parts of the U.S. All of the transactions are for similar dollar amounts.
2. A customer picks up a money transfer in an agent location along the U.S. border and is accompanied by another person. The other person appears to be telling the customer what to do. After the transaction is completed, the customer gives the money to the other person.

SUSPICIOUS ACTIVITY

Suspicious activity can vary from one transaction to another based on the circumstances surrounding the transaction or group of transactions. One customer’s transaction(s) may be normal based on your knowledge of that customer, while another customer’s transaction(s) may be suspicious.

Many factors are involved in determining whether transactions are suspicious, including, but not limited to the amount, the location of the store, comments made by the customer, the customer’s behavior and the customer’s previous transaction history.

The following list provides examples of potentially suspicious activity that should be reported for further research, review and possible SAR-MSB filing:

- A customer offers bribes, tips or threatens employees to avoid record keeping requirements
- A customer admits that the cash for her transaction will be used for something illegal
- A customer asks an employee how to avoid record keeping or reporting requirements
- One person receives a number of transactions from multiple senders in a short time period
- Multiple customers send transactions to the same receiver in a short time period
- Two or more customers apparently work together to break one transaction into two or more transactions to avoid record keeping requirements
- A customer buys multiple money orders over a period of several days that exceed the \$3,000 aggregated record keeping requirement
- A customer sends multiple money transfers over several days that exceed the \$3,000 record keeping requirement
- One or more customers come into the Business with forms that have already been filled out
- A customer deliberately changes the spelling of his name on multiple transactions
- An individual provides incomplete or wrong information about her name and / or other identifying data
- A customer does not have a local address but appears to reside locally because he is a repeat customer

- Two or more unrelated customers use the same or similar address and / or phone numbers
- Two or more customers use the same or similar IDs
- A customer is unable or unwilling to provide ID
- A customer uses a false or obviously altered ID
- A customer tries to alter her transaction after being asked to show ID

REPORTING STRUCTURING AND SUSPICIOUS ACTIVITY

1. Employees will report all suspicious activity to the Compliance Officer or an assigned delegate, regardless of the dollar amount.
2. The Compliance Officer or an assigned delegate will investigate the activity to determine if the activity is suspicious.
 - If the activity is suspicious, the Compliance Officer will follow the instructions on the form to complete and file a SAR-MSB within 30 days of detection of the suspicious activity. Completed SAR-MSB forms will be mailed to:

**Enterprise Computing Center - Detroit
 ATTN: SAR-MSB
 PO Box 33117
 Detroit, MI 48232-0980**

- A copy of the filed SAR-MSB must be maintained in the Suspicious Activity file for five (5) years.
 - If the activity is not suspicious, the Compliance Officer will document the reason and will keep the documentation for a minimum of five (5) years in the AML files.
3. Copies of filed SAR-MSB forms and any supporting documentation must be maintained in the AML files for five (5) years and made available to appropriate law enforcement and regulatory agencies upon request. Supporting documentation must be identified in the Narrative Section of the SAR-MSB.

It is illegal to tell a customer that you filed a SAR-MSB on his / her activity.

ADDITIONAL / ALTERNATIVE POLICIES AND / OR PROCEDURES

SECTION 6

RECORD KEEPING AND REPORTING REQUIREMENTS

REGULATORY RECORD KEEPING AND REPORTING

All record keeping and reporting procedures are designed to comply with Federal and state specific AML Regulations. Complying with the AML Regulations requires the Business to:

1. Register as a MSB (see Section 2)
2. File suspicious activity reports (see Section 5)
3. Keep records of aggregated cash purchases of money orders (multiple purchases made in the same day) of \$3,000 to \$10,000
4. Keep records of money transfers of \$3,000 or more
5. File FinCEN Form 104 Currency Transaction Report (CTR) for all currency transactions of more than \$10,000
6. Obtain and retain other records as necessary.

When processing MSB transactions for customers, the customer may be asked to provide personally identifying information as required by Federal and state specific regulations.

ACCEPTABLE FORMS OF PHOTO IDENTIFICATION

When documenting a customer's photo ID, the Business will include the type of ID, the ID number, and the issuer of the ID.

- The customer's name and likeness must match the information and picture on the photo ID.
- The photo ID must be issued by a legitimate government agency and must include a picture and expiration date.
- If the customer is not a resident of the U.S., he / she must present a passport, alien identification card or other official document evidencing nationality or residence.
- The Business must not accept any form of identification that has expired or appears to be altered or fabricated.

BUSINESS ACCEPTED PHOTO ID

The Business will only accept the following forms of government issued photo ID (mark only those that that apply):

US Citizens / Residents

- Driver's License (state or territory)
- State ID
- Provisional Driver's License
- Passport
- US Military Card
- Native American Tribal ID
- Welfare ID
- Inmate (Exit Prison) ID
- Resident Alien Card
- Other: _____

Non-US Citizens / Residents

- Passport
- Border Crossing Card (US Dept. of Justice)
- Temporary Resident Card (US Dept. of Justice)
- Employment Authorization Card (US Dept. of Justice)
- Mexican Electoral Card
- Certificado de Matricula (Matricula Consular)
- Other: _____

BUSINESS TRANSACTION LIMITS FOR MONEY ORDERS

- The Business DOES NOT provide or sell money orders.
- The Business provides or sells money orders.

The Business will offer or sell a **single money order** to one person
in a single business day to the maximum amount of:

\$ _____

The Business will offer or sell **combined money order purchases** to one person
in a single business day to the maximum amount of:

\$ _____

*Aggregated money order sales of \$3,000 or more to the same person, or related persons,
in the same business day must be documented on the Money Order Transaction Log,
regardless of Business limits.*

*Transactions that are structured at or below AML Compliance thresholds
should be considered Suspicious Activity and should be filed on a SAR-MSB.*

The Business is solely responsible for ensuring money order limitations are enforced.

CASH PURCHASES OF MONEY ORDERS

Whenever a customer uses cash to purchase single money orders for amounts between \$3,000 and \$10,000, specific information about the purchaser must be collected; purchases of money orders for more than \$10,000 in cash require a CTR filing. The required information must be recorded on a Money Order Transaction Log ('Log').

As with CTRs, multiple money order purchases made in one business day must be aggregated, or added together, and treated as a single purchase. Multiple purchases made in one day totaling \$3,000 or more must be documented on the Log. All information required on the Log must be obtained from the customer and documented **BEFORE** the transaction is completed.

The Log should be accessible to all employees who sell money orders. Completed Logs must be maintained in the store for five (5) years.

Additional blank forms may be obtained online at www.moneygram.com or by calling 1-800-328-5678 extension 3385.

BUSINESS TRANSACTION LIMITS FOR MONEY TRANSFER SEND TRANSACTIONS

- The Business DOES NOT provide MoneyGram money transfer send services.
- The Business provides MoneyGram money transfer send services.

The Business limits **individual money transfer send transactions** for one person **in a single business day** to the maximum amount of:

\$ _____

The Business limits **combined money transfer send transactions** for one person **in a single business day** to the maximum amount of:

\$ _____

Transactions that are structured at or below AML Compliance thresholds should be considered Suspicious Activity and should be filed on a SAR-MSB.

The Business is solely responsible for ensuring money transfer send limitations are enforced.

PROCESSING SEND TRANSACTIONS

1. Prior to conducting any MoneyGram money transfer transaction, the Business will verify the customer completes all appropriate and necessary sections and signs the MoneyGram Send Form. If the Business does not use MoneyGram Send Forms, the Business will ensure the customer signs the MoneyGram transaction receipt.
2. The employee processing the transaction will correctly input all information provided by the customer into the MoneyGram money transfer system.
3. The Business may require a customer to provide personally identifying information **BEFORE** completing any MSB transaction depending on the type, amount or circumstances surrounding the transaction.

The Business retains the right to refuse to process any transaction that appears suspicious.

REQUIRED CUSTOMER INFORMATION ON MONEY TRANSFER SEND TRANSACTIONS

Specific customer information must be documented at different send transaction amounts, regardless of the method of payment. The send customer's information must be documented **BEFORE** the transaction is processed:

- **\$0.00 - \$899.99**
 - Name
 - Address
 - Transaction amount
 - Transaction date
- **\$900.00 - \$2,999.99**
 - Name
 - Address
 - Transaction amount
 - Transaction date
 - Valid government issued photo ID
- **\$3,000.00 - \$10,000.00**
 - Name
 - Address
 - Transaction amount
 - Transaction date
 - Valid government issued photo ID
 - Social security number or tax identification number, if sender is a U.S. citizen / resident
 - Date of birth
 - Specific occupation

The Business must contact the MoneyGram Anti-Money Laundering Operations at 1-800-926-9400 ext. 4899 **BEFORE** completing single or multiple transactions totaling \$9,100 or greater.

ADDITIONAL / ALTERNATIVE POLICIES AND / OR PROCEDURES

When processing Send transactions of \$3,000 or more, the Business must:

VERIFY the customer's:

- Name
- Current residential address
 - Include an apartment / unit number if applicable
 - The customer must provide a physical address. A post office box (P.O. Box) is not acceptable unless the P.O. Box is listed as the customer's official address on his / her photo ID. The customer CANNOT use the Business address to process a transaction.
- Valid, government issued photo ID (see Acceptable Forms of ID)
- Signature (must match signature on photo ID)

RECORD the customer's:

- Name
- Current residential address
- Phone number
- Type of ID provided, the ID number and the ID issuer
- Social security number (SSN) or tax identification number (TIN), if the customer is a citizen or authorized resident in the U.S.
 - A SSN or TIN is unnecessary if the customer lives and works outside of the U.S. and presents a passport or other applicable photo ID issued by a foreign government.
- Date of birth (DOB)
- Specific occupation
- Signature

In addition to the customer's identifying information, the Business must also **RECORD** the following transaction information on the MoneyGram Send or Receive Form or transaction receipt:

- Reference number
- Transaction amount
- Business address
- Employee who processed the transaction

BUSINESS TRANSACTION LIMITS FOR MONEY TRANSFER RECEIVE TRANSACTIONS

- The Business DOES NOT process MoneyGram receive transactions.
- The Business processes MoneyGram receive transactions.

The Business limits **individual money transfer receive transactions** for one person **in a single business day** to the maximum amount of:

\$ _____

The Business limits **combined money transfer receive transactions** for one person **in a single business day** to the maximum amount of:

\$ _____

Transactions that are structured at or below AML Compliance thresholds should be considered Suspicious Activity and should be filed on a SAR-MSB.

The Business is solely responsible for ensuring money transfer receive limitations are enforced.

PROCESSING RECEIVE TRANSACTIONS

1. Prior to conducting any MoneyGram money transfer transaction, the Business will verify the customer completes all appropriate and necessary sections and signs the MoneyGram Receive Form. If the Business does not use MoneyGram Receive Forms, the Business will ensure the customer signs the MoneyGram transaction receipt.
2. The employee processing the transaction will correctly input all information provided by the customer into the MoneyGram money transfer system.
3. The Business may require a customer to provide personally identifying information **BEFORE** completing any MSB transaction depending on the type, amount or circumstances surrounding the transaction.

The Business retains the right to refuse to process any transaction that appears suspicious.

REQUIRED CUSTOMER INFORMATION ON MONEY TRANSFER RECEIVE TRANSACTIONS

Specific customer information must be documented at different receive transaction amounts. At all transaction receive amounts, the customer receiving a money transfer must provide appropriate information and / or documentation to the Business' satisfaction to demonstrate the right to receive the transaction.

The receive customer's information must be documented **BEFORE** the transaction is processed:

- **\$0.00 - \$2,999.99**

- Name
- Address
- Transaction amount
- Transaction date
- Valid government issued photo ID

If the receive customer does not have acceptable Photo ID, test questions are permitted to receive money transfers up to \$899.99.

- **\$3,000.00 - \$10,000.00**

- Name
- Address
- Transaction amount
- Transaction date
- Valid government issued photo ID
- Social security number or tax identification number, if receiver is a U.S. citizen / resident
- Date of birth
- Specific occupation

THIRD PARTY INFORMATION

If the customer who is conducting a transaction is doing so for someone else, all information must be obtained for both parties. Examples of third parties are an employee of a business conducting the transaction for the business, or a relative of an elderly or disabled person conducting the transaction for that person. Complete the Multiple Persons or Third Party sections on record keeping and reporting forms.

MONEYGRAM FORMS AND RECEIPTS

- ❑ The Business uses MoneyGram Send and Receive Forms to document transaction and customer information.
 - The customer must completely fill out the appropriate MoneyGram Form
 - Do **NOT** leave any information blank on the MoneyGram Form
 - Do **NOT** omit any information, leave blank spaces or enter false information when entering the transaction details into the MoneyGram network
 - If a customer refuses to provide any information required by Federal and / or state specific AML Regulations, the Business **CANNOT** process the transaction

The customer must complete both the front and back of the MoneyGram Form.

The customer must sign the form.

- MoneyGram recommends that all transactions under \$3,000 be maintained for at least six (6) months in the Business AML files
 - Transactions of \$3,000 or more must be retained for five (5) years in the Business AML files
-
- ❑ The Business does not use MoneyGram Send or Receive Forms; all customer information is documented in the MoneyGram computer system at the time the transaction is conducted.
 - Do **NOT** omit any information, leave blank spaces or enter false information when entering the transaction details into the MoneyGram network
 - If a customer refuses to provide any information required by Federal Regulations, the Business **CANNOT** process the transaction

The customer must sign the Business copy of the MoneyGram receipt.

- MoneyGram recommends that all transactions under \$3,000 be maintained for at least six (6) months in the Business AML files
- Transactions of \$3,000 or more must be retained for five (5) years in the Business AML files

FINCEN FORM 104 CURRENCY TRANSACTION REPORTS (CTRs)

CTRs must be completed and filed within 15 days of any cash transaction greater than \$10,000 conducted by one person in one business day. Multiple transactions must be treated as a single transaction if any employee(s) has / have knowledge that they are by or on behalf of the same person and total over \$10,000, during one business day. The \$10,000 threshold includes the face amount of the transaction and all fees paid by the customer.

All information required on the CTR must be obtained from the customer **BEFORE** the transaction is completed and must be completed in accordance with the instructions provided on the form. The information required to complete a CTR includes the customer's:

- Name
- Address
- Valid government issued photo ID
- Social security number or taxpayer identification number, if any
- Date of birth

The Business will keep completed copies of CTRs in a secure location. Copies of filed CTR forms must be maintained in the Currency Transaction Reporting file for five (5) years.

Blank CTR forms will be kept with the Currency Transaction Reporting file. Additional blank forms may be obtained online at www.fincen.gov/forms/bsa_forms or www.moneygram.com or by calling 1-800-328-5678 extension 3385.

Some examples of situations that require the filing of a CTR are:

- A customer brings in \$12,000 in cash to purchase a money transfer and/or multiple money orders, in one business day
- A customer brings in cash several times during the same day and purchases money transfers and/or money orders that add up to more than \$10,000, including fees, in one business day
- A customer brings in \$11,000 in cash, requests an \$8,000 money transfer and purchases money orders totaling \$3,000, in one business day
- A customer receives cash for three transactions of \$3,500 each, totaling \$10,500

SECTION 7

GOVERNMENT WATCH LISTS

OFFICE OF FOREIGN ASSETS CONTROL (OFAC)

The Office of Foreign Assets Control (OFAC) is a division of the U.S. Department of the Treasury and is responsible for enforcing U.S. economic and trade sanctions against targeted foreign countries, terrorists, drug cartels and others. OFAC maintains a list of individuals, businesses, non-profits and government agencies called the Specially Designated Nationals and Blocked Entities List (SDN List).

Any type of transaction involving a Specially Designated National (SDN) or party subject to economic sanctions is covered by the OFAC laws and regulations.

The Business is an agent of MoneyGram which has computer programs that review all money transfer senders and receivers against the government watch lists. The Business may rely on MoneyGram to conduct the initial review of MoneyGram money transfer sender and receiver names. The Business must then follow MoneyGram's instructions in order to prevent any unauthorized payout or refund.

SECTION 9

RESPONSE TO LAW ENFORCEMENT REQUESTS

AUTHORITY TO SUMMON TESTIMONY AND RECORDS

Government regulators and law enforcement agencies may seek information and records from time to time. Any person associated or connected with the Business who receives or is served with a summons, subpoena or court order related to MoneyGram business should immediately contact the MoneyGram Compliance Department for assistance.

The Business will assist these entities in their investigations, provided the request(s) is / are conducted in a lawful manner. This is necessary to ensure that the Business complies with customer privacy laws. Furthermore, government agents are not permitted to use their summons authority to go on unwarranted “fishing” expeditions in our records. Employees should not feel pressured by government agents to release consumer or company information without first receiving a proper summons, subpoena or court order.

Any person subpoenaed or asked to disclose a SAR-MSB or the information contained in it, except where the request is by an appropriate law enforcement or supervisory agency, must not produce the SAR-MSB or provide any information that would disclose that a SAR-MSB has been prepared or filed. Cite 31 USC 5318(g)(2) and 31 CFR 103.20(d) as support for not responding to such a request. In addition, the Financial Crimes Enforcement Network (FinCEN) should be notified immediately of any such request.

SECTION 10

INDEPENDENT REVIEW OF AML COMPLIANCE PROGRAM

The Business will conduct periodic independent reviews of its AML Compliance Program as required by Federal AML Regulations. The Independent Review will be conducted by a person or persons who are knowledgeable about the AML requirements that apply to MSBs. The Business' Independent Review cannot be conducted by the Business' designated Compliance Officer or any MoneyGram representative.

The Business will conduct / conducted an Independent Review of its AML Compliance Program on:

_____ , _____
Month Day Year

The Independent Review of the Businesses AML Compliance Program was conducted by:

_____.

The Business' Compliance Officer will schedule and ensure an Independent Review of the Businesses' AML Compliance Program:

- Semi-Annually (every 6 months)
- Annually (every 12 months)
- Every 18 months
- Bi-Annually (every 24 months)
- As necessary
- Other: _____

ADDITIONAL / ALTERNATIVE POLICIES AND / OR PROCEDURES

AMENDMENT A

ANTI-MONEY LAUNDERING COMPLIANCE EMPLOYEE TRAINING GUIDE

Businesses and their employees who conduct MSB transactions must understand:

- The concept of money laundering
- How to identify suspicious activity
- How to comply with the record keeping and reporting requirements

STRUCTURING AND SUSPICIOUS ACTIVITY

- **Structuring** is the act of breaking up potentially larger transactions into several smaller ones in order to avoid record keeping or reporting requirements. See the *MoneyGram International Anti-Money Laundering Agent Compliance Training Guide* for more information and examples.
- **Suspicious Activity** is based on many different factors, including the amount of the transaction, the location of the business, comments made by the customer, the customer's behavior, etc. Suspicious activity may be very different from one transaction to another based on all of the circumstances involved. See the *MoneyGram International Anti-Money Laundering Agent Compliance Training Guide* for examples of suspicious activity.

SUSPICIOUS ACTIVITY REPORT BY MONEY SERVICES BUSINESS (SAR-MSB)

A **SAR-MSB** must be filed for any transaction, or pattern of transactions, that is attempted or conducted at \$2,000 or more, where it is known or suspected that the transaction:

- Involves funds derived from illegal activity or is intended to hide funds derived from illegal activity
- Is structured to avoid record keeping or reporting requirements
- Has no business or apparent lawful purpose
- Facilitates criminal activity

If suspicious activity occurs, the business must:

- File SAR-MSBs according to the instructions on the form and include as much information as is known about the customer
- Record these transactions on a Log, if necessary (filing a SAR-MSB does not satisfy any other record keeping requirements)
- File a CTR if necessary (filing a CTR does not satisfy any other record keeping requirements)
- Retain the SAR-MSBs for five (5) years

CURRENCY TRANSACTION REPORT (CTR)

- CTRs must be filed for all MSB cash transactions greater than \$10,000
- File a CTR according to the instructions on the form
- CTRs must be retained by the Business for five (5) years

RECORD KEEPING FOR AGGREGATED MONEY ORDER PURCHASES FROM \$3,000 to \$10,000

- Recorded transactions on a Money Order Transaction Log must contain:
 - Customer's name
 - Customer's address
 - Customer's valid, government issued photo ID
 - Customer's date of birth
 - Customer's social security number
 - Store address
 - Date of purchase
 - Money order serial number(s)
 - Money order amount(s)
 - Total transaction purchase amount
- The Log must be retained by the Business for five (5) years.

See the *MoneyGram International Anti-Money Laundering Agent Compliance Training Guide* for more information and examples.

RECORD KEEPING FOR MONEY TRANSFER SEND TRANSACTIONS

Record the following information on the MoneyGram Send form at the following amounts:

- **\$0.00 - \$899.99**
 - Customer name
 - Customer address
 - Transaction amount
 - Transaction date
- **\$900.00 - \$2,999.99**
 - Customer name
 - Customer address
 - Transaction amount
 - Transaction date
 - Customer's valid government issued photo ID
- **\$3,000.00 - \$10,000.00**
 - Customer name
 - Customer address
 - Transaction amount
 - Transaction date
 - Customer's valid government issued photo ID
 - Customer's social security number or tax identification number
(unless the customer lives and works outside of the U.S. and presents a Passport or ID issued by a foreign government)
 - Customer's date of birth
 - Customer's specific occupation

Single or multiple transactions totaling \$9,100 or more require that MoneyGram Anti-Money Laundering Operations be contacted at 1-800-926-9400 ext. 4899

See the *MoneyGram International Anti-Money Laundering Agent Compliance Training Guide* for more information and examples.

RECORD KEEPING FOR MONEY TRANSFER RECEIVE TRANSACTIONS

In addition to identifying the receive customer's right to receive the transaction, the following information must be documented **BEFORE** the transaction is processed:

- **\$0.00 - \$2,999.99**

- Name
- Address
- Transaction amount
- Transaction date
- Valid government issued photo ID

If the receive customer does not have acceptable Photo ID, test questions are permitted to receive money transfers up to \$899.99.

- **\$3,000.00 - \$10,000.00**

- Name
- Address
- Transaction amount
- Transaction date
- Valid government issued photo ID
- Social security number or tax identification number, if receiver is U.S. citizen / resident
- Date of birth
- Specific occupation

See the *MoneyGram International Anti-Money Laundering Agent Compliance Training Guide* for more information and examples.