

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA,

v.

MONEYGRAM INTERNATIONAL,
INC.,

Defendant.

Case No. 1:12-cr-291

**JOINT MOTION TO AMEND AND EXTEND
THE DEFERRED PROSECUTION AGREEMENT**

The United States of America, by and through its attorneys of record at the United States Attorney's Office for the Middle District of Pennsylvania and the Money Laundering and Asset Recovery Section of the Department of Justice's Criminal Division (collectively, the "Department"), and Defendant MoneyGram International, Inc. (the "Company"), by and through its attorneys of record (collectively, the "Parties"), hereby stipulate and agree as follows:

1. On November 9, 2012, the United States filed a Deferred Prosecution Agreement that deferred prosecution of the Company for five years on a two-count Criminal Information charging aiding and abetting wire fraud, in violation of Title 18, United States Code, Sections 1343 and 2, and willfully failing to implement and maintain an effective anti-money laundering program in violation of the Bank Secrecy Act, Title 31, United States Code, Sections 5318(h) and 5322 (the

“Agreement”). ECF No. 3. As part of the Agreement, the Company, among other things, waived its right to an indictment and all rights to a speedy trial, and admitted, accepted, and acknowledged that it was responsible for the acts charged in the Information and Statement of Facts filed with the Agreement. MoneyGram also agreed to retain an independent Monitor who prepared annual reports regarding MoneyGram’s compliance with the Bank Secrecy Act (“BSA”) and the Agreement.

2. On November 28, 2012, the Court held a hearing in the matter. At that proceeding, the Court accepted the deferral of prosecution during the term of the Agreement. ECF No. 11.

3. The Agreement was scheduled to expire on November 9, 2017. To continue discussions concerning the Company’s compliance with the Agreement, the Parties filed joint motions to extend the term of the Agreement. ECF Nos. 20, 22, 24, 26, 28, 30, and 32. The Court granted those motions extending the DPA through November 9, 2018. ECF Nos. 21, 23, 25, 27, 29, 31, and 33.

4. The Company has made progress during the term of the Agreement to comply with the requirements of the Agreement and to improve its anti-money laundering and anti-fraud compliance programs.

5. Despite making progress during the term of the Agreement, the Company has not implemented all of the required enhanced compliance undertakings set forth in the Agreement. In addition, the Company experienced

significant weaknesses in its anti-money laundering (“AML”) and anti-fraud program during the term of the Agreement which caused a substantial rise in consumer fraud transactions. More specifically, in April 2015, the Company implemented a new fraud interdiction system that ultimately proved to be ineffective. In connection with the implementation of the new fraud interdiction system, and contrary to the Company’s established policies, MoneyGram did not block a substantial number of transactions associated with consumers the Company previously identified as receiving fraud transactions. During the course of the Agreement, the Company did not adequately disclose these weaknesses to the Department and instead told the Department that the rise in consumer fraud transactions was substantially related to external circumstances. The Company’s conduct during the original term of the Agreement placed the Company in breach of the Agreement. As a result of these failures, MoneyGram admits that it processed at least \$125 million in additional consumer fraud transactions between April 2015 and October 2016.

6. The Company took steps to remediate the deficiencies in the newly implemented, but ineffective, fraud interdiction system by replacing it with an altogether new fraud interdiction system on October 11, 2016. This system remediated many of the deficiencies caused by the earlier interdiction system. During this same time period, the Company also made enhancements to its anti-

money laundering and anti-fraud compliance programs, including dedicating substantial resources to these programs and engaging a national consulting firm to assist the Company in developing and executing a risk-based plan to ensure that the Company's compliance programs satisfy the Agreement.

7. The Company is implementing and will continue to implement a compliance program reasonably designed to prevent and detect violations of the BSA, money laundering statutes, and other specified unlawful activity throughout its operations, including those of its affiliates, Agents (as defined in Attachment A to the Agreement), and joint ventures, and those of its contractors and subcontractors whose responsibilities include providing money transfer services as required by law or regulation, or Attachment C to the Agreement, including any amendments herein, which is incorporated by reference into the Agreement.

8. The Company is implementing and will continue to implement enhancements to its AML and anti-fraud compliance programs as described in Attachment C to the Agreement, including any amendments. To address any deficiencies in its AML and anti-fraud programs, the Company represents that it has undertaken, and will continue to undertake in the future, in a manner consistent with all of its obligations under the Agreement including any amendments, review and enhancement of its AML and anti-fraud programs, policies, procedures, and controls. If necessary and appropriate, the Company will adopt new or modify existing

programs, policies, procedures, and controls in order to ensure that the Company maintains (a) effective AML and anti-fraud programs that are reasonably designed to prevent the Company from being used to facilitate money laundering and the financing of terrorist activities; and (b) policies, including procedures and controls reasonably designed to detect, deter, and discipline violations of the BSA, money laundering, and fraud statutes by Agents and their owners, employees, officers, directors, consultants, contractors, subcontractors, or consumers. The reasonably designed AML and anti-fraud programs, policies, procedures and controls will include, but not be limited to, the minimum elements set forth in Attachment C, including any amendments.

9. The Company has further agreed to the forfeiture of \$125 million. It is the intent of the Department that the forfeited funds will be made available to victims under the Petition for Remission and/or Mitigation procedures of the United States or any other manner within the United States' discretion. To fully comply with the Agreement and its amendments, the Company has acknowledged that it must make additional improvements to its AML and anti-fraud compliance programs.

10. In consideration of the foregoing, the Parties have agreed that an extension and amendment of the Agreement, including, but not limited to, the tolling of the Speedy Trial Act, through May 10, 2021 is required for the Company to fulfill its obligations under the Agreement. The Amendment to and Extension of Deferred

Prosecution Agreement is attached hereto as Exhibit 1. The Agreement is attached hereto as Exhibit 2. Certificates of Corporate Resolutions, the Company Officer, and Counsel are attached hereto as Exhibit 3.

WHEREFORE, based on all of the above, the Parties respectfully request the Court enter an Order deferring prosecution and trial on the Information until May 10, 2021 and excluding any time between the filing of the Information on November 9, 2012 and May 10, 2021 pursuant to Title 18, United States Code, Section 3161(h)(2).

Respectfully submitted,

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