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®

Anti-Money Laundering Compliance Guide

**MoneyGram
Money Orders**

**MoneyGram
Money Transfers**

- Reports
- Recordkeeping
- Suspicious Transactions
- OFAC
- Patriot Act

MoneyGram.
International 

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**WHY YOU
SHOULD
READ THIS
GUIDE**

Dear MoneyGram Agent:

The purpose of this guide is to help you and your employees:

- Detect and prevent money laundering;
- Comply with the Bank Secrecy Act's ("BSA") recordkeeping and reporting requirements;
- Comply with the USA Patriot Act;
- Identify suspicious activity; and,
- Comply with the requirements of the Office of Foreign Assets Control ("OFAC") and other anti-money laundering regulations.

Your knowledge of the information in this Guide may help prevent your business from being victimized by money launderers, and help you comply with the law. In addition, your compliance with these requirements may help law enforcement agents in their effort to track down and capture terrorists who illegally launder money.

It is MoneyGram's policy to follow the spirit, as well as the letter of the law. We do not want our money orders, money transfers and other financial services to be used for illegal purposes, and we will not do business with anyone who knowingly violates the law. Although we cannot take responsibility for you or your employees' compliance with the anti-money laundering laws and regulations, we believe this Guide can help you develop your own effective compliance program.

MoneyGram thanks you for your shared dedication to the fight against money laundering and terrorism.



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You must implement an anti-money laundering program based on the risks associated with your business, such as size, location, volume of business, etc.

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You must record information regarding money order purchases and MoneyGram transactions greater than \$3,000.

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You must file a CTR for any transaction greater than \$10,000 in cash.

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Structuring is the illegal act of breaking up a larger transaction that would normally have to be recorded or reported into smaller transactions in order to avoid the recordkeeping or reporting requirements.

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Suspicious activity involves transactions that appear to be structured or do not have any legitimate purpose.

You must file a Suspicious Activity Report by Money Services Business (“SAR-MSB”) whenever suspicious activity is attempted or occurs and it involves at least \$2,000.

Chapter VII. OFAC and Other Reports (pages 21-22)

The US Treasury Department's Office of Foreign Assets Control (“OFAC”) prohibits all US businesses from conducting business with targeted countries, drug cartels, terrorists and other specially identified individuals.

All MSBs are required to register with the US Treasury Department. *However, most MoneyGram agents are covered by MoneyGram's registration, so they do not have to register on their own.* But all check cashers must register, even if they are an agent of MoneyGram.

Chapter VIII. Penalties (page 23)

The government can impose severe penalties against individuals and businesses for violating money laundering laws and regulations. These penalties can include fines, imprisonment, and loss of one's business.

This Guide is not legal advice. If you need legal advice, you should seek the services of an attorney.

CHAPTER I MONEY LAUNDERING OVERVIEW



Money laundering is the attempt to conceal or disguise the nature, location, source, ownership, or control of illegally obtained money.

This definition covers a wide range of activity. You need to understand how people launder money so that you can identify money laundering and know how to help prevent it.

To help prevent the laundering of cash and to obtain documentation that may be used to prosecute money launderers, the government requires businesses like yours to file specific reports and maintain records on certain cash transactions.

WHO IS COVERED?

Because you sell money orders and/or money transfers, you are subject to the Bank Secrecy Act (“BSA”), the USA Patriot Act, OFAC and other antimoneylaundering laws, and to their reporting and recordkeeping obligations. The BSA requires anyone doing business in one or more of the capacities listed below to comply with these laws:

- A.** A money transmitter;
- B.** A seller of money orders, or stored value (other than a person who never sells such checks or money orders or stored value in an amount greater than \$1,000 to any person on any day in one or more transactions);
- C.** A person engaged in the business of a check casher (other than a person who never cashes checks in an amount greater than \$1,000 for any person on any day in one or more transactions).

All entities that are covered by the definitions above are known as **“MSBs” which stands for Money Services Businesses.**

**MSB =
MONEY
SERVICES
BUSINESS**



CHAPTER II ANTI-MONEY LAUNDERING PROGRAM

The USA Patriot Act requires that all MSBs adopt a written anti-money laundering program that is reasonably designed to ensure proper recordkeeping and reporting of certain transactions, and to prevent your business from being used to launder money. Your anti-money laundering program must include, at a minimum, the following:

A. Internal policies, procedures and controls for:

- Verifying customer identification
- Filing reports
- Creating and retaining records
- Responding to law enforcement requests

B. The designation of a compliance officer who is responsible for assuring:

- Policies and procedures are followed
- Procedures are updated as needed
- Training and education are provided

C. An ongoing employee training program that:

- Explains policies and procedures
- Teaches how to identify suspicious activity

D. An independent review of your anti-money laundering program.

- The review should take place as needed and be as thorough as needed based on the risks specific to your business
- The review may be performed by one of your employees but can not be performed by your compliance officer.

The information contained in this Guide will provide your business with the tools it needs to build a compliance program that meets the requirements of the USA Patriot Act. However, the quality and effectiveness of the program depends on your commitment to it. *The only opportunity to verify customer information and identify suspicious activity is at the point of sale. This can only be done with a knowledgeable, welltrained staff.*

MoneyGram recommends the following steps in order to satisfy the requirements of the USA Patriot Act:

First, your business should formally adopt an anti-money laundering program. This Guide can serve as the basis for that program. See Appendix I for a form that can be used to certify adoption of such a program.

Second, your business must designate a Compliance Officer. The Compliance Officer may be an employee who has other duties at your business, but it should be someone in a responsible position. The Compliance Officer is responsible for your business's day-to-day compliance with the anti-money laundering laws and regulations, and for ensuring the compliance program is updated as needed. The Compliance Officer is also responsible for overseeing your business's ongoing education and training program. When you designate a compliance officer, you should complete the Designation of Compliance Officer form contained in Appendix II, and then retain it in your anti-money laundering compliance files.

**MSBS
MUST ADOPT
COMPLIANCE
PROGRAM**

**TRAINING IS
ESSENTIAL
FOR AN
EFFECTIVE
COMPLIANCE
PROGRAM**

Third, your business must establish an employee-training program for all employees who will have any involvement with MSB activities. The education and training should include instruction on the employees' responsibilities under the program, as well as the detection of suspicious transactions. One good tool for training is this Guide. All employees should be required to read this Guide prior to conducting any MSB transactions. In addition, prior to conducting any MSB transactions, employees should sign a copy of the form in Appendix III that is then kept in their personnel file. Employees should also receive periodic updates to their training, particularly when there are changes in regulations.

Fourth, your business must subject its anti-money laundering program to an independent review to assure its adequacy. The regulations state that the scope and frequency of this review should be "commensurate with the risk of the financial services provided by the money services business." Such a review should be done annually, at a minimum. The review may be conducted by an officer or employee of your business, but it can not be conducted by the person who is designated as the Compliance Officer. Once again, a form is provided in Appendix IV that can be used to help your business comply with this requirement.

Finally, it is important that you create recordkeeping files for your anti-money laundering program. These files can then be readily accessed if your business is examined/audited by state or federal regulators. In addition to files containing the information described above, you should have files that are clearly labeled and contain the following:

1. A copy of this Guide in a file labeled “Anti-Money Laundering Compliance Program” along with any other compliance guides you may receive from other vendors, trade associations, accountants, lawyers, etc. These materials can serve as the basis for your program. This file should also contain a copy of the completed “Certification” form shown in Appendix I.
2. Multiple copies of the SAR-MSB form shown in Appendix VII in a file labeled “SAR-MSB”. This is also where you should maintain copies of any “SAR-MSBs” that you file with the government, along with any supporting materials. (See Chapter VI for further information on the SAR-MSB.)
3. For CTRs, money order Logs, and MoneyGram send and receive forms for transactions of \$3,000 or more do the same as for SAR-MSBs. (See Chapters III and IV for further information on Logs and CTRs.)
4. A file for any OFAC reports you may submit, and any materials you receive regarding OFAC or Executive Orders. (See page 21.)
5. A file containing any updated information you receive from regulators or law enforcement agencies regarding money laundering or terrorism.
6. A file containing a copy of your business’s MSB Registration Form, if you were required to register. (See Chapter VII for further information.)



CHAPTER III RECORDKEEPING

MONEY ORDER “LOG” \$3,000 TO \$10,000

Recordkeeping for Money Orders:

If a customer purchases money orders, checks or other monetary instruments, with **cash** in the amount of \$3,000 to \$10,000 certain information must be obtained and retained. The information is to be recorded on a Monetary Instrument Log (“Log”). Only cash purchases are covered by this requirement – purchases by check or credit card are not, regardless of the amount. Likewise, if a customer makes multiple cash purchases throughout the same business day that total between \$3000 and \$10,000, you must record the appropriate information on a Log.

Appendix V shows a copy of a blank Log. You may order copies of a Log by contacting your Account Specialist at 800-257-8418.

Purchases of more than \$10,000 require filing a Currency Transaction Report (“CTR”) which is explained later in these materials.

Verification of Money Order Purchaser’s Identity. Before completing a transaction that requires a Log entry, you must verify the name and address of the individual buying the money orders by looking at a valid identification document, such as a driver’s license, passport or alien identification card that contains the customer’s name and address.

You must obtain all of the information required for the Log ***before you complete the transaction.***

Recordkeeping Requirements For Money Transfers:

Both sending and receiving agents must obtain and record specific information for money transfers of \$3,000 or more regardless of the method of payment.

Money Transfer “Sends” and “Receives”: For money transfer sends and/or receives of \$3,000 or more, you must obtain and record all of the information requested on both the front and back of the send/receive form. ***By completing the front and back of the send and receive forms*** you will have all of the information that you are required to obtain and retain for five years on money transfers of \$3,000 or more.

If you know that the person is sending on behalf of someone else, then you must also obtain similar information on that other person.

MoneyGram’s Identification Requirements:

1. Before completing any “Send” money transfer of \$900 or more you must verify the customer’s identity by examining a document that contains the person’s name, address and preferably photograph, e.g. driver’s license, passport, alien identification card or other official document verifying nationality or residence.
2. MoneyGram requires the same verification procedure for all “Receives” regardless of the amount. However, “test” questions are permitted for money transfers up to \$900 if the recipient does not have acceptable photo identification. Identification details or the answer to the test question must be recorded for all receive amounts.

**MONEY
TRANSFERS**

\$3,000

OR MORE



CHAPTER IV CURRENCY TRANSACTION REPORTING REQUIREMENTS

**CTR =
MORE
THAN
\$10,000
IN CASH**

A Currency Transaction Report (“CTR”) must be filed with the federal government for any cash transaction of \$10,000 or more conducted in one day by any person (or on behalf of another person). You must treat multiple cash purchases of money orders or money transfers as a single transaction if you have knowledge that they are by (or on behalf of) the same person and total over \$10,000 during one business day. (This \$10,000 amount includes both the face amount of the transaction and any fees paid by the customer.)

You must file the CTR report with the Internal Revenue Service (IRS) on a Currency Transaction Report - Form 4789, shown in Appendix VI.

Identification Requirements for CTRs.

Before conducting any transaction that requires a CTR you must verify your customer’s name and address in the following manner:

For U.S. citizens and residents, you must see a document that banks normally accept when cashing checks for non-customers, such as a driver’s license, passport, or a state issued identification card. For non-resident aliens, you must see a passport, alien identification card, or other official document that shows nationality and home address. In all situations, you should only accept valid, current identification that contains a photograph of the customer.

The regulations require that you record your customer’s name, address and Social Security number (or taxpayer identification number or other identifying number) on the CTR. The CTR form also asks for occupation, date of birth, and other information.

If two or more people are conducting the transaction, or if the transaction is being conducted on behalf of someone else, you must obtain similar information for all parties.

You must obtain all of this information ***before you complete the transaction.***

Identification for Elderly or Disabled Persons.

Elderly or disabled persons may not have identification documents, such as a driver's license or state-issued identification card. In these cases, you may accept as appropriate identification a Social Security, Medicare, Medicaid or other insurance card presented along with another document that contains both the name and address of the individual (e.g., an organization membership or voter registration card, utility or real estate tax bill). You must maintain a written list of the specific types of documents that you or your employees may accept from elderly or disabled people.

Filing Requirements for the CTR. You must prepare and file the CTR within 15 days of the transaction. The CTR form shows the address where it is to be filed. Do NOT send CTRs to TravelersExpress/MoneyGram.

Recordkeeping of CTRs. You must keep a copy of each CTR for at least five years from the date of filing.

Question: When do you have knowledge of multiple transactions conducted by or on behalf of the same person?



- A. If you or your employee witness the multiple transactions;
- B. If someone tells you or an employee about the multiple transactions;
- C. If you or an employee know a customer is conducting a transaction for someone else for whom you or your employee know has already conducted another transaction.



Question: Do you have to verify the information given by the customer?

You must verify the identity of the customer by viewing an official document that contains the customer's name, address and photograph. Official documents that may be used to verify the customer's identity include a driver's license, passport, national identification card (i.e., Cedula card) alien identification card or state-issued identification card. Although it is not necessary to verify other information obtained from the customer, if you believe the information provided is false, do not complete the transaction and file an SAR-MSB if applicable.

CTR

EXAMPLES

Examples of when a CTR must be filed:

Example 1: Jim brings in \$12,000 in cash and requests a money transfer or wants to purchase multiple money orders. You must file a CTR.

Example 2: Jim brings in cash several times during the same day and requests money transfers, or purchases money orders which add up to more than \$10,000 (including fees). You must file a CTR.

Example 3: Jim brings in \$11,000 in cash and requests an \$8,000 money transfer and purchases money orders totaling \$3,000. You must file a CTR.

CHAPTER V STRUCTURING



Many money launderers are familiar with the dollar thresholds that require recordkeeping and reporting. Therefore, in order to remain anonymous and avoid the detection of law enforcement agents, they will “structure” their transactions so that the recordkeeping or reporting requirements will not be triggered. Structuring is the act of breaking up a potentially large transaction into several smaller ones.

It is illegal for you or your customer to structure transactions in order to avoid the recordkeeping or reporting requirements. For example, if a customer buys \$2,000 of money orders with cash in the morning and \$2,000 of money orders with cash at the end of the day, they may be structuring their purchases in order to avoid the recordkeeping “Log”.

Likewise, it is illegal for you or your employees to assist anyone in structuring transactions in order to avoid recordkeeping or reporting requirements. For example, you may not tell or even imply to a customer that they can avoid providing information by conducting a smaller transaction. Some criminals may attempt to trick you or your employees into allowing them to structure transactions by splitting up transactions with several accomplices or by trying to “con” you with a hardluck story. You need to be on the lookout for structuring so that you can prevent it from occurring.

**STRUCTURING
TRANSACTIONS
TO AVOID
RECORDKEEPING
AND
REPORTING
REQUIREMENTS
IS ILLEGAL.**



Question: Are all multiple transactions considered structuring?

No. For example, Jim sends two money transfers to separate receivers, one for \$2000 and another for \$1,500. Each transfer is less than \$3000 but the total transaction exceeds \$3000. There was nothing suspicious about the transactions, and you learn that Jim is sending money to his children attending two different schools. You should record the appropriate information on the back of both send forms in order to fulfill the recordkeeping requirement and to show there was no attempt to structure the transactions.

CHAPTER VI SUSPICIOUS ACTIVITY REPORTING



“Suspicious activity” is a difficult concept to define because it can vary from one transaction to another based upon on all of the circumstances surrounding the transaction, or group of transactions. For example, transactions by one customer may be normal because of your knowledge of that customer, while similar transactions by another customer may be suspicious. Many factors are involved in determining whether transactions are suspicious, including the amount, the location of your business, comments made by your customer, the customer’s behavior, etc. That is why it is important for you to read this Guide in order to help you detect suspicious activity and structured transactions.

The federal government requires you to file a Suspicious Activity Report by Money Services Business (“SAR-MSB”) for any transaction - or pattern of transactions - that is attempted or conducted with at least \$2,000, that you know, suspect, or have reason to suspect:

1. Involves funds derived from illegal activity or is intended to hide funds derived from illegal activity;
2. Is structured to avoid recordkeeping or reporting requirements; or
3. Has no business or apparent lawful purpose.

You may file an SAR-MSB on suspicious activity below \$2,000, but the regulations do not require it.

Filing the SAR-MSB. You must file an SAR-MSB with the federal government within 30 days of the suspicious event. You must keep a copy of the report and all supporting documentation for at least five years from the time of filing. Appendix VII shows the SAR-MSB form and it is also available at www.treas.gov/fincen, or www.msb.gov or through the IRS. Do *NOT* send SAR-MSBs to TravelersExpress/MoneyGram.

AS OF JULY 1, 2002, THE FEDERAL GOVERNMENT HAS NOT ISSUED THE NEW SAR-MSB FORM. THEREFORE, UNTIL IT IS ISSUED, YOU SHOULD CONTINUE TO USE THE EXISTING BANK SAR FORM TO REPORT SUSPICIOUS ACTIVITY.

Federal law provides protection from civil liability for all reports of suspicious transactions made to appropriate authorities, including supporting documentation.

Never Tell Your Customer That You Filed an SAR-MSB. It is illegal to tell your customer that you are filing a suspicious transaction report.

If MoneyGram believes that some of your customers may be misusing its money orders or money transfers, our compliance staff may contact you as part of an investigation. You must not tell your customer about such an inquiry.



Question: Should you file supporting documentation with the SAR-MSB?

No. You should retain a copy of the SAR-MSB and all original supporting documentation or business records (including copies of instruments, receipts, photographs, surveillance audio or video tapes, etc.) for five years from the date of filing the SAR-MSB. All supporting documentation must be made available to appropriate authorities upon request. An SAR-MSB report must be typed or legibly handwritten.

Examples of suspicious activity:

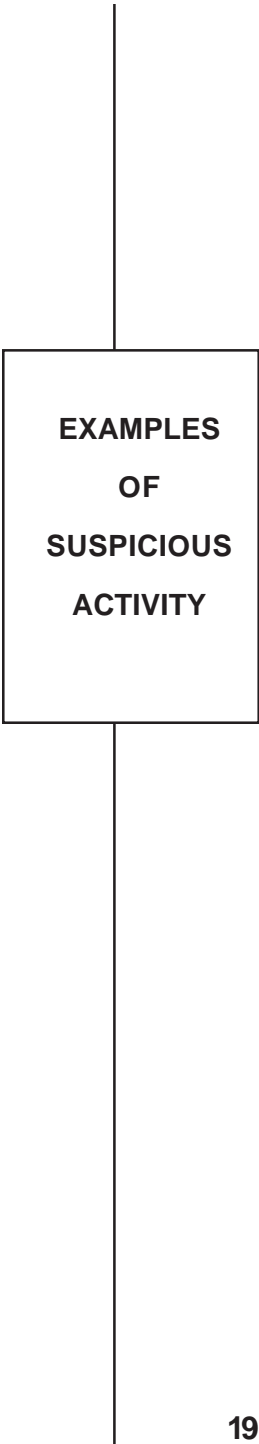
Example 1: Jim sends a \$4,400 money transfer. The next day Jim sends \$9,400 to the same person. Jim may be structuring his transactions in order to avoid the CTR reporting requirements. You should consider whether a CTR and/or an SAR-MSB should be filed.

Example 2: Jim purchases money orders with cash just below \$3,000 over the course of several days. Jim may be structuring his purchases and you should consider whether an SAR-MSB needs to be filed, and whether a Log needs to be completed.

Example 3: You see Jim hand cash to Bill and Susan outside your store. Bill and Susan each give you cash and purchase money orders that total less than \$10,000 for each of them. This appears to be a structured transaction, and may require the filing of a CTR and/or an SAR-MSB, and a Log.

Example 4: Jim comes in several times on the same day to pick up money transfers which add up to more than \$10,000. You must file a CTR if you paid out more than \$10,000 in cash to Jim. You should also determine whether an SAR-MSB needs to be filed.

Example 5: Jim and Bill each pick up money transfers. Neither money transfer alone exceeds \$10,000, but together they exceed \$10,000 in cash. You give Jim and Bill cash in the amount of their separate money transfers. You then see Jim and Bill give the cash to Susan. This appears to be a structured and suspicious transaction. If you conclude that a structured transaction occurred, you must file an SAR-MSB. If you conclude that a structured transaction has not occurred, but you determine that Jim and Bill are acting on the behalf of Susan, you must file a CTR. If you are unable to fully complete the CTR, you must complete as much as possible and file the CTR.



**EXAMPLES
OF
SUSPICIOUS
ACTIVITY**

Example 6: Jim picks up a money transfer from your location. After Jim has left, you discover that Jim also picked up money transfers at some of your other offices on the same day. Jim may be attempting to avoid the reporting requirements. You should consider whether a structured or suspicious transaction has occurred. If you conclude that a structured or suspicious transaction has occurred, you must file an SAR-MSB if the \$2,000 (in total) reporting threshold is met. If the total amount of currency paid to Jim in all such transactions exceeds \$10,000 you must also file a CTR.

Example 7: Jim says that he wants to send an \$11,000 money transfer that he wants to pay for with cash. When you tell Jim that you will need to complete a CTR he says he no longer wants to do the transaction, or asks how he can avoid having a CTR filed on the transaction. You must file an SAR-MSB on the transaction or attempted transaction.

NOTE: CTRs, SAR-MSBs, AND OTHER RECORDS AND REPORTS ARE ONLY AS GOOD AS THE INFORMATION YOU PROVIDE. THEREFORE, IT IS VERY IMPORTANT THAT THE INFORMATION YOU PROVIDE ON SUCH REPORTS IS ACCURATE AND COMPLETE. THIS IS YOUR RESPONSIBILITY. THE GOVERNMENT AND LAW ENFORCEMENT AGENCIES DEPEND ON THIS INFORMATION AS THEY FIGHT AGAINST MONEY LAUNDERING AND TERRORISM.

CHAPTER VII OFAC AND OTHER REPORTS



The Office of Foreign Assets Control (“OFAC”) of the Department of the Treasury administers and enforces U.S. economic and trade sanctions against targeted foreign countries, terrorists, drug cartels and others. The OFAC regulations require all businesses to identify and freeze the assets of oppressive governments, international terrorists, narcotic traffickers and other specially designated persons identified by OFAC.

OFAC maintains a list called the Specially Designated Nationals and Blocked Entities List (“SDN List”) that identifies most individuals and entities against whom the OFAC restrictions apply. Any type of transaction involving an SDN is prohibited as a blocked transaction. Some of the countries and groups that are currently targeted by OFAC include: Burma, Cuba, Iran, Iraq, Libya, North Korea, Syria, Sudan, Unita and the Taliban. The scope of the regulations (and what businesses may and may not do) varies with the specific economic sanctions program. Refer to the OFAC web site (www.ustreas.gov/ofac) for further information.

OTHER REPORTING REQUIREMENTS

There are other reporting obligations that you may be subject to under the BSA, the USA Patriot Act and other anti-money laundering laws. For example, if the President issues an “Executive Order” it may also trigger the filing of additional reports with the government.

Also some states may have specific anti-money laundering regulations that impose additional reporting or recordkeeping requirements on your business.

MSB REGISTRATION

If you engage in MSB activities on your own behalf - apart from serving as our agent - then you may be required to register with the U.S. Department of Treasury as an MSB. For example, a supermarket that serves as a money order agent but performs no other MSB services is not required to register. However, registration would be required if the supermarket, in addition to acting as an agent, also cashes checks in an amount greater than \$1,000 for any person on any day, in one or more transactions.

The MSB registration must be filed on the form required by the Department of Treasury and sent to the address provided on the form.

The MSB must retain a copy of the registration form and any registration number that may be assigned to the business for five years.

**SHARE
THIS
GUIDE
WITH
YOUR
EMPLOYEES**

As this Guide has made clear, it is extremely important that you and your employees thoroughly understand the requirements of anti-money laundering regulations. We have provided this Guide to you to help in this important task. Make sure that all of your employees read and understand this Guide.

You may obtain additional copies of this Guide from the MoneyGram website, or by calling your Account Specialist at (800) 257-8418.

If you have any questions about the provision of the laws and regulations, consult your attorney, as we cannot give you legal advice. The penalties for non-compliance are severe, and ignorance or confusion about the regulations and laws is not a defense.

CHAPTER VIII CIVIL AND CRIMINAL PENALTIES



The government can impose harsh civil and criminal penalties against anyone who violates the BSA, USA Patriot Act, OFAC or other anti-money laundering laws and regulations. Civil and criminal fines can quickly reach into the hundreds of thousands or even millions of dollars. Criminal violations can result in prison terms. In addition, the government can seize any property involved in criminal violations of these laws. This includes your business, your bank account, or any other assets the government can link to criminal violations.

Under certain circumstances, the government will hold businesses criminally liable for the acts of their employees. It is important that your employees are trained on anti-money laundering compliance. It is equally important that your business have a system to ensure that your employees are complying with the laws and regulations.

The government requires strict compliance with these laws and regulations. If you do not comply, you may be subject to large fines, imprisonment, and possibly the loss of your business or other assets. MoneyGram will also immediately cancel the contract of any agent who knowingly or negligently fails to comply with the laws and regulations.

Non-compliance with the law simply is not worth the risk.

APPENDIX I

CERTIFICATION OF ADOPTION OF COMPLIANCE PROGRAM

On behalf of this Money Services Business (“MSB”), I hereby certify, under penalty of perjury, that it has adopted an anti-money laundering program which complies with all of the reporting and recordkeeping requirements imposed by the Bank Secrecy Act, the USA Patriot Act, and any other applicable anti-money laundering laws or regulations.

Date: _____

Signature: _____

Name: _____

Name of MSB: _____

APPENDIX II

DESIGNATION OF COMPLIANCE OFFICER

As of this date, the individual named below is hereby designated as the Anti-Money Laundering Compliance Officer (“Compliance Officer”) for this Money Services Business (“MSB”). The Compliance Officer, as well as senior management, is responsible for ensuring the ongoing compliance of this entity with all state and federal anti-money laundering laws, and for ensuring that all employees are trained on anti-money laundering requirements before conducting any MSB activity, and on an ongoing basis as needed.

Compliance Officer: _____

Date: _____

Name of MSB: _____

APPENDIX III

EMPLOYEE TRAINING

I acknowledge receiving a copy of this Money Services Business ("MSB")'s Anti-Money Laundering Compliance Program. In addition, prior to conducting any transactions for this MSB, I have received training on the Bank Secrecy Act reporting and recordkeeping requirements, including the reporting of suspicious activity.

Employee's Name: _____

Employee's Signature: _____

Date: _____

Name of MSB: _____

APPENDIX IV

CERTIFICATION OF REVIEW

I hereby certify that I have completed an anti-money laundering compliance review of the Money Services Business ("MSB") named herein. I know and understand the current requirements of the BSA, the USA Patriot Act, the OFAC regulations and other applicable anti-money laundering laws. Among other things, this review focused on the requirements of the USA Patriot Act, which mandates an anti-money laundering program that includes policies, procedures and internal controls; employee training; and the designation of a compliance officer. The result of my review is that I find this entity's anti-money laundering compliance program:

_____ Acceptable

_____ Acceptable, but recommend the following actions for improvement: _____

_____ Unacceptable for the following reasons:

Signature of Reviewer: _____

Name of Reviewer: _____

Title of Reviewer: _____

Date: _____

Name of MSB: _____

APPENDIX V

Money Order Log

MONEY ORDER TRANSACTION LOG

Use this log to record cash money order sales of \$3,000 or more to one individual in one business day. This form must be retained for five years from date of sale, according to the U.S. Treasury Department regulations.

Store Name	Purchaser's Name
Street Address	Street Address
City, State, Zip	City, State, Zip

Money order was purchased:

For Purchaser's Use Date of Purchase _____

On behalf of another person _____

(List other person's name, address, social security #, or alien I.D. #, and taxpayers I.D. # on the back of this form)

Purchaser Date of Birth _____

Purchaser's Social Security Number _____
(or Alien I.D. Number)

Purchaser's Driver License Number _____ State _____

Other Identification _____

I. D. Positively Verified _____
(Name of Store Employee)

If the above information is not provided, the transaction must be refused.

TRANSACTION(S):

(1)	SERIAL NUMBER _____	(8)	SERIAL NUMBER _____	DOLLAR AMOUNT _____
	DOLLAR AMOUNT _____		DOLLAR AMOUNT _____	
(2)	SERIAL NUMBER _____	(9)	SERIAL NUMBER _____	DOLLAR AMOUNT _____
	DOLLAR AMOUNT _____		DOLLAR AMOUNT _____	
(3)	SERIAL NUMBER _____	(10)	SERIAL NUMBER _____	DOLLAR AMOUNT _____
	DOLLAR AMOUNT _____		DOLLAR AMOUNT _____	
(4)	SERIAL NUMBER _____	(11)	SERIAL NUMBER _____	DOLLAR AMOUNT _____
	DOLLAR AMOUNT _____		DOLLAR AMOUNT _____	
(5)	SERIAL NUMBER _____	(12)	SERIAL NUMBER _____	DOLLAR AMOUNT _____
	DOLLAR AMOUNT _____		DOLLAR AMOUNT _____	
(6)	SERIAL NUMBER _____	(13)	SERIAL NUMBER _____	DOLLAR AMOUNT _____
	DOLLAR AMOUNT _____		DOLLAR AMOUNT _____	
(7)	SERIAL NUMBER _____	(14)	SERIAL NUMBER _____	DOLLAR AMOUNT _____
	DOLLAR AMOUNT _____		DOLLAR AMOUNT _____	

TOTAL CURRENCY USED \$ _____

APPENDIX VI

Currency Transaction Report

Form **4789** **Currency Transaction Report**
 (Rev. June 1998) **Use this 1998 revision effective June 1, 1998.** OMB No. 1506-0004
 Department of the Treasury **For Paperwork Reduction Act Notice, see page 3.** Please type or print.
 Internal Revenue Service *(Complete all parts that apply—See instructions)*

1 Check all box(es) that apply:
 a Amends prior report b Multiple persons c Multiple transactions

Part I Person(s) Involved in Transaction(s)

Section A—Person(s) on Whose Behalf Transaction(s) Is Conducted

2 Individual's last name or Organization's name 3 First name 4 M.I.
 5 Doing business as (DBA) 6 SSN or EIN
 7 Address (number, street, and apt. or suite no.) 8 Date of birth M M D D Y Y Y Y
 9 City 10 State 11 ZIP code 12 Country (if not U.S.) 13 Occupation, profession, or business
 14 If an individual, describe method used to verify identity:
 a Driver's license/State I.D. b Passport c Alien registration d Other
 e Issued by: f Number:

Section B—Individual(s) Conducting Transaction(s) (if other than above).
 If Section B is left blank or incomplete, check the box(es) below to indicate the reason(s):
 a Armeded Car Service b Mail Deposit or Shipment c Night Deposit or Automated Teller Machine (ATM)
 d Multiple Transactions e Conducted On Own Behalf
 15 Individual's last name 16 First name 17 M.I.
 18 Address (number, street, and apt. or suite no.) 19 SSN
 20 City 21 State 22 ZIP code 23 Country (if not U.S.) 24 Date of birth M M D D Y Y Y Y
 25 If an individual, describe method used to verify identity:
 a Driver's license/State I.D. b Passport c Alien registration d Other
 e Issued by: f Number:

Part II Amount and Type of Transaction(s). Check all boxes that apply.

26 Cash In \$ _____ .00 27 Cash Out \$ _____ .00 28 Date of transaction M M D D Y Y Y Y
 29 Foreign Currency _____ (Country) 30 Wire Transfer(s) 31 Negotiable Instrument(s) Purchased
 32 Negotiable Instrument(s) Cashed 33 Currency Exchange(s) 34 Deposits/Withdrawal(s)
 35 Account Number(s) Affected (if any): _____ 36 Other (specify) _____

Part III Financial Institution Where Transaction(s) Takes Place

37 Name of financial institution Enter Federal Regulator or BSA Examiner code number from the instructions here. ▶ []
 38 Address (number, street, and apt. or suite no.) 39 SSN or EIN
 40 City 41 State 42 ZIP code 43 MICR No.
Sign Here ▶ 44 Title of approving official 45 Signature of approving official 46 Date of signature M M D D Y Y Y Y
 47 Type or print preparer's name 48 Type or print name of person to contact 49 Telephone number ()


Cat. No. 42004W

Form **4789** (Rev. 5-98)

SAMPLE, NOT ALL PAGES SHOWN

APPENDIX VII

SAR-MSB

TD F 90-22.56 Treasury Form February 2002		Suspicious Activity Report by Money Services Business		 OMB No. Unassigned		1	
Please type or print. Always complete entire report (see instructions).							
1 Check the box if this report corrects a prior report. <input type="checkbox"/>							
2 Type of filer (check all that apply)							
a <input type="checkbox"/> Issuer of money order(s)		b <input type="checkbox"/> Seller of money order(s)		c <input type="checkbox"/> Redeemer of money order(s)			
d <input type="checkbox"/> Issuer of traveler's check(s)		e <input type="checkbox"/> Seller of traveler's check(s)		f <input type="checkbox"/> Redeemer of traveler's check(s)			
g <input type="checkbox"/> Money transmitter		h <input type="checkbox"/> U.S. Postal Service		i <input type="checkbox"/> Other			
Part I Customer information							
3 Type of customer a <input type="checkbox"/> Purchaser b <input type="checkbox"/> Payee c <input type="checkbox"/> Both							
4 Individual's last name or Entity name				5 First name		6 Middle initial	
7 Permanent address (number, street, and apt. or suite no.)							
8 City		9 State	10 Zip code		11 Country (if not U.S.)		
12 Government issued identification document a <input type="checkbox"/> Driver's license/State I.D. b <input type="checkbox"/> Passport c <input type="checkbox"/> Alien registration d <input type="checkbox"/> Other _____ e Number _____							
13 Taxpayer identification number		14 Date of birth		15 Phone number (include area code)			
		MM DD YYYY		() - - - - -			
16 Customer number, if any				17 Occupation/Type of business			
18 Endorser's last name or Entity name, if any			19 Endorser's first name, if any			20 Bank account number of endorser, if any	
Part II Suspect Instrument/Funds Transfer Information							
21 Financial services involved in suspect transaction(s) (Check all that apply)							
a <input type="checkbox"/> Funds transfer		b <input type="checkbox"/> Money order		c <input type="checkbox"/> Traveler's Check		d <input type="checkbox"/> Other	
22 Date or date range of suspicious activity				23 Total dollar amount involved in suspicious activity			
From MM DD YYYY To MM DD YYYY				\$: _____ .00			
24.1 Serial number(s) of money order(s) <input type="checkbox"/> or traveler's check(s) <input type="checkbox"/>				a Issuer name			
b Starting No.				c Ending No.			
24.2 Serial number(s) of money order(s) <input type="checkbox"/> or traveler's check(s) <input type="checkbox"/>				a Issuer name			
b Starting No.				c Ending No.			
24.3 Serial number(s) of money order(s) <input type="checkbox"/> or traveler's check(s) <input type="checkbox"/>				a Issuer name			
b Starting No.				c Ending No.			
25.1 Funds transfer number				25.2 Funds transfer number			
a Issuer name				a Issuer name			
b No.				b No.			
Catalog No. XXXXXX							

DRAFT

ANTI-MONEY LAUNDERING EXPRESS GUIDE

Reporting

- **Currency transactions greater than \$10,000 (including consumer fees)**

Report on CTR – Form 4789

File within 15 days

Follow instructions on form

- **Suspicious activity of at least \$2,000**

Report on SAR-MSB form

File within 30 days

Follow instructions on form

- **Structured transactions of at least \$2,000**

Report as suspicious activity

Report on SAR-MSB form



Recordkeeping

- **Transactions of \$3,000 or more (including consumer fees for money orders)**

- **Verify**

Customer's name and address

Use valid photo i.d. (passport, driver's license, etc.)

- **Record**

Customer's name and address

Type of i.d. provided, i.d. #, and i.d. issuer

Customer's S.S. # or alien i.d.

Customer's date of birth

Transaction date

Serial # of money orders or MoneyGram reference #

Amount of transaction

Point of sale address

In addition, for money transfers record:

*Receiver's/Sender's name and occupation, and
any other information provided about them*

*If transaction is conducted on behalf of someone else,
record similar information on that other person*

- **Record information on**

"Log" for money orders, or

"Send/Receive" form for money transfers

(any method of payment for money transfers - not just cash)

Maintain copies of all reports and records for 5 years.

ANTI-MONEY LAUNDERING *EXPRESS GUIDE*

USA Patriot Act Requirements for MSBs

- Adopt written anti-money laundering program
- Designate Compliance Officer for their business
- Train employees on anti-money laundering compliance, including recordkeeping and reporting requirements, as well as identification of suspicious activity
- Conduct independent review of the compliance program and make improvements as needed

MSB Registration

- Register with U.S. Treasury on MSB Registration form
- Required for all check cashers, any business that cashes checks for \$1,000 or more, and other independent MSBs.
- Many non-check casher agents are covered by MoneyGram's registration
- See Registration form for details

OFAC Sanctions

- U.S. businesses are prohibited from doing business with any country, entity or person listed on OFAC sanctions list

For Further Information

www.msb.gov
www.treas.gov/fincen
www.treas.gov/ofac
www.temgweb.com

Treasury Department's Financial Crimes Enforcement Network (FinCEN) "Hotline" at **(800) 949-2732**.

Money Transfers at **(800) 926-9400**

Money Orders at **(800) 257-8418**

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Anti-Money Laundering Compliance Guide

Proceeds of Crime
(Money Laundering) &
Terrorist Financing Act
(PCMLTFA)



Reporting Requirements

Recordkeeping

FINTRAC Resources

Employee Training



Dear MoneyGram Agent:

The purpose of this Guide is to help you and your employees:


- Detect and prevent money laundering and terrorist financing;
- Comply with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA) recordkeeping and reporting requirements;
- Comply with federal anti-terrorism and sanctions laws and regulations; and
- Identify and report suspicious activity.

Your knowledge of the information in this Guide may help prevent your business from being victimized by money launderers and help you comply with the law. In addition, your compliance with these requirements may help law enforcement agents in their efforts to track down and capture terrorists who illegally launder money.

It is MoneyGram's policy to follow the spirit, as well as the letter of the law. We do not want our money transfer services to be used for illegal purposes. We will not do business with anyone who knowingly violates the law. Although we cannot take responsibility for you or your employees' compliance with the anti-money laundering laws and regulations, we believe this Guide can help you develop your own effective anti-money laundering compliance program.

This Guide provides a general description of the PCMLTFA requirements as they may relate to MoneyGram money transfers and should not be considered to cover all possible situations; there may be other PCMLTFA requirements that apply to other facets of your business. There are other requirements that apply to the redemption of money orders, the issuance and redemption of traveller's cheques and cheque cashing. There are also separate requirements that apply to foreign exchange dealers.

MoneyGram thanks you for your shared dedication to the fight against money laundering and terrorism.





Guide Contents

Section I. Money Laundering Overview

Money laundering is the attempt to conceal or disguise the nature, location, source, ownership or control of illegally obtained money.

Section II. MSB Registration

All money services businesses in Canada must register as MSBs. MoneyGram agents are covered by MoneyGram's registration unless your business conducts MSB activity outside of our agent relationship.

Section III. PCMLTFA Compliance Regime

We require that you to implement an anti-money laundering regime based on the risks associated with your business, such as size, location, volume of business, etc.

Section IV. Recordkeeping

You must record information regarding MoneyGram money transfer transactions of \$1,000 or more.

Section V. Transaction Reporting

The Large Cash Transaction Report (LCTR) must be filed on all cash transactions of \$10,000 or more requested by or on behalf of the same person in a 24-hour period. The Electronic Fund Transfer report must be filed on all international money transfers of \$10,000 or more conducted by or on behalf of the same person in a 24-hour period. MGI files these reports for our agents.

Section VI. Structuring

Structuring is the illegal act of breaking up a larger transaction into smaller transactions in order to avoid the recordkeeping or reporting requirements.

Section VII. Reporting Suspicious Activity

The Suspicious Transaction Report (STR) must be filed on all suspicious transactions. Suspicious activity involves transactions or attempted transactions that appear to be structured or do not have any legitimate purpose.

Section VIII. Anti-Terrorist / Sanctions Legislation

You cannot deal with any property if you know it is owned or controlled by a terrorist or terrorist group.

Section IX. Civil and Criminal Penalties

The government requires strict compliance with all anti-money laundering rules and regulations. If you do not comply, you may be subject to large fines and / or imprisonment.

Section I.

Money Laundering Overview

Money laundering is the attempt to conceal or disguise the nature, location, source, ownership or control of illegally obtained money.

This definition covers a wide range of activity and is not limited to cash or currency transactions. Money laundering can involve any type of money, including money orders, money transfers and other financial transactions. You need to understand how people launder money so that you can identify money laundering and know how to help prevent it.

To help prevent the laundering of cash and to obtain documentation that may be used to prosecute money launderers, the government requires you to maintain records on certain cash transactions. Some transactions also require that reports be filed and maintained.

Who is covered?

Because you process money transfers, you are subject to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)*, the *Criminal Code*, the *United Nations Act*, and other anti-money laundering / anti-terrorism laws.

Section II.

Money Services Business (MSB) Registration

The PCMLTFA requires money services businesses (MSBs) to register with the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC).

A MSB is an individual or entity engaged in the business of any of the following:

- Foreign exchange dealing;
- Remitting or transmitting funds by any means or through any person, entity or electronic funds transfer network; or
- Issuing or redeeming money orders, traveller's cheques or other similar negotiable instruments except for cheques payable to a named person or entity.

MoneyGram agents are covered by MoneyGram's registration unless your business conducts MSB activity outside of our agent relationship.

Alternative money remittance systems such as Hawala, Hundi or Chitti must register as MSBs; all foreign exchange services must register separately, even if they are a MoneyGram agent.



Section III.

PCMLTFA Compliance Regime

The PCMLTFA requires that all MSBs adopt a Compliance Regime to guard against money laundering and/or terrorist financing. MoneyGram requires all agents in Canada to adopt a customized Compliance Regime. MoneyGram has a Compliance Regime to comply with the PCMLTFA that can be customized for your use.

Your compliance regime must be tailored to fit your circumstance and needs; it should reflect the nature, size and complexity of your business.

Your Compliance Regime must include the following:

- A.** The designation of a Compliance Officer who is responsible for assuring that:
 - A Risk Assessment is conducted;
 - Policies and procedures are followed;
 - Procedures are updated as needed; and
 - Training and education are provided.

- B.** Internal documented policies, procedures and controls for:
 - Verifying client identification;
 - Filing reports;
 - Creating and retaining records; and
 - Risk assessment and mitigation.

- C.** An ongoing documented employee training program that:
 - Explains policies and procedures; and
 - Teaches how to identify suspicious activity

- D.** An independent review of your anti-money laundering regime.
 - The review should take place every two (2) years and be as thorough as needed based on the risks specific to your business; and
 - The review may be performed by one of your employees, but cannot be performed by your Compliance Officer.

The information contained in this guide provides your business with the tools it needs to build an anti-money laundering regime. However, the quality and effectiveness of your regime depends on your commitment to it.



Establishing an Effective Compliance Regime:

First, your business should designate a Compliance Officer. The Compliance Officer may be an employee who has other duties at your business, but it should be someone in a responsible position. The Compliance Officer is responsible for your business's day-to-day compliance with the anti-money laundering laws and anti-terrorism laws and sanctions and for ensuring the compliance regime is updated as needed. The Compliance Officer is also responsible for conducting a risk assessment and overseeing your business's ongoing education and training program.

Second, your business should formally adopt an anti-money laundering compliance regime. This Guide can serve as the basis for that regime. An easy to use template titled the *CANADIAN ANTI-MONEY LAUNDERING AND TERRORIST FINANCING PREVENTION COMPLIANCE REGIME* can also be downloaded from the Anti-Money Laundering page at www.moneygram.com to create a customized Compliance Regime for your business.

Third, your business should establish an ongoing employee-training program for all employees who will have any involvement with MSB activities. The educations and training should include instruction on the employees' training in this Guide. All employees should be required to read this Guide prior to conducting any MSB transactions. In addition, prior to conducting any MSB transactions, employees should sign your Compliance Regime or another form of training documentation that is kept in their personnel file. Employees should also receive periodic updates to their training, particularly when there are changes in regulations. Please refer to the Anti-Money Laundering page at www.moneygram.com for additional resources to help train your employees.

Fourth, your business should subject your anti-money laundering compliance regime to an independent review to assure its adequacy. The scope and frequency of this review should be adjusted to allow for the risk of the financial services provided by your business. This review may be conducted by an officer or employee of your business, but it should not be conducted by the person who is designated as the Compliance Officer.

Finally, it is important that you create recordkeeping files for your Compliance Regime. These files should be readily accessible if your business is examined/audited by regulators.

Question: Where can an Agent get more information concerning the PCMLTFA?

This Agent Compliance Guide is only a general description of the PCMLTFA requirements as they may relate to the MoneyGram products. The FINTRAC website contains additional information regarding the PCMLTFA at: www.fintrac.gc.ca.



Section IV.

Recordkeeping

Both sending and receiving agents must obtain and record specific information for money transfers of \$1,000 or more regardless of the method of payment. Your client must be physically present in your location when conducting a transaction so that you can obtain and verify the client's identifying information.

MoneyGram will not process any transaction if the client is not physically present at a MoneyGram location. Only person-to-person transactions are allowed.

Money Transfer “Sends” and “Receives”

For money transfer “Sends” and/or “Receives” of \$1,000 or more, you must obtain and record all of the information requested on both the front and back of the Send/Receive form.

You should maintain the following client information for all “Send” and “Receive” Transactions of \$1,000 or more:

- Name;
- Physical Address;
- Phone Number (if the client doesn't have a phone number, please reflect that on the form);
- Date of Birth;
- Identification Document;
- Specific Occupation;
- Sender or Receiver Name;
- Reference Number and Date of Transaction;
- Amount and Currency of the Transaction; and
- Similar Third Party Details (if a client is acting on behalf of another person).

If your business prints transaction receipts rather than having the client fill out a Send/Receive form, you must obtain the client's signature on the transaction receipt. By completing the front and back of the Send/Receive Form and / or having the client sign the transaction receipt, you should have all of the information that you are required to obtain.

You must retain the physical documents for all money transfers of \$1,000 or more for five (5) years.



Third Party Transaction Requirements

If you know that your client is sending or receiving a transaction on behalf of someone else, then you must also obtain the similar information on that other person. Examples of this could be a relative of an elderly person conducting a receive transaction for the elderly person. In this example, you must collect and document identifying information for both the person conducting the transaction and the person that the money belongs to.

MoneyGram's Identification Requirements

Before completing any Send money transfer of \$1,000 or more, you must verify the client's identity by examining a valid, original piece of government issued photo identification that contains the person's name, address, such as a driver's licence, passport or Provincial/Territorial government-issued ID card.

- Health insurance cards with photo issued by Ontario, Manitoba and Prince Edward Island, should NEVER be accepted as identification as the law prohibits it.
- A Health card or drivers licence issued by Quebec can be accepted if the client provides it but you cannot request it for identification purposes.

For all Receive money transfers, regardless of amount, you must verify the client's identity. Test questions are permitted of money transfers up to \$999 if the beneficiary does not have acceptable photo identification. Identification details or the answer to the test question must be recorded for "Receive" amounts.

Maximum Aggregated Transactions

The maximum send amount per transaction is \$10,000. MoneyGram allows a client to sent no more than two maximum amount transactions per day, or \$20,000.

Under no circumstances are you permitted to send multiple transactions for a person or related persons totaling \$100,000 or more in any consecutive 24-hour period. Combined transactions of \$100,000 or more require you to determine and document if the sender and / or receiver is a politically exposed foreign person (PEP).



Question: How does an Agent verify the identity of a client?

An Agent must verify the identity of a client by viewing an original, valid identification document that contains the client's name and preferably photograph and address. Official documents that may be used to verify the client's identity include a driver's license, passport or other government issued photo identification. Although it is not necessary to verify other information obtained from the client, if you believe the information provided is false, do not complete the transaction.

Question: How long must Agents keep information on money transfers of \$1,000 or more?

Agents must keep all records required by the PCMLTFA for a period of five (5) years from the date of the transaction.

Question: How should required records be kept?

Records must be kept in such a way that they can be provided to FINTRAC within 30 days of a request to examine them. You can keep them in a machine-readable or electronic form as long as a paper copy can be readily produced. For records that are kept electronically, an electronic signature of the individual who must sign the record must be retained. Where a document contains an original signature, the original document must be retained.

Section V.

Transaction Reporting

Large Cash Transaction Report (LCTR)

The Large Cash Transaction Report (LCTR) must be filed with FINTRAC for each transaction where you receive cash from or on behalf of the same person that equals \$10,000 or more in any consecutive 24-hour period. This report must be filed within 15 days of the transaction. The \$10,000 amount includes both the face amounts of the transaction and the fees paid by the purchaser(s).

MoneyGram will file this report for you unless other arrangements have been made.

The LCTR Form and instructions are available on the FINTRAC website at: www.fintrac.gc.ca.

Necessary Information for the LCTR

Although MoneyGram files the LCTR for you, we need you to collect and record the client's information for us. The LCTR requires you to collect the following client information *before you complete the transaction*:

- Name, physical address and phone number;
- Valid, original identification (including the type, number and place of issuance);
- Date of birth; and
- Occupation (be specific and descriptive, for example, *information technology consultant* is much better than *consultant*).

If two or more people are conducting the transaction, you must obtain the same information for all parties *before you complete the transaction*.

Third Party Transaction

For every large cash transaction of \$10,000 or more within a 24-hour period, you have to take reasonable measures to determine whether the individual who gives you the cash is acting on behalf of a third person. If you determine that there is a third party, you have to keep a record of the third party's:

- Name;
- Address;
- Principal business or occupation; and
- Relationship with the person who gives you the cash.

If you do not know if there is a third party, but you have reasonable grounds to suspect that the individual is acting on behalf of a third party, you have to keep a record to indicate whether the transaction is being conducted on behalf of a third party. This record must also indicate details of why you suspect that the individual is acting on behalf of a third party.



Large Cash Transaction Recordkeeping

You must keep all Send/Receive forms and/or transaction receipts for every large cash transaction of \$10,000 or more within a 24-hour period for five (5) years.

Large International Electronic Funds Transfer Report

An Electronic Funds Transfer Report (EFT) must be filed with FINTRAC for each money transfer involving a large international EFT requested by (or on behalf of) the same person of \$10,000 or more. This report must be filed within five (5) days of the transfer. An EFT Report is required for:

- Single money transfers of \$10,000 or more sent to a destination outside Canada;
- Two (2) or more transfers that total \$10,000 or more in any 24 hour period sent to a destination outside Canada;
- Receipt of a money transfer from a destination outside Canada of \$10,000 or more; and
- Receipt of multiple money transfers totaling \$10,000 or more in any 24 hour period from a destination outside Canada.

Multiple money transfers must be treated as a single transaction if you have knowledge that they are requested by (or on behalf of) the same person and total \$10,000 or more during any 24 hour period.

MoneyGram will file this report for you unless other arrangements have been made.

The EFT Report and instructions are available on the FINTRAC website at: www.fintrac.gc.ca.

Necessary Information for EFT Reports

Although MoneyGram files EFT Reports for you, we need you to collect and record the client's information for us. An EFT Report requires you to collect the following client information *before you complete the transaction*:

- Name, address and phone number;
- Valid, original identification (including the type, number and place of issuance);
- Date of birth; and
- Occupation.

If two or more people are doing the transaction, you must obtain the same information for all parties before you complete the transaction.

EFT Report Recordkeeping

Keep all Send/Receive forms and/or transaction receipts for every large cross border transaction of \$10,000 or more within a 24-hour period for five (5) years.



Section VI.

Structuring

Many money launderers are familiar with the dollar thresholds that require recordkeeping and reporting. Therefore, in order to remain anonymous and avoid the detection of law enforcement officials, they will “structure” their transactions so that the recordkeeping or reporting requirements will not be triggered. Structuring is the act of breaking up a potentially large transaction into several smaller ones to avoid reporting or recordkeeping requirements.

It is illegal for you or your clients to structure transactions in order to avoid the recordkeeping or reporting requirements. For example, if a client sends a \$750 money transfer in the morning and another \$750 money transfer send transaction in the afternoon, he may be structuring his purchases in order to avoid the \$1,000 recordkeeping requirements.

Likewise, it is illegal for you or your employees to assist anyone in structuring transactions in order to avoid recordkeeping or reporting requirements. For example, you may not tell or even imply to a client that they can avoid providing information by conducting a smaller transaction. Some criminals may attempt to trick you or your employees into allowing them to structure transactions by splitting up their activity with several accomplices or by trying to “con” you with a hard luck story. You need to be on the lookout for structuring so that you prevent it from occurring.

Question: Are all multiple transactions considered structuring?

No. For example, a client sends two money transfers to separate receivers, one for \$900 and another for \$500. Each transfer is less than \$1,000, but the total transaction exceeds \$1,000. There was nothing suspicious about the transactions and you learn that the client is sending money to her children who are attending two different schools. You should record the appropriate information on the back of the Send form in order to fulfill the recordkeeping requirement and to show that there was no attempt to structure the transactions.

Section VII.

Suspicious Activity

“Suspicious Activity” is a difficult concept to define, because it can vary from one transaction to another based upon on all of the circumstances surrounding the transaction or group of transactions. For example, transactions by one client may be normal, because of your knowledge of that client, while similar transactions by another client may be suspicious. Many factors are involved in determining whether the transactions are suspicious, including the amount, the locations of your business, comments made by your client, the client’s behavior, etc. That is why it is important for you to read this Guide in order to help you detect suspicious activity and structured transactions.

Reporting Suspicious Activity

MoneyGram must report suspicious transactions and attempted transactions to FINTRAC within 30 days of the suspicious event using a Suspicious Transaction Report (STR). To help us report suspicious activity and complete the STR, we need you to report suspicious transactions and suspicious attempted transactions on the following Canadian Activity Report (CAR).

MoneyGram
Canada Activity Report

Only agents in Canada should use this form.
Agents in the United States MUST report suspicious activity on a SAR-MSB.

If you have questions about this form or reporting suspicious activity, please call the MoneyGram Compliance Team at 1-800-642-8050 ext. 4500.

Use this form to document suspicious, unusual or unexplained customer activity within 5 days of the occurrence.

- Do NOT tell your customer you are completing this report. It is illegal to tell someone you think their activity is suspicious.
- Please print legibly.

This report must be faxed to 720-568-8640 the same day it is completed.

Today's Date: _____ Correction / amendment to a previous report: No Yes, date: _____

Business Name: _____ Agent Number: _____

Your Name: _____ Position / Title: _____

Business Address: _____ Phone Number: _____

City: _____ Province: _____ Postal Code: _____

Transaction or Attempted Transaction Details
Please check all that apply and provide details:

Date(s) Suspicious Activity Occurred: _____ Time Suspicious Activity Occurred: _____

Transaction funds: Cash Cheque Money Order EFT

Attempted Money Transfer Send(s) and/or Receive(s)

Completed Money Transfer Send(s) Reference Number(s): _____

Completed Money Transfer Receive(s) Reference Number(s): _____

Total Amount of Reported Activity or attempted activity: \$ _____ CAD USD

Customer Information
Please provide any / all of the following information. If information is unavailable, please leave the line blank.

Surname: _____ Given Name: _____ Other / Initial: _____

Street Address: _____

City: _____ Province / State: _____ Country: _____

Postal Code: _____ Country of Residence: _____ Country of citizenship: _____

Home Phone: _____

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Customer Details
Please provide any / all of the following information. If information is unavailable, please leave the line blank.

Customer Identifier: Birth Certificate Driver's License Passport Provincial Health Card
 Permanent Resident Card Other: _____

ID Number: _____ Issuing Province / State: _____ Issuing Country: _____

Date of Birth: _____

Occupation: _____ Employer: _____

Other Identifying Information: _____

Third Party Transaction Information, if applicable
Please provide any / all of the following information. If information is unavailable, please leave the line blank.

Transaction Conducted on Behalf of Another Party: No Yes

Business, Name of Business: _____

Type of Business: _____

Street Address: _____

City: _____ Province / State: _____ Country: _____

Business Phone: _____ Incorporation Number: _____

Individual, Surname: _____ Given Name: _____ Other / Initial: _____

Street Address: _____

City: _____ Province / State: _____ Country: _____

Postal Code: _____ Country of Residence: _____ Country of citizenship: _____

Home Phone: _____

Customer Identifier: Birth Certificate Driver's License Passport Provincial Health Card
 Permanent Resident Card Other: _____

ID Number: _____ Issuing Province / State: _____ Issuing Country: _____

Date of Birth: _____

Occupation: _____ Employer: _____

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Customer Details
Please provide any / all of the following information. If information is unavailable, please leave the line blank.

Customer Identifier: Birth Certificate Driver's License Passport Provincial Health Card
 Permanent Resident Card Other: _____

ID Number: _____ Issuing Province / State: _____ Issuing Country: _____

Date of Birth: _____

Occupation: _____ Employer: _____

Other Identifying Information: _____

Third Party Transaction Information, if applicable
Please provide any / all of the following information. If information is unavailable, please leave the line blank.

Transaction Conducted on Behalf of Another Party: No Yes

Business, Name of Business: _____

Type of Business: _____

Street Address: _____

City: _____ Province / State: _____ Country: _____

Business Phone: _____ Incorporation Number: _____

Individual, Surname: _____ Given Name: _____ Other / Initial: _____

Street Address: _____

City: _____ Province / State: _____ Country: _____

Postal Code: _____ Country of Residence: _____ Country of citizenship: _____

Home Phone: _____

Customer Identifier: Birth Certificate Driver's License Passport Provincial Health Card
 Permanent Resident Card Other: _____

ID Number: _____ Issuing Province / State: _____ Issuing Country: _____


Date of Birth: _____

Occupation: _____ Employer: _____

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You must file a CAR

with the MoneyGram



Compliance Department whenever a transaction is attempted or completed and you suspect or have reason to suspect that:

- The transaction is related to the commission of a money laundering offence; or
- The transaction is related to the commission of a terrorist financing activity offence.

Examples of Suspicious Activity

The following list provides examples of potentially suspicious activity that should raise concern and may result in the filing of a CAR:

- A client processes multiple cash transactions in a single day.
- A client appears to be structuring transactions in an attempt to avoid a PCMLTFA record-keeping or reporting requirement.
- An individual provides phony or expired identification.
- Two or more individuals, who are obviously together, split up to conduct separate transactions for under \$1,000, but which together add up to over \$1,000.
- An individual refuses to proceed with a transaction once he/she is informed a LCTR will have to be filed.
- A client asks an employee how to avoid reporting or record-keeping requirements.
- An individual attempts to threaten, or bribe an employee.
- Several clients complete transfers to the same recipient in a single day, and there is no apparent business reason for such transfers.
- The same person sends one or more MoneyGram electronic funds transfers several times a day, but never sends more than \$1,000 during any visit.
- A client knows very little about the address and / or contact details for a payee or the client is reluctant about providing this information.
- A client conducts transactions with parties in locations that are unusual for the client.
- A client conducts transactions in high dollar amounts or the client's activity over a period of time is excessive when compared to other clients.
- A client processes multiple cash transactions in a single day that total more than \$10,000 in an attempt to avoid the LCTR requirement.

***The only opportunity to verify client information
and identify suspicious activity is at the point of sale.
This can only be done with a knowledgeable, well-trained staff.***



Never Tell Your Client that You are Filing the STR or CAR

It is illegal for you to tell your client that you are suspicious of his / her activity and the STR may be filed. If MoneyGram believes that some of your clients may be misusing our money transfers, our compliance staff may contact you as part of an investigation. You must not tell your client about such an inquiry.

FINTRAC Notifications

We may report any suspicious transactions involving our products or services that we identify to FINTRAC or other government law enforcement officials. You must notify us immediately if FINTRAC or other government law enforcement officials contact you about a transaction involving our money transfers or other products or services we offer. We recommend that you also notify your lawyer of any such contacts.

Filing a STR

The STR must be filed within 30 days of the suspicious event. The STR form must be filed electronically if you have the technical capability to do so. Otherwise, the STR may be sent in paper format to FINTRAC. Forms are available on the FINTRAC website at: www.fintrac.gc.ca or by calling 1-866-346-8722.

Filing the CAR with MoneyGram International

To help us file the STR within the required time frame, we ask that you complete and send CAR forms to MoneyGram within 5 days of the suspicious event.

The CAR form should be completed legibly and faxed to MoneyGram within 5 days of the suspicious activity. Please call MoneyGram at 1-800-642-8050 ext. 4900 for additional information.



Question: What is the difference between the STR and the CAR?

MoneyGram is required to file the Suspicious Transaction Report on any suspicious transaction that was conducted or attempted with 30 days of the suspicious event. The Canadian Activity Report (CAR) is the report MoneyGram needs agents to complete to notify us when suspicious activity has occurred or has been attempted.

Question: What is the timing for filing the CAR?

MoneyGram must file the STR no later than 30 days after the attempted transaction or transaction took place, so we ask that you send us the CAR within 5 days of the suspicious event.

Question: Should I file supporting documentation with the CAR?

No. You should keep a copy of the CAR and all original supporting documentation or business record equivalent (including copies of instruments, receipts, photographs, surveillance audio or video tapes, etc.) for 5 years from the date of filing the CAR. All supporting documentation must be made available to appropriate authorities upon request.

Question: Can I file the STR directly to FINTRAC instead of filling out the CAR?

Yes, absolutely! MoneyGram is ultimately responsible for ensuring that the STR is filed, but all MoneyGram agents are welcome to file directly with FINTRAC. STR forms must be sent electronically if you have the technical capability to do so. If not, a paper format may be submitted to FINTRAC. If the paper format is used, the STR should be typed or legibly handwritten in black ink and CAPITAL LETTERS.

Question: Who should I call if I have other questions about suspicious activity or filing a CAR?

Please call the MoneyGram Anti-Money Laundering Compliance Team at 1-800-926-9400 x 4899 for additional information, if you have any other questions about suspicious activity or if you should file a CAR.



Section VIII.

Anti-Terrorist / Sanctions Legislation

Terrorist Group Property Report

A terrorist or terrorist group includes anyone that has as one of their purposes or activities, facilitated or carried out any terrorist activity. A terrorist also includes anyone on a list published under the *Criminal Code*. A consolidated list for use by anyone in Canada and by Canadians outside Canada is published and maintained by the Office of the Superintendent of Financial Institutions (OSFI): www.osfi-bsif.gc.ca.

Under the *Criminal Code*, every person is required to disclose to the Royal Canadian Mounted Police (RCMP) and the Canadian Security Intelligence Service (CSIS) the following:

- The existence of property in their possession or control that they know is owned or controlled by or on behalf of a terrorist group; and
- Information about a transaction or proposed transaction that you know was conducted by a terrorist group or on behalf of a terrorist group.

The RCMP can be contacted at:

- RCMP Financial Intelligence Task Force unclassified fax: (613) 993-9474; or
- RCMP Information Line: 1-888-349-9963

The CSIS can be contacted at:

- CSIS Security Screening Branch, Project Leader Government Operations, unclassified fax: (613) 842-1902.

Under the PCMLTFA, whenever a disclosure is made under the *Criminal Code*, a report must also be filed with FINTRAC. The form to be used for reporting to FINTRAC is a Terrorist Group Property Report.

Filing a Terrorist Group Property Report

You must file a Terrorist Group Property Report with FINTRAC, without delay. Unlike other reports to FINTRAC, the Terrorist Group Property Report is only available in paper format. Forms are available on the FINTRAC website at: www.fintrac.gc.ca or by calling 1-866-346-8722.

Terrorist Group Property Report Recordkeeping

You must keep a copy of the report and all supporting documentation for at least five (5) years.

The FINTRAC website provides information regarding the anti-terrorism measures contained in both the PCTFA and the *Criminal Code* at: www.fintrac.gc.ca.



United Nations Act

The *United Nations Act* enables the Canadian government to give effect to decisions made by the United Nations Security Council (UNSC). Currently, there are a number of country-specific sanctions under this Act.

Suppression of Terrorism Regulations

In addition, the *Suppression of Terrorism Regulations* were recently introduced to address anti-terrorist measures passed by the UNSC. Generally, such Regulations prohibit any person from providing or collecting any funds or dealing with a “Listed Person”. A “Listed Person” is defined to include persons established by the UNSC and any person listed on the schedule to the Regulations. The *Suppression of Terrorism Regulations* also require disclosure to the RCMP and CSIS of

- (a) The existence of property in their possession or control that they have reason to believe is owned or controlled by a Listed Person, or
- (b) Information about a transaction or proposed transaction in respect of property referred to in (a).

The Department of Foreign Affairs and International Trade provides information regarding various Canadian economic sanctions, including the *Suppression of Terrorism Regulations*, and links to available lists of individuals and entities subject to such sanctions at:

www.dfait-maeci.gc.ca/trade/sanctions-en.asp. The Department of Foreign Affairs and International Trade provides information regarding various Canadian economic sanctions, including the *Suppression of Terrorism Regulations* and links to available lists of individuals and entities subject to such sanctions at:
www.dfait-maeci.gc.ca/trade/sanctions-en.asp.

Special Economic Measures Act

Absent a resolution from the UNSC, authority exists under the *Special Economic Measures Act* to impose sanctions by means of orders or regulations. Currently, there are no regulations under this statute.

For additional information regarding anti-money laundering laws in Canada, refer to the FINTRAC web-site: www.fintrac.gc.ca. The FINTRAC website also provides information regarding the anti-terrorism measures contained in the PCMLTFA and the *Criminal Code* at: www.fintrac.gc.ca.



Section IX.

Civil and Criminal Penalties

The government requires strict compliance with all laws and regulations. The penalties for violating the PCMLTFA, the Criminal Code, the United Nations Act, or any of the regulations made under such statutes include fines and possible prison terms. Under certain circumstances, businesses can be held criminally liable for the acts of their employees; it is important for your employees to be trained in these matters and for your business to have a system in place to ensure employees' compliance with the laws and regulations. If you or your employees do not comply, you may be subject to large fines and/or imprisonment.

Directors or officers of an entity that have committed an offence could also be subject to penalties for the entity's non-compliance. MoneyGram may immediately cancel the contract of any agent who knowingly or negligently fails to comply with the laws and regulations.

Non-compliance just isn't worth the risk.

Keep this Guide

As this Guide has made clear, it is extremely important that you and your employees thoroughly understand the requirements of anti-money laundering laws and regulations. We have provided this Guide to help you in this important task. Make sure that all of your employees read and understand this Guide.

You may order more copies of the Guide through your Sales Representative. If you have questions about the provision of the laws and regulations, consult your lawyer, as we cannot give you legal advice. The penalties for non-compliance are severe, and the government will not readily accept ignorance or confusion about the regulations as an excuse.