

1 **ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS**

2 In the Matter of the Money Transmitter License
3 of:

No. 07F-BD075-BNK

4 **MONEYGRAM PAYMENT SYSTEMS,
5 INC.**

6 1550 Utica Avenue South
7 Minneapolis, MN 55476-5312

CONSENT ORDER

Petitioner.

8 On May 3, 2007, the Arizona Department of Financial Institutions ("Department") issued a
9 Notice of Hearing, alleging that Petitioner had violated Arizona law. Wishing to resolve this matter
10 in lieu of an administrative hearing and without admitting liability or wrongdoing, Petitioner
11 consents to the following Findings of Fact and Conclusions of Law, and consents to the entry of the
12 following Order.

13 **FINDINGS OF FACT**

14 1. Petitioner Moneygram Payment Systems, Inc. ("Moneygram") is a Delaware
15 corporation authorized to transact business in Arizona as a money transmitter, license number
16 MT 0019013, within the meaning of A.R.S. §§ 6-1201, *et seq.* The nature of Moneygram's business
17 is that of a money transmitter within the meaning of A.R.S. § 6-1201(11).

18 2. An onsite examination of Moneygram, conducted by the Department from May 23 to
19 May 24, 2006, and examinations of Moneygram's Authorized Delegates conducted from June 8,
20 2006 to June 20, 2006, revealed that Moneygram:

21 a. Failed to have every authorized delegate prominently display their authorized
22 delegate notice; specifically:

23 i. Albertson's #983, Albertson's #1025, Wal-Mart #3241, Albertson's
24 #998 and Albertson's #971; and

25 ii. Failed to correct this violation from their previous examination;

26 b. Failed to provide its authorized delegates with operating policies and

1 procedures sufficient to permit compliance by the delegate with the provisions of Title 13, Chapter
2 23, Title 6, and all of the applicable administrative rules; specifically:

3 i. Failed to provide policies and procedures which would allow
4 authorized delegates to comply with Geographical Targeting Orders
5 (“GTOs”) 2005-02 and 2006-01;

6 c. Failed to conduct a reasonable background investigation of each authorized
7 delegate; specifically:

8 i. Petitioner failed to maintain records that demonstrate they conducted a
9 reasonable background investigation of each authorized delegate;

10 d. Failed to file all necessary reports with the Arizona Attorney General’s Office
11 within 30 days after any transaction or series or pattern of transactions that is conducted or
12 attempted by, at or through the business and that involves or aggregates five thousand dollars
13 (\$5,000.00) or more in funds or other assets; specifically:

14 i. Petitioner failed, within 30 days, to identify and report suspicious
15 activity involving two individuals;

16 e. Failed to file all necessary reports with the Arizona Attorney General’s Office
17 regarding business in this state pursuant to the Currency and Foreign Transactions Reporting Act
18 (31 U.S.C. §§ 5311-5326, including any special measures that are established under 31 U.S.C.
19 § 5318A, and 31 C.F.R. part 103 or 12 C.F.R. § 21.11); specifically:

20 i. Failed to identify and report suspicious activity;

21 ii. Failed to send the Arizona Attorney General’s Office copies of all
22 Suspicious Activity Reports (“SARs”); and

23 iii. EZ Money Check Cashing and Everyday Mail are at least two (2)
24 authorized delegates who violated this provision; and

25 f. Failed to comply with the Arizona Attorney General’s GTO numbers 2005-02
26 and 2006-01; specifically:

1 i. Between August 2005 and March 2006, at least eleven (11) authorized
2 delegates committed GTO violations including submitting forms with
3 smudged, illegible, or unusable fingerprints with no comparison value,
4 or no fingerprints; no receiver ID; no readable copy of receiver ID; no
5 signature; invalid signature; names on forms different than the ID or
6 lacking required customer, paying agent or sender information; or
7 failed to send the forms to the Arizona Attorney General's Office.

8 3. Based upon the above findings, the Department issued and served upon Moneygram
9 an Order to Cease and Desist; Notice of Opportunity For Hearing; Consent to Entry of Order
10 ("Cease and Desist Order") on March 16, 2007.

11 4. On April 17, 2007, Petitioner filed a Request For Hearing to appeal the Cease and
12 Desist Order.

13 **CONCLUSIONS OF LAW**

14 1. Pursuant to A.R.S. §§ 6-1201, *et seq.*, the Superintendent has the authority and the
15 duty to regulate all persons engaged in the money transmitter business and with the enforcement of
16 statutes, rules, and regulations relating to money transmitters.

17 2. By the conduct, set forth above, Moneygram violated the following:

- 18 a. A.R.S. § 6-1207(C) by failing to have every authorized delegate prominently
19 display their authorized delegate notice;
- 20 b. A.R.S. § 6-1208(B) by failing to provide its authorized delegates with
21 operating policies and procedures sufficient to permit compliance by the
22 delegate with the provisions of Title 13, Chapter 23, Title 6, and all of the
23 applicable administrative rules;
- 24 c. A.R.S. § 6-1213(B) by failing to conduct a reasonable background
25 investigation of each authorized delegate;
- 26 d. A.R.S. § 6-1241(A) by failing to file all necessary reports with the Arizona

1 Attorney General's Office within 30 days after any transaction or series or
2 pattern of transactions that is conducted or attempted by, at or through the
3 business and that involves or aggregates five thousand dollars (\$5,000.00) or
4 more in funds or other assets;

5 e. A.R.S. § 6-1241(B) by failing to file all necessary reports with the Arizona
6 Attorney General's Office regarding business in this state pursuant to the
7 Currency and Foreign Transactions Reporting Act (31 U.S.C. §§ 5311-5326,
8 including any special measures that are established under 31 U.S.C. § 5318A,
9 and 31 C.F.R. part 103 or 12 C.F.R. § 21.11); and

10 f. A.R.S. § 6-1241(J) by failing to comply with the Arizona Attorney General's
11 GTO numbers 2005-02 and 2006-01.

12 3. The violations, set forth above, constitute grounds for: (1) the issuance of an order
13 pursuant to A.R.S. § 6-137 directing Petitioner to cease and desist from the violative conduct and to
14 take the appropriate affirmative actions, within a reasonable period of time prescribed by the
15 Superintendent, to correct the conditions resulting from the unlawful acts, practices, and
16 transactions; (2) the imposition of a civil monetary penalty pursuant to A.R.S. § 6-132; (3) the
17 suspension or revocation of Petitioner's license pursuant to A.R.S. § 6-1210; and (4) an order or any
18 other remedy necessary or proper for the enforcement of statutes and rules regulating money
19 transmitters pursuant to A.R.S. §§ 6-123 and 6-131.

20 **ORDER**

21 1. Moneygram shall immediately stop the violations set forth above in the Findings of
22 Fact and Conclusions of Law. Moneygram:

23 a. Shall have every authorized delegate prominently display their authorized
24 delegate notice;

25 b. Shall provide its authorized delegates with operating policies and procedures
26 sufficient to permit compliance by the delegate with the provisions of Title 13,

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Chapter 23, Title 6, and all of the applicable administrative rules;

- c. Shall conduct a reasonable background investigation of each authorized delegate;
- d. Shall file all necessary reports with the Arizona Attorney General's Office within 30 days after any transaction or series or pattern of transactions that is conducted or attempted by, at or through the business and that involves or aggregates five thousand dollars (\$5,000.00) or more in funds or other assets;
- e. Shall file all necessary reports with the Arizona Attorney General's Office regarding business in this state pursuant to the Currency and Foreign Transactions Reporting Act (31 U.S.C. §§ 5311-5326, including any special measures that are established under 31 U.S.C. § 5318A, and 31 C.F.R. part 103 or 12 C.F.R. § 21.11); and
- f. Shall comply with the Arizona Attorney General's GTOs numbers 2005-02 and 2006-01.

2. Moneygram Payment Systems, Inc. shall immediately pay to the Department a civil money penalty in the amount of **one hundred twenty-five thousand dollars (\$125,000.00)**.

3. The provisions of this Order shall be binding upon Moneygram, its employees, agents, authorized delegates, and other persons participating in the conduct of the affairs of Petitioner.

4. This Order shall become effective upon service, and shall remain effective and enforceable until such time as, and except to the extent that, it shall be stayed, modified, terminated, or set aside.

SO ORDERED this 29th day of August, 2007.

By: Felecia A. Rotellini
Felecia A. Rotellini
Superintendent of Financial Institutions

1 CONSENT TO ENTRY OF ORDER

2 1. Petitioner acknowledges that it has been served with a copy of the foregoing Findings
3 of Fact, Conclusions of Law, and Order in the above-referenced matter, has read the same, is aware
4 of its right to an administrative hearing in this matter, and has waived the same.

5 2. Petitioner admits the jurisdiction of the Superintendent and consents to the entry of
6 the foregoing Findings of Fact, Conclusions of Law, and Order.

7 3. Petitioner states that no promise of any kind or nature has been made to induce it to
8 consent to the entry of this Order, and that it has done so voluntarily.

9 4. Petitioner agrees to cease from engaging in the violative conduct set forth above in
10 the Findings of Fact and Conclusions of Law.

11 5. Petitioner acknowledges that the acceptance of this Agreement by the Superintendent
12 is solely to settle this matter and does not preclude this Department, any other agency or officer of
13 this state or subdivision thereof from instituting other proceedings as may be appropriate now or in
14 the future.

15 6. Philip W. Milne, on behalf of Moneygram Payment Systems, Inc, represents that he is
16 the President and C.E.O., and that, as such, has been authorized by Moneygram Payment Systems,
17 Inc. to consent to the entry of this Order on its behalf.

18 7. Petitioner waives all rights to seek judicial review or otherwise to challenge or contest
19 the validity of this Order.

20 DATED this 10th day of August, 2007.

21
22 By 

23 Philip W. Milne, President/CEO
24 Moneygram Payment Systems, Inc.
25
26

1 ORIGINAL of the foregoing filed this _____
2 day of August, 2007, in the office of:

3 Felecia A. Rotellini
4 Superintendent of Financial Institutions
5 Arizona Department of Financial Institutions
6 ATTN: June Beckwith
7 2910 N. 44th Street, Suite 310
8 Phoenix, AZ 85018

9 COPY mailed same date to:

10 Daniel Martin, Administrative Law Judge
11 Office of the Administrative Hearings
12 1400 West Washington, Suite 101
13 Phoenix, AZ 85007

14 Craig A. Raby, Assistant Attorney General
15 Office of the Attorney General
16 1275 West Washington
17 Phoenix, AZ 85007

18 Robert D. Charlton, Assistant Superintendent
19 Justin Petersen, Examiner in Charge
20 Arizona Department of Financial Institutions
21 2910 N. 44th Street, Suite 310
22 Phoenix, AZ 85018

23 AND COPY MAILED SAME DATE by
24 Certified Mail, Return Receipt Requested, to:

25 Moneygram Payment Systems, Inc.
26 c/o Philip W. Milne, President/C.E.O.
1550 Utica Avenue South
Minneapolis, MN 55416-5312
Petitioner

Paul K. Charlton, Esq.
GALLAGHER & KENNEDY, P.A.
2575 East Camelback Road
Phoenix, AZ 85016-9255
Attorneys for Petitioner



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CLERK OF THE
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SEP 11 2007
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