
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 8, 2018

MoneyGram International, Inc.

(Exact name of registrant as specified in its charter)

Delaware

1-31950

16-1690064

(State or other jurisdiction of
incorporation)

(Commission File Number)

(I.R.S. Employer Identification Number)

**2828 N. Harwood Street, 15th Floor
Dallas, Texas**

75201

(Address of principal executive offices)

(Zip code)

Registrant's telephone number, including area code: **(214) 999-7552**

Not applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On November 8, 2018, MoneyGram International, Inc. (the “Company”) announced that it entered into (1) an Amendment to and Extension of Deferred Prosecution Agreement (the “Amended DPA”) with the U.S. Department of Justice, Criminal Division, Money Laundering and Asset Recovery Section (“U.S. DOJ”) and the U.S. Attorney’s Office for the Middle District of Pennsylvania (the “MDPA,” collectively with the U.S. DOJ, the “Government”) and (2) a Stipulated Order for Compensatory Relief and Modified Order for Permanent Injunction (the “Consent Order”) with the Federal Trade Commission (“FTC”). The motions underlying the Amended DPA and Consent Order focus primarily on the Company’s anti-fraud and anti-money laundering programs, including whether the Company had adequate controls to prevent third parties from using its systems to commit fraud. The Amended DPA amended and extended the original Deferred Prosecution Agreement (“DPA”) dated November 9, 2012 by and between the Company and the Government. The DPA, Amended DPA and Consent Order are collectively referred to herein as the “Agreements.”

Under the Agreements, the Company will, among other things, (1) pay an aggregate amount of \$125 million to the Government, of which \$70 million must be paid within ten business days from the date of the Amended DPA and the remaining \$55 million must be paid eighteen months after the date of the Amended DPA, to be used to reimburse consumers who were the victims of third-party fraud conducted through the Company’s money transfer services, and (2) continue to retain an independent compliance monitor until May 10, 2021 to review and assess actions taken by the Company under the Agreements to further enhance its compliance program. No separate payment to the FTC is required under the Agreements. If the Company fails to comply with the Agreements, it could face criminal prosecution, civil litigation, significant fines, damage awards or regulatory consequences which could have a material adverse effect on the Company’s business, financial condition, results of operations, and cash flows.

The foregoing summary of the Agreements does not purport to be complete and is subject to, and qualified in its entirety by reference to, the full text of the Agreements, which are filed as Exhibits 10.1, 10.2 and 10.3 to this current report on Form 8-K and incorporated by reference into this Item 1.01. The Company’s press release announcing its entry into the Agreements is attached as Exhibit 99.1.

Forward-Looking Statements

This communication contains forward-looking statements which are protected as forward-looking statements under the Private Securities Litigation Reform Act of 1995 that are not limited to historical facts, but reflect MoneyGram’s current beliefs, expectations or intentions regarding future events. Words such as “may,” “will,” “could,” “should,” “expect,” “plan,” “project,” “intend,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “pursuant,” “target,” “continue,” and similar expressions are intended to identify such forward-looking statements. The statements in this communication that are not historical statements are forward-looking statements within the meaning of the federal securities laws. Specific forward-looking statements include, among others, statements regarding the company’s projected results of operations, specific factors expected to impact the company’s results of operations, and the expected restructuring and reorganization program results. Forward-looking statements are subject to numerous risks and uncertainties, many of which are beyond MoneyGram’s control, which could cause actual results to differ materially from the results expressed or implied by the statements. These risks and uncertainties include, but are not limited to: our ability to compete effectively; our ability to maintain key agent or biller relationships, or a reduction in business or transaction volume from these relationships, including our largest agent, Walmart, whether through the introduction by Walmart of additional competing “white label” branded money transfer products or otherwise; our ability to manage fraud risks from consumers or agents; the ability of us and our agents to comply with U.S. and international laws and regulations; litigation or investigations involving us or our agents; uncertainties relating to compliance with the Agreements entered into with the U.S. federal government and the effect of the Agreements on our reputation and business; regulations addressing consumer privacy, data use and security; our ability to successfully develop and timely introduce new and enhanced products and services and our investments in new products, services or infrastructure changes; our ability to manage risks associated with our international sales and operations; our offering of money transfer services through agents in regions that are politically volatile; changes in tax laws or an unfavorable outcome with respect to the audit of our tax returns or tax positions, or a failure by us to establish adequate reserves for tax events; our substantial debt service obligations, significant debt covenant requirements and credit ratings; major bank failure or sustained financial market illiquidity, or illiquidity at our clearing, cash management and custodial financial institutions; the ability of us and our agents to maintain adequate banking relationships; a security or privacy breach in systems, networks or databases on

which rely; disruptions to our computer network systems and data centers; weakness in economic conditions, in both the U.S. and global markets; a significant change, material slow down or complete disruption of international migration patterns; the financial health of certain European countries or the secession of a country from the European Union; our ability to manage credit risks from our agents and official check financial institution customers; our ability to adequately protect our brand and intellectual property rights and to avoid infringing on the rights of others; our ability to attract and retain key employees; our ability to manage risks related to the operation of retail locations and the acquisition or start-up of businesses; any restructuring actions and cost reduction initiatives that we undertake may not deliver the expected results and these actions may adversely affect our business; our ability to maintain effective internal controls; our capital structure and the special voting rights provided to designees of Thomas H. Lee Partners, L.P. on our Board of Directors; and uncertainties described in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of MoneyGram's public reports filed with the Securities and Exchange Commission (the "SEC"), including MoneyGram's annual report on Form 10-K for the year ended December 31, 2017 and quarterly report on Form 10-Q for the quarter ended September 30, 2018.

Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained from time to time in MoneyGram's SEC filings. MoneyGram's SEC filings may be obtained by contacting MoneyGram, through MoneyGram's web site at ir.moneygram.com or through the SEC's Electronic Data Gathering and Analysis Retrieval System (EDGAR) at <http://www.sec.gov>. MoneyGram undertakes no obligation to publicly update or revise any forward-looking statement.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description of Exhibit
10.1	<u>Deferred Prosecution Agreement dated November 9, 2012 by and between MoneyGram International, Inc. and the United States Department of Justice and the United States Attorney's Office for the Middle District of Pennsylvania</u>
10.2	<u>Amendment to and Extension of Deferred Prosecution Agreement dated November 8, 2018 by and between MoneyGram International, Inc. and the United States Department of Justice and the United States Attorney's Office for the Middle District of Pennsylvania</u>
10.3	<u>Stipulated Order for Compensatory Relief and Modified Order for Permanent Injunction dated November 8, 2018 by and between MoneyGram International, Inc. and the Federal Trade Commission</u>
99.1	<u>Press release issued by MoneyGram International, Inc. on November 8, 2018</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MONEYGRAM INTERNATIONAL, INC.

By: /s/ F. Aaron Henry
Name: F. Aaron Henry
Title: General Counsel and Corporate Secretary

Date: November 8, 2018

EXHIBIT INDEX

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UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA CASE NO.

UNITED STATES OF AMERICA

v.

MONEYGRAM INTERNATIONAL, INC., Defendant.

-----/

DEFERRED PROSECUTION AGREEMENT

Defendant MONEYGRAM INTERNATIONAL, INC. (the "Company"), by its undersigned representatives, pursuant to authority granted by the Company's Board of Directors, and the United States Department of Justice, Criminal Division, Asset Forfeiture and Money Laundering Section and the United States Attorney's Office for the Middle District of Pennsylvania (collectively, the "Department"), enter into this deferred prosecution agreement (the "Agreement"). The terms and conditions of this Agreement are as follows:

Criminal Information and Acceptance of Responsibility

1. The Company acknowledges and agrees that the Department will file the attached two count criminal Information in the United States District Court for the Middle District of Pennsylvania charging the Company with knowingly and intentionally aiding and abetting wire fraud, in violation of Title 18, United States Code, Sections 1343 and 2, and willfully failing to implement an effective anti-money laundering program, in violation of Title 31, United States Code, Section 5318(h) and regulations issued thereunder. In so doing, the Company: (a) knowingly waives its right to indictment on this charge, as well as all rights to a speedy trial pursuant to the Sixth Amendment to the United States Constitution, Title 18, United States Code, Section 3161, and Federal Rule of Criminal Procedure 48(b); and (b) knowingly waives for purposes of this Agreement and any charges by the United States arising out of the conduct described in the attached Statement of Facts any objection with respect to venue and consents to the filing of the Information, as provided under the terms of this Agreement, in the United States District Court for the Middle District of Pennsylvania.

2. The Company admits, accepts, and acknowledges that it is responsible for the acts of its officers, directors, and employees as charged in the Information, and as set forth in the Statement of Facts attached hereto as Attachment A and incorporated by reference into this Agreement, and that the allegations described in the Information and the facts described in Attachment A are true and accurate. Should the Department pursue the prosecution that is deferred by this Agreement, the Company agrees that it will neither contest the admissibility of nor contradict the Statement of Facts in any such proceeding, including any guilty plea or sentencing proceeding. Neither this Agreement nor the criminal Information is a final adjudication of the matters addressed in such documents.

Term of the Agreement

3. This Agreement is effective for a period beginning on the date on which the Information is filed and ending five (5) years from that date (the "Term"). However, the Company agrees that, in the event that the Department determines, in its sole discretion, that the Company has knowingly violated any provision of this Agreement, an extension or extensions of the Term of the Agreement may be imposed by the Department, in its sole discretion, for up to a total additional time period of one year, without prejudice to the Department's right to proceed as provided in Paragraphs 16 through 19 below. Any extension of the Agreement extends all terms of this Agreement, including the terms of the monitorship in Attachment D, for an equivalent period. Conversely, in the event the Department finds, in its sole discretion, that there exists a change in circumstances sufficient to eliminate the need for the corporate compliance monitor in Attachment D, and that the other provisions of this Agreement have been satisfied, the Term of the Agreement may be terminated early.

Relevant Considerations

4. The Department enters into this Agreement based on the individual facts and circumstances presented by this case and the Company. Among the facts considered were the following: (a) the Company's remedial actions taken to date described in the Statement of Facts; (b) the Company's willingness to acknowledge and accept responsibility for its actions; (c) the Company's commitment to continue to enhance its anti-fraud and anti-money laundering programs, including implementing and complying with the Enhanced Compliance Undertaking in Attachment C; (d) the Company's agreement to continue to cooperate with the Department in any ongoing investigation of the conduct of the Company and its officers, directors, employees, agents, agent employees and consultants relating to fraud, money laundering, and the failure to have an effective anti-money laundering program as provided in Paragraph 5 below; and (e) the Company's willingness to settle any and all civil and criminal claims currently held by the Department for any act within the scope of Statement of Facts.

Cooperation

5. The Company shall continue to cooperate fully with the Department in any and all matters relating to fraud-induced money transfers, money laundering, and its anti-money laundering program, subject to applicable laws and regulations. At the request of the Department, the Company shall also cooperate fully with other domestic or foreign law enforcement authorities and agencies, in any investigation of the Company or any of its present and former officers, directors, employees, agents, agent employees and consultants, or any other party, in any and all matters relating to fraud-induced money transfers, money laundering, and its anti-money laundering program. The Company agrees that its cooperation shall include, but is not limited to, the following:

a. The Company shall truthfully disclose all factual information not protected by a valid claim of attorney-client privilege or work product doctrine with respect to its activities and those of its present and former directors, officers, employees, agents, agent employees and consultants concerning all matters related to fraud-induced money transfers, money laundering, and its anti-money laundering program about which the Company has any knowledge or about which the Department may inquire. This obligation of truthful disclosure includes the

obligation of the Company to provide to the Department, upon request, any document, record or other tangible evidence relating to fraud-induced money transfers, money laundering, and its anti-money laundering program about which the Department may inquire of the Company.

b. Upon request of the Department, with respect to any issue relevant to its investigation of fraud-induced money transfers, money laundering, and its anti-money laundering program, the Company shall designate knowledgeable employees, agents or attorneys to provide the Department the information and materials described in Paragraph 5(a) above on behalf of the Company. It is further understood that the Company must at all times provide complete, truthful, and accurate information.

c. With respect to any issue relevant to the Department's investigation of fraud-induced money transfers, money laundering, and its anti-money laundering program, the Company shall use its best efforts to make available for interview or testimony, as requested by the Department, present or former officers, directors, employees, agents, agent employees and consultants of the Company. This obligation includes, but is not limited to, sworn testimony before a federal grand jury or in federal trials, as well as interviews with federal law enforcement and regulatory authorities. Cooperation under this Paragraph shall include identification of witnesses who, to the knowledge of the Company, may have material information regarding the matters under investigation.

d. With respect to any information, testimony, documents, records or other tangible evidence provided to the Department pursuant to this Agreement, the Company consents to any and all disclosures, subject to applicable laws and regulations, to other governmental authorities, including United States authorities and those of a foreign government, of such materials as the Department, in its sole discretion, shall deem appropriate.

Forfeiture Amount

6. As a result of MoneyGram's conduct, including the conduct set forth in the Statement of Facts, the parties agree that the Department could institute a civil and/or criminal forfeiture action against certain funds held by MoneyGram and that such funds would be forfeitable pursuant to Title 18, United States Code, Sections 981 and 982 and Title 28, United States Code, Section 2461(c). MoneyGram hereby acknowledges that at least \$100,000,000 was involved in the fraud schemes described in the Statement of Facts, and that such conduct violated Title 18, United States Code, Section 1343. In lieu of a forfeiture resulting from a criminal proceeding, MoneyGram hereby agrees to pay to the Department the sum of \$100,000,000 (the "Forfeiture Amount"). MoneyGram hereby agrees that the funds paid by MoneyGram pursuant to this Agreement shall be considered substitute *res* for the purpose of forfeiture to the Department pursuant to Title 18, United States Code, Sections 981, 982 or Title 28, United States Code, Section 2461(c), and MoneyGram releases any and all claims it may have to such funds. MoneyGram shall pay the Department the sum of \$65,000,000 plus any associated transfer fees within five (5) business days of the date this Agreement is signed, pursuant to payment instructions as directed by the Department in its sole discretion. MoneyGram shall pay the Department the remaining sum of \$35,000,000 plus any associated transfer fees within ninety (90) business days of the date this Agreement is signed, pursuant to payment instructions as directed by the Department in its sole discretion.

7. It is the intent of the Department that the forfeited funds will be restored to the victims of the fraud described in the Statement of Facts pursuant to 18 U.S.C. § 981(e)(6), under the Petition for Remission and/or Mitigation procedures of the United States Department of Justice or any other manner within the United States Attorney General's discretion.

Conditional Release from Liability

8. In return for the full and truthful cooperation of the Company, and its compliance with the other terms and conditions of this Agreement, the Department agrees, subject to Paragraphs 16 through 19 below, not to use any information related to the conduct described in the attached Statement of Facts against the Company in any criminal or civil case, except: (a) in a prosecution for perjury or obstruction of justice; or (b) in a prosecution for making a false statement. In addition, the Department agrees, except as provided herein, that it will not bring any criminal case against the Company or any of its wholly owned or controlled subsidiaries related to the conduct of present and former officers, directors, employees, agents, agent employees and consultants, as described in the attached Statement of Facts, or relating to information that the Company disclosed to the Department prior to the date on which this Agreement was signed.

a. This Paragraph does not provide any protection against prosecution for any future involvement in fraud-induced money transfers, money laundering, or fail in to maintain an effective anti-money laundering program by the Company.

b. In addition, this Paragraph does not provide any protection against prosecution of any present or former officers, directors, employees, agents, agent employees and consultants of the Company for any violations committed by them.

Enhanced Compliance Undertaking

9. The Company represents that, in addition to the enhancements it has already made to its anti-fraud and anti-money laundering programs as described in the Statement of Facts, the Company has or will also undertake, at a minimum, the enhanced compliance obligations described in Attachment C, which is incorporated by reference into this agreement, for the duration of this Agreement.

Corporate Compliance Monitor

10. Within sixty (60) calendar days of the filing of the Agreement and the accompanying Information, or promptly after the Department's selection pursuant to Paragraph 11 below, the Company agrees to retain an independent compliance monitor (the "Monitor") for the term specified in Paragraph 13. The Monitor's duties and authority, and the obligations of the Company with respect to the Monitor and the Department, are set forth in Attachment D, which is incorporated by reference into this agreement. Within thirty (30) calendar days after the execution of this Agreement, and after consultation with the Department, the Company will propose to the Department a pool of three qualified candidates to serve as the Monitor. If the Department, in its sole discretion, is not satisfied with the candidates proposed, the Department reserves the

right to seek additional nominations from the Company. The Monitor candidates shall have, at a minimum, the following qualifications:

- a. demonstrated expertise with respect to the Bank Secrecy Act and federal anti-money laundering laws and regulations;
- b. expertise reviewing corporate compliance policies, procedures and internal controls, including compliance with the Bank Secrecy Act and federal anti-money laundering laws and regulations;
- c. the ability to access and deploy resources as necessary to discharge the Monitor's duties as described in the Agreement; and
- d. sufficient independence from the Company to ensure effective and impartial performance of the Monitor's duties as described in the Agreement.

11. The Department retains the right, in its sole discretion, to choose the Monitor from among the candidates proposed by the Company, though the Company may express its preference(s) among the candidates. In the event the Department rejects all proposed Monitors, the Company shall propose another candidate within ten (10) calendar days after receiving notice of the rejection. This process shall continue until a Monitor acceptable to both parties is chosen. If the Monitor resigns or is otherwise unable to fulfill his or her obligations as set out herein and Attachment D, the Company shall within sixty (60) calendar days recommend a pool of three qualified Monitor candidates from which the Department will choose a replacement.

12. The Company agrees that it will not employ or be affiliated with the Monitor for a period of not less than one year from the date on which the Monitor's term expires.

13. The Monitor's term shall be five (5) years from the date on which the Monitor is retained by the Company, subject to extension or early termination as described in Paragraph 3.

Deferred Prosecution

14. In consideration of: (a) the past and future cooperation of the Company described in Paragraphs 5 above; (b) the Company's forfeiture of \$100,000,000; (c) the Company's implementation and maintenance of remedial measures described in the Statement of Facts; and (d) the Company's enhanced compliance undertaking described in Attachment C, the Department agrees that any prosecution of the Company for the conduct set forth in the attached Statement of Facts, and for the conduct that the Company disclosed to the Department prior to the signing of this Agreement, be and hereby is deferred for the Term of this Agreement.

15. The Department further agrees that if the Company fully complies with all of its obligations under this Agreement, the Department will not continue the criminal prosecution against the Company described in Paragraph I and, at the conclusion of the Term, this Agreement shall expire. Within thirty (30) days of the Agreement's expiration, the Department shall seek dismissal with prejudice of the criminal Information filed against the Company described in Paragraph 1.

Breach of the Agreement

16. If, during the Term of this Agreement, the Department determines, in its sole discretion, that the Company has (a) committed any felony under U.S. federal law subsequent to the signing of this Agreement, (b) at any time provided in connection with this Agreement deliberately false, incomplete, or misleading information, or (c) otherwise breached the Agreement, the Company shall thereafter be subject to prosecution for any federal criminal violation of which the Department has knowledge, including the charges in the Information described in Paragraph I, which may be pursued by the Department in the U.S. District Court for the Middle District of Pennsylvania or any other appropriate venue. Any such prosecution may be premised on information provided by the Company. Any such prosecution that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against the Company notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the expiration of the Term plus one year. Thus, by signing this Agreement, the Company agrees that the statute of limitations with respect to any such prosecution that is not time-barred on the date of the signing of this Agreement shall be tolled for the Term plus one year.

17. In the event that the Department determines that the Company has breached this Agreement, the Department agrees to provide the Company with written notice of such breach prior to instituting any prosecution resulting from such breach. The Company shall, within thirty (30) days of receipt of such notice, have the opportunity to respond to the Department in writing to explain the nature and circumstances of such breach, as well as the actions the Company has taken to address and remediate the situation, which explanation the Department shall consider in determining whether to institute a prosecution.

18. In the event that the Department determines that the Company has breached this Agreement: (a) all statements made by or on behalf of the Company to the Department or to the Court, including the attached Statement of Facts, and any testimony given by the Company before a grand jury, a court, or any tribunal, or at any legislative hearings, whether prior or subsequent to this Agreement, and any leads derived from such statements or testimony, shall be admissible in evidence in any and all criminal proceedings brought by the Department against the Company; and (b) the Company shall not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule that statements made by or on behalf of the Company prior or subsequent to this Agreement, or any leads derived therefrom, should be suppressed. The decision whether conduct or statements of any current director or employee, or any person acting on behalf of, or at the direction of, the Company will be imputed to the Company for the purpose of determining whether the Company has violated any provision of this Agreement shall be in the sole discretion of the Department.

19. The Company acknowledges that the Department has made no representations, assurances, or promises concerning what sentence may be imposed by the Court if the Company breaches this Agreement and this matter proceeds to judgment. The Company further acknowledges that any such sentence is solely within the discretion of the Court and that nothing in this Agreement binds or restricts the Court in the exercise of such

discretion.

Sale or Merger of Company

20. The Company agrees that in the event it sells, merges, or transfers all or substantially all of its business operations as they exist as of the date of this Agreement, whether such sale is structured as a sale, asset sale, merger, or transfer, it shall include in any contract for sale, merger, or transfer a provision binding the purchaser, or any successor in interest thereto, to the obligations described in this Agreement.

Public Statements by Company

21. The Company expressly agrees that it shall not, through present or future attorneys, officers, directors, employees, agents or any other person authorized to speak for the Company make any public statement, in litigation or otherwise, contradicting the acceptance of responsibility by the Company set forth above or the facts described in the attached Statement of Facts. Any such contradictory statement shall, subject to cure rights of the Company described below, constitute a breach of this Agreement and Company thereafter shall be subject to prosecution as set forth in Paragraphs 1 and 2 of this Agreement. The decision whether any public statement by any such person contradicting a fact contained in the Statement of Facts will be imputed to the Company for the purpose of determining whether it has breached this Agreement shall be at the sole discretion of the Department. If the Department determines that a public statement by any such person contradicts in whole or in part a statement contained in the Statement of Facts, the Department shall so notify the Company, and the Company may avoid a breach of this Agreement by publicly repudiating such statement(s) within five (5) business days after notification. The Company shall be permitted to raise defenses and to assert affirmative claims in other proceedings relating to the matters set forth in the Statement of Facts provided that such defenses and claims do not contradict, in whole or in part, a statement contained in the Statement of Facts. This Paragraph does not apply to any statement made by any present or former officer, director, employee, or agent of the Company in the course of any criminal, regulatory, or civil case initiated against such individual, unless such individual is speaking on behalf of the Company.

22. The Company agrees that if it, or any of its direct or indirect subsidiaries or affiliates issues a press release or holds any press conference in connection with this Agreement, the Company shall first consult the Department to determine (a) whether the text of the release or proposed statements at the press conference are true and accurate with respect to matters between the Department and the Company; and (b) whether the Department has no objection to the release.

23. The Department agrees, if requested to do so, to bring to the attention of governmental and other debarment authorities the facts and circumstances relating to the nature of the conduct underlying this Agreement, including the nature and quality of the Company's cooperation and remediation. By agreeing to provide this information to debarment authorities, the Department is not agreeing to advocate on behalf of the Company, but rather is agreeing to provide facts to be evaluated independently by the debarment authorities.

Limitations on Binding Effect of Agreement

24. This Agreement is binding on the Company and the Department but specifically does not bind any other federal agencies, or any state, local or foreign law enforcement or regulatory agencies, or any other authorities, although the Department will bring the cooperation of the Company and its compliance with its other obligations under this Agreement to the attention of such agencies and authorities if requested to do so by the Company.

Complete Agreement

25. This Agreement sets forth all the terms of the agreement between the Company and the Department. No amendments, modifications or additions to this Agreement shall be valid unless they are in writing and signed by the Department, the attorneys for the Company and a duly authorized representative of the Company.

AGREED:

FOR MONEYGRAM INTERNATIONAL, INC.:

Date: November 8, 2012

By:

/s/ Pamela H. Patsley

Pamela H. Patsley
Chairman and Chief Executive Officer
MoneyGram International, Inc.

Date: November 8, 2012

By:

/s/ John K. Villa

John K. Villa
David M. Zinn
Williams & Connolly LLP

FOR THE DEPARTMENT OF JUSTICE:

PETERJ. SMITH
UNITED STATES ATTORNEY
Middle District of Pennsylvania

Date: November 9, 2012

By: /s/ Kim D. Daniel
Kim D. Daniel
Assistant United States Attorney

JAIKUMAR RAMASWAMY Chief, Asset Forfeiture and Money Laundering Section
Criminal Division
United States Department of Justice

Date: November 8, 2012

By: /s/ Craig M. Timm
Craig M. Timm
Trial Attorney
Asset Forfeiture and Money Laundering Section

COMPANY OFFICER'S CERTIFICATE

I have read this Agreement and carefully reviewed every part of it with outside counsel for MONEYGRAM INTERNATIONAL, INC. (the "Company"). I understand the terms of this Agreement and voluntarily agree, on behalf of the Company, to each of its terms. Before signing this Agreement, I consulted outside counsel for the Company. Counsel fully advised me of the rights of the Company, of possible defenses, and of the consequences of entering into this Agreement.

I have carefully reviewed the terms of this Agreement with the Board of Directors of the Company. I have advised and caused outside counsel for the Company to advise the Board of Directors fully of the rights of the Company, of possible defenses, and of the consequences of entering into the Agreement.

No promises or inducements have been made other than those contained in this Agreement. Furthermore, no one has threatened or forced me, or to my knowledge any person authorizing this Agreement on behalf of the Company, in any way to enter into this Agreement. I am also satisfied with outside counsel's representation in this matter. I certify that I am the Chairman and Chief Executive Officer for the Company and that I have been duly authorized by the Company to execute this Agreement on behalf of the Company.

Date: November 8, 2012

MONEYGRAM INTERNATIONAL, INC.

By: /s/ Pamela H. Patsley
Pamela H. Patsley
Chairman and Chief Executive Officer
MoneyGram International, Inc.

CERTIFICATE OF COUNSEL

I am counsel for MONEYGRAM INTERNATIONAL, INC. (the "Company") in the matter covered by this Agreement. In connection with such representation, I have examined relevant Company documents and have discussed the terms of this Agreement with the Company Board of Directors. Based on our review of the foregoing materials and discussions, I am of the opinion that the representative of the Company has been duly authorized to enter into this Agreement on behalf of the Company and that this Agreement has been duly and validly authorized, executed, and delivered on behalf of the Company and is a valid and binding obligation of the Company. Further, I have carefully reviewed the terms of this Agreement with the Board of Directors and the Chairman and Chief Executive Officer of the Company. I have fully advised them of the rights of the Company, of possible defenses, and of the consequences of entering into this Agreement. To my knowledge, the decision of the Company to enter into this Agreement, based on the authorization of the Board of Directors, is an informed and voluntary one.

Date: November 8, 2012

By:

/s/ John K. Villa

John K. Villa

David M. Zinn

Williams & Connolly LLP

Counsel for MoneyGram International, Inc.

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

AMENDMENT TO AND EXTENSION
OF DEFERRED PROSECUTION AGREEMENT

MoneyGram International, Inc. (the “Company”) and the United States Department of Justice, Criminal Division, Money Laundering and Asset Recovery Section and the United States Attorney’s Office for the Middle District of Pennsylvania (collectively, the “Department”), enter into this Amendment to and Extension of Deferred Prosecution Agreement (the “Amendment”), extending the term of the Deferred Prosecution Agreement entered on November 9, 2012, and currently in effect between the Company and the Department (the “Agreement”), until May 10, 2021 (the “Extended Term”). Unless expressly addressed herein, the terms and conditions of the Agreement will remain in full force and effect through the end of the Extended Term.

1. The Department and the Company enter into this Amendment based on the following factors:

a. continuing weaknesses in the Company's anti-money laundering ("AML") and anti-fraud programs, including the Company's failure, despite some progress during the original term of the Agreement, to successfully complete the implementation of the enhanced compliance undertakings required by the Agreement;

b. the Company's implementation of a new fraud interdiction system in April 2015 that ultimately proved to be ineffective and resulted in a failure by the Company, between April 2015 and October 2016, to block a substantial number of transactions associated with consumers the Company previously identified as receiving fraud transactions;

c. the Company's knowledge that the newly implemented fraud interdiction system was ineffective and its failure to adequately remediate this failure until October 2016;

d. the Company's inadequate disclosure of the weaknesses in the fraud interdiction system to the Department;

e. the Company's agreement to extend all terms of the Agreement through the Extended Term, including, but not limited to, the continued retention of

an independent compliance monitor and the waiver of the statute of limitations, as set forth in paragraph 16 of the Agreement;

f. the Company's agreement to additional compliance and reporting undertakings;

g. the Company's continued commitment to enhance its AML and anti-fraud compliance programs, including the dedication of substantial resources to such programs and the engagement of a national consulting firm to assist in the development and execution of a risk-based program to ensure that the Company can successfully meet its obligations under the law and the requirements contained in Attachment C to the Agreement, including any amendments;

h. the Company's commitment to timely add the names of individuals identified for interdiction as a result of Consumer Fraud Reports ("CFRs") as specified in Paragraph 20 below;

i. the Company's agreement to forfeit \$125 million in proceeds related to consumer fraud loss in 2015 and 2016;

j. the Company's compliance with its cooperation obligations under the original Agreement, including by producing relevant documents, making its employees available for interviews, and collecting, analyzing, and organizing relevant

information for the Department, and the Company's agreement to continue to cooperate with the Department through the extension of the Agreement; and

k. the Company's continued cooperation with and contributions to law enforcement.

2. The third paragraph of the Agreement is amended to read as follows:

3. This Agreement is effective for a period beginning on the date on which the Information was filed and ending on May 10, 2021 (the "Extended Term"). However, the Company agrees that, in the event that the Department determines, in its sole discretion, that the Company has knowingly violated any provision of this Agreement, an extension or extensions of the Extended Term of the Agreement may be imposed by the Department, in its sole discretion, for up to a total additional time period of one year, without prejudice to the Department's right to proceed as provided in Paragraphs 16 through 19 below. Any extension of the Agreement extends all terms of this Agreement, including the terms of the monitorship in Attachment D, for an equivalent period. Conversely, in the event the Department finds, in its sole discretion, that there exists a change in circumstances sufficient to eliminate the need for the corporate compliance monitor in Attachment D, and that the other provisions of this Agreement have been satisfied, the Extended Term of the Agreement may be terminated early.

3. The twelfth paragraph of the Agreement is amended to read as follows:

12. The Company agrees that it will not employ or be affiliated with the Monitor for a period of not less than two years from the date on which the Monitor's term expires.

4. The fifteenth paragraph of the Agreement is amended to read as follows:

15. The Department further agrees that if the Company fully complies with all of its obligations under the Agreement and the Amendment, the Department will not continue the criminal prosecution

against the Company described in paragraph 1 of the Agreement, or bring any criminal case against the Company, or any of its wholly owned or controlled subsidiaries, related to any information that the Company disclosed to the Department or the Monitor prior to the date on which this Amendment was signed, and, at the conclusion of the Extended Term, the Agreement and its Amendment shall expire. Within forty-five (45) days of the Agreement's expiration, the Department shall seek dismissal with prejudice of the criminal Information filed against the Company on November 9, 2012.

5. The Agreement is amended to include the following provision:

Certification

26. On the date that the Extended Term expires, the Company, by the Chief Executive Officer and the Chief Compliance Officer of the Company, after conducting a reasonable inquiry within the Company, will certify to the Department that, in good faith reliance on information provided to the Chief Executive Officer and Chief Compliance Officer by key employees within the Company, and based on their information and belief, the Company has met its obligations under this Agreement. Such certification will be deemed a material statement and representation by the Company to the executive branch of the United States for the purposes of Title 18, United States Code, Section 1001, and it will be deemed to have been made in the judicial district in which this Agreement is filed.

6. The seventh, eighth, and ninth paragraphs of Attachment C to the Agreement are amended to read as follows:

Agent Due Diligence Remediation

7. For Agents deemed by MoneyGram to be high risk or operating in a high risk area, MoneyGram will develop and implement a plan to conduct enhanced due diligence. On a monthly basis, MoneyGram will also calculate, with respect to each Agent location for

the preceding month, the monetary value of (a) completed money transfers that were the subject of a Consumer Fraud Report (“CFR”), (b) other completed money transfers made to the receiver who was identified as a fraud perpetrator in any such CFR (“Related Receiver Transactions”), and (c) other completed money transfers made by the sender identified as a fraud victim in any such CFR, provided that such sender was also identified as a fraud victim in a second CFR within thirty (30) days of the first CFR (“Related Sender Transactions”). If the total combined monetary value of (a), (b), and (c) exceeded five percent (5%) of the total monetary value of money transfers paid by that Agent location for each of the three preceding months, MoneyGram will suspend the Agent location’s ability to conduct further money transfers pending a review to determine whether the Agent location can continue operating. Upon completion of the review, MoneyGram will, where appropriate, terminate, restrict, or discipline the Agent location.

Anti-Fraud Alert System and Anti-Fraud Program

8. The Company will ensure that all money-transfer transactions originating in the United States, regardless of destination, will be monitored by the Company’s Anti-Fraud Program to identify and prevent potentially fraudulent transactions. The Anti-Fraud Program is defined as: the Anti-Fraud Alert System (“AFAS”); the Company’s active interdiction system, including but not limited to the Internal Watch List; the Fraudster Interception Program; and all subsequent iterations and replacements of, and additions to, each of the foregoing.

Transaction Monitoring

9.
 - a. The Company will develop and implement a risk-based program, using the best tools available, to test and verify the accuracy of the sender and receiver biographical and identification data entered into the transaction database by MoneyGram Agents.

b. The Company will review, within thirty (30) days of a CFR, the following money transfers for the purposes of considering whether to file a SAR, add consumers to the active interdiction system, create new Anti-Fraud Program rules, or conduct further investigation: (i) Related Receiver Transactions paid to the receiver identified in any such CFR during the period beginning thirty (30) days prior to the CFR and continuing until the date of the entry of such receiver into the Company's active interdiction system; (ii) Related Sender Transactions sent by the sender identified in any such CFR during the period beginning thirty (30) days prior to the CFR and continuing until the entry of the sender into the Company's active interdiction system. The Company, for the same purposes set forth in the first sentence of this paragraph, will also review within (30) days of a money transfer: (i) money transfers paid to a receiver who received, or sent by a sender who sent, three (3) or more money transfers at two (2) or more Agent locations within a twenty-four (24) hour period; and (ii) money transfers sent or received by an individual who provided the same social security or identification number as a different MoneyGram consumer within a rolling thirty (30) day period.

7. The twelfth paragraph of Attachment C to the Agreement is amended to require reporting to the Department on a monthly basis. The thirteenth and fourteenth paragraphs of Attachment C to the Agreement are amended to read as follows:

Reporting Requirements

13. The Company will provide the Department with a report every month of all MoneyGram Agents or Agent locations worldwide that were terminated, suspended, or restricted in any way during the previous month based on fraud or money laundering concerns or as a result of the Anti-Fraud Program and whether or not a SAR was filed concerning those Agents or Agent locations.

14. The Company will provide the Department with a report every month listing all Agent termination, suspension, or restriction recommendations by the Company's Fraud, Anti-Money Laundering, or Compliance Departments during the previous month based on fraud or money laundering concerns or as a result of the Anti-Fraud Program that were not accepted and an explanation of why. The Company should also indicate whether or not a SAR was filed concerning those Agents.

8. Attachment C to the Agreement is further amended to include the following additional compliance undertakings:

Additional Reporting Requirements

16. The Company will provide the Department with a report every month identifying each Agent or Agent location the Company has identified as a subject of a SAR filed by the Company in the previous month.

17. The Company will provide the Department with a report every month identifying: (a) any new material modification to the Anti-Fraud Program (as defined in paragraph 8 above) in the previous month, including any new AFAS rules; and (b) the number of names added to the Company's active interdiction system in the previous month; and (c) the total number of names on any active interdiction system backlog.

18. The Company will, on a monthly basis, provide the Department with: (a) spreadsheets, in the form previously identified by the Department, containing information about CFRs and Related Sender and Receiver transactions; and (b) information regarding money transfers sufficient to determine the percentage of CFR and Related Sender and Receiver transactions relative to overall money transfers worldwide and by country.

19. For the period of the Extended Term plus one year, to the extent permitted by law, the Company will maintain in the United States

and make available to the Department upon request: (a) all available electronic transaction details for any transfer refunded under the Anti-Fraud Program; and (b) for any SAR identifying as a subject an Agent or Agent location, or owner or employee of such Agent or Agent location, all available electronic transaction details relating to that SAR, including but not limited to the total volume and value of transactions that were the subject of a CFR and paid by such Agent or Agent location in the twelve (12) months preceding the SAR; and (c) the results of any SAR, CFR, or Related Sender or Receiver transaction investigation or review.

Interdiction System

20. Upon receipt of a complaint via the Company's "Core Channels" (customer service hotline, customer service email address, or online complaint form) about an alleged consumer-fraud-induced money transfer, the Company will, within two (2) business days, add to its active interdiction system (a) the receiver identified in the complaint and (b) the sender identified in the complaint provided that such sender has been identified in a CFR within the preceding thirty (30) days. Upon receipt of a complaint via any other channel, the Company will add such information to its active interdiction systems as soon as reasonably possible, pursuant to its interdiction policy. The Company will review whether it is loading and maintaining receivers and senders into the interdiction system in accordance with this paragraph on at least a monthly basis, and the Company will report the results of such reviews to the Department every month along with the other reporting required under this Agreement.

Additional Measures

21. The Company will designate an employee or employees to coordinate and be accountable for the Company's Anti-Fraud Program.

22. To the extent permitted by law, the Company will require all consumers worldwide to provide a government-issued identification document (ID) in order to initiate or receive money transfers through the Company's Agent network. The Company will direct its Agents to

enter sufficient identifying information for interdiction purposes, including, to the extent permitted by law, the consumer's ID number, into its point-of-sale system.

23. Under certain circumstances, as agreed to by the Company and the Department, the Company will agree to refund to consumers certain fraud related transactions sent between the filing of this Amendment and the expiration of the Agreement. The Company agrees that it shall not file any petitions for remission, restoration, or any other assertion of ownership or request for return relating to any future forfeitures associated with such refunded fraud related transactions, or any other action or motion seeking to collaterally attack the seizure, restraint, forfeiture, or conveyance of any future forfeitures associated with such refunded fraud related transactions, nor shall they assist any others in filing any such claims, petitions, actions, or motions. The Company agrees that it shall not seek or accept directly or indirectly reimbursement or indemnification from any source with regard to the refunded fraud related transactions that the Company pays pursuant to this Agreement.

24. The Company will comply with the Federal Trade Commission ("FTC") Stipulated Order for Compensatory Relief and Modified Order for Permanent Injunction, including but not limited to, provisions regarding identification, prevention, and reimbursement of fraudulently induced transactions; interdiction of certain consumers; establishment, implementation, and maintenance of a comprehensive anti-fraud program; due diligence, oversight, investigation, monitoring, discipline, suspension, and termination of Agents; and submission of relevant information regarding alleged fraud-induced money transfers for inclusion in the Consumer Sentinel Network.

9. Attachment D to the Agreement is amended to include the following provision:

11. The parties agree that the Company will provide the Monitor's report to the Federal Trade Commission within fifteen (15) days after receiving the final version of said report.

10. As a result of MoneyGram's conduct, including conduct related to the implementation of an ineffective fraud interdiction system in 2015, the Company agrees that the Department could institute a civil, criminal, and/or administrative forfeiture action against certain funds held by the Company, and that such funds would be forfeitable pursuant to Title 18, United States Code, Sections 981 and 982. The Company agrees to forfeit to the United States the sum of \$125 million ("the Additional Forfeiture Amount"). The Company hereby agrees that it is the sole owner of the funds and is transferring the funds unencumbered. The Company also agrees that, in the event the funds used to pay the Additional Forfeiture Amount are not directly traceable to or involved in transactions sent through the Company in violation of Title 18, United States Code Sections 1343 and 2, the monies used to pay the Additional Forfeiture Amount shall be considered substitute *res* for the purpose of forfeiture to the United States pursuant to Title 18, United States Code, Sections 981, 982, or Title 28, United States Code, Section 2461(c), and the Company releases any and all claims it may have to such funds. The Company waives all notice relating to any seizure or forfeiture of the Additional Forfeiture Amount. The Company agrees

to execute any additional documents necessary to complete the forfeiture of the funds, including any forms evidencing the Company's consent to forfeiture and waiver of timely notice. The Company agrees that it shall not file any petitions for remission, restoration, or any other assertion of ownership or request for return relating to the Additional Forfeiture Amount, or any other action or motion seeking to collaterally attack the seizure, restraint, forfeiture, or conveyance of the Additional Forfeiture Amount, nor shall they assist any others in filing any such claims, petitions, actions, or motions. The Company consents to the entry of a declaration of forfeiture and agrees the payments the Company had made and will make are final and the funds shall not be refunded should the Department later determine that the Company has breached this Agreement and commence a prosecution against the Company. The Company agrees that it shall not seek or accept directly or indirectly reimbursement or indemnification from any source with regard to the Additional Forfeiture Amount that the Company pays pursuant to this Agreement. Additionally, the Company agrees that it shall not claim, assert, or apply for, either directly or indirectly, any tax deduction, tax credit, or any other offset with regard to any U.S. federal, state, or local tax or taxable income of the Additional Forfeiture Amount paid pursuant to this Agreement. In the event of a breach of this Agreement and subsequent prosecution, the Department is not limited to the amounts previously forfeited from the Company.

The Department agrees that in the event of subsequent breach and prosecution, it will recommend to the Court that the amounts paid pursuant to the Agreement be offset against whatever forfeiture the Court shall impose as part of its judgment. The Company understands that such a recommendation will not be binding on the Court.

11. The Company shall pay the sum of \$70 million plus any associated transfer fees within ten (10) business days after the date this Court grants the accompanying Order Regarding the Joint Motion to Amend and Extend the Deferred Prosecution Agreement, pursuant to payment instructions as directed by the Department in its sole discretion. The Company shall pay the remaining sum of \$55 million plus any associated transfer fees within eighteen (18) months of the date this Amendment is executed, pursuant to payment instructions as directed by the Department in its sole discretion.

12. In consideration of the Company's: (a) ongoing and future cooperation; (b) payment of the Additional Forfeiture Amount; (c) implementation of remedial measures described in the Amendment; and (d) agreement to undertake further AML and anti-fraud compliance measures, the Department agrees that it will not assert any breach of the Agreement by the Company, or any of its wholly owned or controlled subsidiaries related to any information that the Company has disclosed to the Department or the Monitor prior to the date on which this Amendment was signed

and agrees that any prosecution of the Company for the conduct set forth in the criminal Information filed against the Company on November 9, 2012, be and hereby is deferred for the Extended Term.

AGREED:

FOR MONEYGRAM INTERNATIONAL, INC.:

Date: November 7, 2018

By: /s/ W. Alexander Holmes
W. Alexander Holmes
Chief Executive Officer
MoneyGram International, Inc.

Date: November 7, 2018

/s/ David M. Zinn
David M. Zinn
Williams & Connolly LLP

FOR THE DEPARTMENT OF JUSTICE:

DAVID J. FREED
UNITED STATES ATTORNEY
Middle District of Pennsylvania

Date: November 8, 2018

By: /s/ Kim Douglas Daniel
Kim Douglas Daniel
Assistant U.S. Attorney

DEBORAH L. CONNOR
Chief, Money Laundering and
Asset Recovery Section
Criminal Division
U.S. Department of Justice

Date: November 8, 2018

By: /s/ Margaret A. Moeser
Margaret A. Moeser
Senior Trial Attorney

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

FEDERAL TRADE COMMISSION, Plaintiff, v. MONEYGRAM INTERNATIONAL, INC., Defendant.	Civil Action No. 09-cv-6576
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**STIPULATED ORDER FOR COMPENSATORY RELIEF
AND MODIFIED ORDER FOR PERMANENT INJUNCTION**

Plaintiff, the Federal Trade Commission (“Commission” or “FTC”) and Defendant MoneyGram International, Inc. (“MoneyGram”), stipulate to the entry of this Stipulated Order for Compensatory Relief and Modified Order for Permanent Injunction (“Order”), resolving the FTC’s Unopposed Motion for Entry of Stipulated Order for Compensatory Relief and Modified Order for Permanent Injunction (“Unopposed Motion”).

THEREFORE, IT IS ORDERED as follows:

FINDINGS

1. This Court has jurisdiction over this matter.
2. On October 21, 2009, the Honorable John F. Grady entered the Stipulated Order for Permanent Injunction and Final Judgment (Dkt. No. 13, “2009 Stipulated Order”), resolving allegations in the Commission’s Complaint (Dkt. No. 1, “Complaint”) charging Defendant with engaging in unfair or deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), the Telemarketing Act, 15 U.S.C. §§ 6101-6108, and the Telemarketing Sales Rule (“TSR”), 16 C.F.R. Part 310, in the course of providing money transfer services to consumers in the United States, through its worldwide money transfer network.

3. The 2009 Stipulated Order enjoined Defendant from, among other things, failing to: establish, implement, and maintain a comprehensive anti-fraud program that is reasonably designed to protect U.S. and Canadian consumers (Section I); conduct thorough due diligence on prospective agents and ensure its written agreements require agents to have effective anti-fraud policies and procedures in place (Section II); adequately monitor its agents by, among other things, providing appropriate and ongoing training, recording all complaints, reviewing transaction activity, investigating agents, taking disciplinary actions against problematic agents, and ensuring its agents are aware of their obligations to detect and prevent fraud and comply with MoneyGram's policies and procedures (Section III); and share consumer complaint information with the FTC for inclusion in Consumer Sentinel, a database available to law enforcement (Section IV).
4. Although the parties stipulate to the entry of this Order resolving the allegations in the FTC's Unopposed Motion and modifying the 2009 Stipulated Order by requiring Defendant to provide more comprehensive relief to protect consumers worldwide, Defendant neither admits nor denies any of the allegations set forth in the Unopposed Motion, except as specifically stated in this Order. Only for purposes of this action, Defendant admits the facts necessary to establish jurisdiction.
5. Defendant waives any claim that it may have under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action through the date of this Order, and agrees to bear its own costs and attorney fees.
6. Defendant and the Commission waive all rights to appeal or otherwise challenge or contest the validity of this Order.

DEFINITIONS

For purposes of this Order, the following definitions apply:

- A. **“Cash-to-Cash Money Transfer”** means the transfer of the value of cash from one Person in one location to a recipient (payee) in another location that is received in the form of cash.

- B. **“Cash Reload Money Transfer”** means the transfer of the value of cash from one Person in one location to a recipient (payee) in another location that is received in a form that makes it possible for a Person to convert the cash into an electronic form that can be used to add funds to a general-use prepaid card or an account with a payment intermediary.
- C. **“Consumer”** means any Person, worldwide, unless otherwise stated, who initiates or sends a Money Transfer.
- D. **“Consumer Fraud”** means any fraud or deception involving Fraud-Induced-Money-Transfers.
- E. **“Defendant”** means MoneyGram International, Inc., its subsidiaries and affiliates, and its successors and assigns.
- F. **“Elevated Fraud Countries”** means any country in which the principal amount of Money Transfers that are the subject of fraud complaints, received by Defendant from any source, represents one (1) percent or more of the principal amount of fraud complaints worldwide received by Defendant, for Money Transfers either sent or received in that country, determined on a quarterly basis, *provided that* once a country is determined to be one of the Elevated Fraud Countries, it shall continue to be treated as such for purposes of this Order.
- G. **“Elevated Fraud Risk Agent Location”** means any MoneyGram Agent location that has processed payouts of Money Transfers associated with:
1. Five (5) or more fraud complaints for such agent location, received by Defendant from any source, during the previous sixty (60) day period, based on a review of complaints on a monthly basis; and fraud complaints, received by Defendant from any source, totaling five (5) percent or more of the total payouts for such agent location in numbers or dollars in a sixty (60) day period, calculated on a monthly basis; or
 2. Fifteen (15) or more fraud complaints for such agent location, received by Defendant from any source, during the previous sixty (60) day period, based on a review of complaints on a monthly basis.

- H. **“Fraud-Induced Money Transfer”** includes any Money Transfer that was induced by, initiated, or sent as a result of, unfair or deceptive acts or practices and/or deceptive or abusive Telemarketing acts or practices.
- I. **“Front Line Employee”** means the employee or associate of the MoneyGram Agent responsible for handling a transaction at the point of sale for a Consumer or a recipient (payee) of a Money Transfer, including by initiating, sending, or paying out the Money Transfer.
- J. **“MoneyGram Agent”** means any network agent, chain agent, master agent, seller, correspondent, authorized delegate, standard agent, independent agent, retail agent, super agent, hybrid agent, subagent, sub-representative, or any location, worldwide, authorized by Defendant to offer or provide any of its Money Transfer products or services.
- K. **“Money Transfer”** means the sending of money (in cash or any other form, unless otherwise stated) between a Consumer in one location to a recipient (payee) in another location using Defendant’s money transfer service, and shall include transfers initiated or sent in person, online, over the telephone, using a mobile app, at a kiosk, or through whatever platform or means made available, and money transfers received at a kiosk or ATM machine. The term “Money Transfer” does not include Defendant’s payment services available to Persons to pay bills or make payments, such as Defendant’s urgent or utility bill payment services, and Defendant’s pre-paid services for items such as pre-paid cards or cellular phones.
- L. **“Person”** includes a natural person, an organization or other legal entity, including a corporation, partnership, sole proprietorship, limited liability company, association, cooperative, or any other group or combination acting as an entity.
- M. **“Seller”** means any Person who, in connection with a Telemarketing transaction, provides, offers to provide, or arranges for others to provide goods or services in exchange for consideration.
- N. **“Telemarketer”** means any Person who, in connection with Telemarketing, initiates or receives telephone calls to or from a customer.

- O. **“Telemarketing”** means any plan, program, or campaign which is conducted to induce the purchase of goods or services by use of one or more telephones, and which involves a telephone call, whether or not covered by the TSR.
- P. **“Unusual or Suspicious Money Transfer Activity”** means Money Transfer activity that cannot reasonably be explained or justified, including, but not limited to, the following:
1. Data integrity issues, including, but not limited to, invalid, illegible, incomplete, missing, or conflicting biographical data for Consumers or recipients of Money Transfers;
 2. Significant changes in the transaction patterns experienced at the agent location;
 3. Significant differences in the transaction patterns experienced at the agent location relative to the patterns experienced at other agent locations in the same country;
 4. Activity that is indicative of elder financial exploitation;
 5. Irregular concentrations of send and/or pay activity between the agent and one or more other MoneyGram Agent locations;
 6. Irregular concentrations of send and/or pay activity between the agent and one or more geographical areas that have been identified as high risk for fraud;
 7. Unusual transaction patterns by senders or recipients, including, but not limited to, the same individual sending or receiving consecutive Money Transfers from the same or different agent locations;
 8. Flipping patterns (shortly after receiving funds, a large portion of the money is sent to another recipient);
 9. Suspicious structuring or splitting of Money Transfers to avoid recordkeeping, identification requirements, or reporting required by law;
 10. Suspicious surfing patterns (look-ups of Money Transfers in MoneyGram’s system by Front Line Employees that cannot reasonably be explained or justified); or

11. Transactions that have characteristics related, or similar, to the transaction(s) that was (were) reported as fraud.

I.

PROHIBITED BUSINESS ACTIVITIES

IT IS FURTHER ORDERED that Defendant, Defendant's officers, agents, employees, and all other Persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with promoting, offering for sale, or providing Money Transfer services, are permanently restrained and enjoined from:

- A. Transmitting a Money Transfer that Defendant knows or should know is a Fraud-Induced Money Transfer, or paying out a Money Transfer to any Person that Defendant knows or should know is using its system to obtain funds from a Consumer, directly or indirectly, as a result of fraud;
- B. Providing substantial assistance or support to any Seller or Telemarketer that Defendant knows or should know is accepting from a U.S. Consumer, directly or indirectly, a Money Transfer as payment for goods or services offered or sold through Telemarketing;
- C. Failing to do any of the following in connection with Money Transfers initiated by Consumers:
 - 1. Interdict recipients that have been the subject of any complaints about Fraud-Induced Money Transfers based on information provided to, or that becomes known by, Defendant;
 - 2. Identify, prevent, and stop Cash-to-Cash Money Transfers and Cash Reload Money Transfers initiated or received in the U.S. that Defendant knows or should know are being used to pay Sellers or Telemarketers, including, but not limited to, by:
 - a. Asking all U.S. Consumers whether the Money Transfer is a payment for goods or services offered or sold through Telemarketing;
 - b. Declining to process Money Transfers from U.S. Consumers where the Money Transfer is a payment for goods or services offered or sold through Telemarketing; and

c. Interdicting known Sellers and Telemarketers accepting Money Transfers as payments for goods or services offered through Telemarketing;

3. Provide a clear, concise, conspicuous, and uncontradicted Consumer Fraud warning on the front page of all Money Transfer forms, paper or electronic, utilized by Consumers in Elevated Fraud Countries to initiate Money Transfers using Defendant's system that includes, at a minimum:

a. A list of the most common types of scams that utilize Defendant's Money Transfer system;

b. A warning that it is illegal for any Seller or Telemarketer to accept payments from U.S. Consumers through Money Transfers for goods or services offered or sold through Telemarketing;

c. A notice to Consumers that the Money Transfer can be paid out to the recipient within a short time, and after the money is paid out, Consumers' ability to obtain a refund from Defendant may be limited; and

d. A toll-free or local number and a website for Defendant, subject to the timing requirements set forth in Subsection C.4, that Consumers may call or visit to obtain assistance and file a complaint if their Money Transfer was procured through fraud;

4. Make available in all countries in which Defendant offers Money Transfer services a website that Consumers may visit to obtain assistance and file a complaint if they claim their Money Transfer was procured through fraud, *provided that* websites that are not yet available shall be made available in accordance with the following schedule: (i) for countries determined to be Elevated Fraud Countries as of the entry of this Order, within six (6) months of entry of this Order; and (ii) for all other countries, within two (2) years of entry of this Order;

5. Provide Consumers who initiate or send Money Transfers via the Internet, telephone, mobile app, kiosk, or any other platform that is not in-person, with substantially the same clear, concise, conspicuous, and uncontradicted fraud warning required by Subsection C.3, *provided that* the warning may be abbreviated to accommodate the specific characteristics of the media or platform;

6. Review and update the Consumer warning, at a minimum annually, to ensure its effectiveness in preventing Fraud-Induced Money Transfers; and

7. Submit modifications to the warning, if any, to the Commission for review no less than ten (10) business days before any modified warning is disseminated to MoneyGram Agents; *provided that* nothing herein shall prohibit Defendant from changing the nature or form of its service, send forms, or media or platform for offering Money Transfer services or from seeking to replace its send forms with an electronic form or entry system of some type in the future. In the event such changes are made, Defendant shall provide a fraud warning substantially similar to that outlined in Subsection C.3 in a form appropriate to the media or platform;

D. Failing to reimburse the principal amount of a Consumer's Money Transfer and any associated Money Transfer fees whenever a Consumer or his or her authorized representative reasonably claims that the transfer was fraudulently induced and:

1. The Consumer or his or her authorized representative asks Defendant, the sending agent, or Front Line Employees to reverse the transfer before the transferred funds have been picked up; or

2. Defendant, after reviewing information and data relating to the Money Transfer, determines that Defendant, its agents, or the Front Line Employees failed to comply with any of Defendant's policies and procedures relating to detecting and preventing Fraud-Induced Money Transfers when sending or paying out the Money Transfer by failing to:

provide the required Consumer Fraud warnings; comply with Defendant's interdiction or callback programs; verify the recipient's identification; or accurately record the recipient's identification(s) and other required biographical data;

E. Failing to promptly provide information to a Consumer, or his or her authorized representative, who reports being a victim of fraud to Defendant, about the name of the recipient of the Consumer's Money Transfer and the location where it was paid out, when such information is reasonably requested; and

F. Failing to establish and implement, and thereafter maintain, a comprehensive anti-fraud program that is designed to protect Consumers by detecting and preventing Fraud-Induced Money Transfers worldwide, and to avoid installing or doing business with agents who appear to be involved or complicit in processing Fraud-Induced Money Transfers or who fail to comply with Defendant's policies and procedures to detect and prevent fraud (hereinafter referred to as "Defendant's Anti-Fraud Program" or "Program"). To satisfy this requirement, Defendant must, at a minimum:

1. Fully document in writing the content and implementation of the Program and provide that documentation to the FTC;

2. Implement the Program within four (4) months of the entry of this Order;

3. Design and implement administrative, technical, and physical safeguards to detect and prevent Fraud-Induced Money Transfers, accounting for the volume and complexity of Defendant's Money Transfer system. Such safeguards shall include at a minimum:

a. Performance of due diligence on all prospective MoneyGram Agents and existing MoneyGram Agents whose contracts are up for renewal, which at a minimum meets the requirements in Section II of this Order;

- b. Designation of a qualified employee or employees to coordinate and be accountable for Defendant's Anti-Fraud Program;
- c. Education and training on Consumer Fraud for MoneyGram Agents and Front Line Employees, which at minimum address the topics listed in Section III.A of this Order;
- d. Monitoring of MoneyGram Agent and Front Line Employee activity related to the prevention of Fraud-Induced Money Transfers, including, but not limited to, the measures in Section III.B of this Order;
- e. Prompt disciplinary action against MoneyGram Agent locations and Front Line Employees where necessary to prevent Fraud-Induced Money Transfers, which at minimum meets the requirements in Section III.C of this Order;
- f. Systematic controls to detect and prevent Fraud-Induced Money Transfers, including, but not limited to:
 - i. To the extent permitted by law, requiring all Persons to provide a government-issued identification document (ID) in order to receive a Money Transfer through a MoneyGram Agent;
 - ii. Establishing certain dollar thresholds for Money Transfers to Elevated Fraud Countries and holding Money Transfers exceeding such dollar thresholds to Elevated Fraud Countries until Defendant has confirmed with the sender that they are not Fraud-Induced Money Transfers or has refunded the money to the sender; and
 - iii. Ensuring that MoneyGram Agent locations are recording all required information about recipients required by Defendant's policies or

procedures or by law, including, but not limited to, their names, addresses, telephone numbers, and identifications, before paying out Money Transfers; and

g. Periodic evaluation and adjustment of Defendant's Anti-Fraud Program in

light of:

i. The results of the monitoring required by Subsection F.3.d of this Section and Section III of this Order;

ii. Any material changes to Defendant's operations or business arrangements; or

iii. Any other circumstances that Defendant knows or should know may have a material impact on the effectiveness of Defendant's Anti-Fraud Program, *provided that* Defendant shall notify the FTC in writing of the adjustments to Defendant's Anti-Fraud Program, and reasons for such adjustments, no more than thirty (30) days after any material modification to Defendant's Anti-Fraud Program has been implemented.

II.

DUE DILIGENCE ON PROSPECTIVE AND EXISTING MONEYGRAM AGENTS

IT IS FURTHER ORDERED that Defendant, Defendant's officers, agents, employees, and all other Persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with promoting, offering for sale, or providing Money Transfer services, are hereby restrained and enjoined from:

A. Failing to conduct thorough due diligence on all Persons applying to become, or renewing their contracts as, MoneyGram Agents, including any sub-representative or subagent, to avoid installing

MoneyGram Agents worldwide who may become Elevated Fraud Risk Agent Locations, including, but not limited to, by:

1. Verifying the Person's government-issued identification;
2. Conducting necessary background checks (criminal, employment, or otherwise) where permissible under local law;
3. Determining whether information or statements made during the agent application process are false or inconsistent with the results of Defendant's background checks or other due diligence;
4. Taking all steps necessary to ascertain, consistent with industry standards and guidance, whether the prospective agent formerly owned, operated, had been a Front Line Employee of, or had a familial, beneficial, or straw relationship with any location of any money services business that was suspended or terminated for fraud-related reasons, as permitted by applicable laws and regulations (including foreign laws and regulations) and with the required cooperation from other Money Transfer companies;
5. Ascertaining whether the prospective agent had previously been interdicted by Defendant for suspicious activities or had been reported to Defendant as a recipient of Fraud-Induced Money Transfers;
6. Conducting an individualized assessment of the particular risk factors involved with each MoneyGram Agent application and conducting necessary investigative steps consistent with those risks; and
7. Maintaining information about Defendant's due diligence, including, but not limited to, information about the identities of the agent owners, their government-issued identifications, and the background check(s) conducted;

- B. Failing to reject applications where Defendant becomes aware or should have become aware based upon its due diligence that the applicant, or any of the applicant's sub-representatives or subagents, presents a material risk of becoming an Elevated Fraud Risk Agent Location;
- C. Failing to ensure that the written agreements entered into with all new MoneyGram Agents require them to comply with Section I.C.2 of this Order;
- D. Failing to ensure that all new MoneyGram Agents have effective policies and procedures in place at each of the agent's locations to detect and prevent Fraud-Induced Money Transfers and other acts or practices that violate Section I of this Order;
- E. Failing to confirm that MoneyGram Agents whose contracts are up for renewal are complying with the terms of their agreements with Defendant, including, but not limited to, by having effective policies and procedures in place to detect and prevent Fraud-Induced Money Transfers; and
- F. Failing to require all new MoneyGram Agents, and existing MoneyGram Agents, to: (i) disclose and update the identities of any sub-representative or subagent; and (ii) direct their subagents or sub-representatives to maintain records on the identities of their Front Line Employees.

III.

MONITORING COMPLIANCE OF MONEYGRAM AGENTS

IT IS FURTHER ORDERED that Defendant, Defendant's officers, agents, employees, and all other Persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with promoting, offering for sale, or providing Money Transfer services, are hereby restrained and enjoined from:

- A. Failing to provide ongoing education and training on Consumer Fraud for all MoneyGram Agents, Front Line Employees, and other appropriate MoneyGram personnel, including, but not limited to, education and training on detecting, investigating, preventing, reporting, and otherwise handling suspicious transactions and Fraud-Induced Money Transfers, and ensuring that all MoneyGram Agents and Front Line Employees are notified of their obligations to comply with Defendant's

policies and procedures and to implement and maintain policies and procedures to detect and prevent Fraud-Induced Money Transfers or other acts or practices that violate Section I of this Order;

B. Failing to monitor and investigate MoneyGram Agent location activity to detect and prevent Fraud-Induced Money Transfers, including, but not limited to:

1. Developing, implementing, adequately staffing, and continuously operating and maintaining a system to receive and retain all complaints and data received from any source, anywhere in the world, involving alleged Fraud-Induced Money Transfers, and taking steps necessary to obtain, record, retain, and make easily accessible to Defendant and, upon request, the FTC, all relevant information regarding all complaints related to alleged Fraud-Induced Money Transfers, including, but not limited to:

- a. The Consumer's name, address, and telephone number;
 - b. The substance of the complaint, including the fraud type and fraud method, and the name of any Person referenced;
- c. The reference number for each Money Transfer related to the complaint;
 - d. The name, agent identification number, telephone number, and address of the sending agent(s);
- e. The date of each Money Transfer;
- f. The amount of each Money Transfer;
- g. The Money Transfer fee for each Money Transfer;
 - h. The date each Money Transfer is received;
 - i. The name, agent identification number, telephone number, and address of the receiving agent(s);
 - j. The name, address, and telephone number of the recipient, as provided by the recipient, of each Money Transfer;

- k. The identification, if any, presented by the recipient, and recorded, for each Money Transfer;
 - l. All transactions conducted by the Consumer bearing any relationship to the complaint;
 - m. To the extent there is any investigation concerning, and/or resolution of, the complaint:
 - i. The nature and result of any investigation conducted concerning the complaint;
 - ii. Any response to the complaint and the date of such response to the complaint;
 - iii. The final resolution of the complaint, the date of such resolution, and an explanation for the resolution; and
 - iv. If the resolution does not include the issuance of a refund, the reason for the denial of a refund;
2. Taking steps to identify MoneyGram Agents and Front Line Employees involved or complicit in fraud, including, at a minimum, by conducting the reviews and analyses set forth in Subsections B.4 and 5 of this Section;
3. Routinely reviewing and analyzing data regarding the activities of MoneyGram Agent locations in order to identify the following:
- a. Agent locations that have processed transactions associated with two (2) or more complaints about alleged Fraud-Induced Money Transfers, received by Defendant from any source, during a thirty (30) day period; and
 - b. Elevated Fraud Risk Agent Locations, as defined in Definition G;
4. For agent locations identified pursuant to Subsection B.3.a of this Section, investigating the agent location by reviewing transaction data and conducting analyses to

determine if the agent location displayed, at a minimum, the Unusual or Suspicious Money Transfer Activity as set forth in Definition P.1-2, 4-9, and 11, and if Defendant's findings indicate that the agent location has engaged in any of those activities, fully investigating the agent location as required by Subsection B.5 of this Section; and

5. For Elevated Fraud Risk Agent Locations identified pursuant to Subsection B.3.b of this Section, fully investigating the agent location by reviewing transaction data and conducting analyses to determine if the agent location displayed any Unusual or Suspicious Money Transfer Activity as defined in Definition P;

C. Failing to take at least the following actions to prevent further Fraud-Induced Money Transfers:

1. Suspending MoneyGram Agent locations, as follows, pending further investigation to determine whether the MoneyGram Agent locations can continue operating consistent with this Order's requirements:

a. For agent locations identified pursuant to Subsection B.3.a of this Section, if the investigation of the agent location required by Subsection B.4 of this Section is not completed within fourteen (14) days after the agent location is identified, suspending the MoneyGram Agent location's ability to conduct further Money Transfers until the investigation is completed; and

b. For Elevated Fraud Risk Agent Locations identified pursuant to Subsection B.3.b of this Section, immediately suspending the MoneyGram Agent's ability to conduct further Money Transfers until the review required by Subsection B.5 of this Section is completed, *except that*, for a MoneyGram Agent that is a bank or bank branch and otherwise subject to this immediate suspension requirement by virtue of fraud complaints about Money Transfers that are transferred directly into its account holders' bank accounts, Defendant shall comply with Subsection III.C.1.a. and also permanently block, or request that the MoneyGram Agent block, all

further Money Transfers to bank accounts for which Defendant has received any fraud complaint;

2. Upon completion of the investigation, terminating, suspending, or restricting MoneyGram Agent locations as follows:

a. Terminating or suspending the MoneyGram Agent location, or restricting the agent location's ability to send and/or receive certain Money Transfers, if the findings indicate that the MoneyGram Agent location is not, or has not been, complying with Defendant's Anti-Fraud Program and other policies and procedures relating to detecting and preventing Fraud-Induced Money Transfers, including, but not limited to, by failing to collect and record required and accurate biographical information about, and government-issued identifications for, the recipients of Money Transfers; and

b. Terminating the MoneyGram Agent location if the findings indicate that any of the MoneyGram Agent location's owners, management, or supervisors, or any of its current Front Line Employees are, or may be, complicit in the Fraud-Induced Money Transfers, the agent location has failed to comply with Section IV of this Order, or the agent location has repeatedly failed to comply with Defendant's Anti-Fraud and other policies and procedures relating to detecting and preventing Fraud-Induced Money Transfers;

3. On at least a monthly basis, ensuring that all MoneyGram Agents in Elevated Fraud Countries receive notice of the substance of any complaints Defendant received involving transactions processed by the agent locations; and

4. Ensuring that all MoneyGram Agents are enforcing effective policies and procedures to detect and prevent Fraud-Induced Money Transfers, or other acts or practices that violate Section I of this Order; and

- D. Failing to establish anti-fraud controls to ensure that, prior to paying out Money Transfers, MoneyGram Agent locations are recording all required information about the recipients of Money Transfers, including, but not limited to, the recipients' names, addresses, telephone numbers, and identifications, and are verifying the identification presented by the recipients or, for Money Transfers that are directed to bank accounts, are recording the identities of the account holders.

IV.

REQUIREMENTS FOR ELEVATED FRAUD RISK AGENT LOCATIONS

IT IS FURTHER ORDERED that Defendant, Defendant's officers, agents, employees, and all other Persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with promoting, offering for sale, or providing Money Transfer services, shall require and ensure that all Elevated Fraud Risk Agent Locations that are still operating do the following for one (1) year from the date that Defendant identifies the agent as an Elevated Fraud Risk Agent Location under the terms of this Order:

- A. For Money Transfers that are not transferred directly into a recipient's bank account, photocopy or scan the identification documents or biometric information presented by the recipient and retain the photocopies or images, along with the receive forms, for a period of five (5) years; and
- B. Demonstrate during compliance reviews or mystery shops, which Defendant shall conduct on at least a quarterly basis, that the agent location is complying with the requirements in this Section;

Provided, however, that if Defendant reasonably believes that complying with Subsection A of this Section for Money Transfers received by an Elevated Fraud Risk Agent Location in a particular foreign jurisdiction would violate that jurisdiction's laws, Defendant may instead, upon notice to Commission staff, block all Money Transfers from the United States to that Elevated Fraud Risk Agent Location or, with the agreement of Commission staff, take other action at that location to protect Consumers from fraud.

V.

SHARING COMPLAINT INFORMATION

IT IS FURTHER ORDERED that, Defendant, Defendant's officers, agents, employees, and all other Persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, shall, in addition to, or as a modification of, any other policy or practice that the Defendant may have, including Defendant's ongoing submission of information to the FTC for inclusion in the Consumer Sentinel Network ("Consumer Sentinel"):

- A. When Defendant is contacted with a complaint about alleged fraudulent activity associated with a Money Transfer, provide notice to the Consumer, or his or her authorized representative, that (i) Defendant's practice is to share information regarding the Consumer's Money Transfer and complaint with law enforcement, including a database used by law enforcement authorities in the United States and other countries; and (ii) if the Consumer does not want his or her name, address, telephone number, and identification shared with law enforcement, Defendant will honor that request unless applicable law permits or requires Defendant to provide that information; and
- B. Regularly, but no less often than every thirty (30) days, submit electronically to the FTC, or its designated agent, for inclusion in Consumer Sentinel, all relevant information Defendant possesses regarding complaints received from Consumers, their authorized representatives, or any other source, anywhere worldwide, about alleged Fraud-Induced Money Transfers and regarding the underlying transfer itself, including, but not limited to, the information set forth in Section III.B.1.a through III.B.1.1. *Provided, however*, if Defendant receives a request from a Consumer or the Consumer's authorized representative, which is documented by Defendant, stating that the Consumer does not want his or her name, address, telephone number, and identification shared with the database, or if Defendant received the complaint from a source other than the Consumer or the Consumer's authorized representative, Defendant shall submit to the FTC an anonymized complaint with the Consumer's name, address, telephone number, and identification redacted.

Provided, further, that Defendant shall cooperate with the FTC in order to facilitate compliance with this Section.

VI.

CORPORATE COMPLIANCE MONITOR PURSUANT TO DEFERRED PROSECUTION AGREEMENT

Defendant shall comply with the Department of Justice’s (“DOJ”) Deferred Prosecution Agreement (“DPA”) Corporate Compliance Monitor requirement pursuant to Paragraphs 10 through 13 and Attachment D of the DPA filed in *United States v. MoneyGram International, Inc.*, 12-CR-00291 (M.D. Pa. Nov. 9, 2012) (Docket No. 3), and the subsequent Amendment to and Extension of the DPA, filed on November , 2018 (Docket No. __) (“DPA Amendment”), and shall provide the Commission each of the Corporate Compliance Monitor’s reports within fifteen (15) days of receipt.

VII.

MONETARY JUDGMENT FOR COMPENSATORY RELIEF

IT IS FURTHER ORDERED THAT:

- A. Judgment in the amount of One Hundred Twenty-Five Million Dollars (\$125,000,000) is entered in favor of the Commission against Defendant as equitable monetary relief for consumer redress.
- B. Defendant shall satisfy the judgment in Subsection A of this Section by complying with the payment requirements set forth in Paragraphs 10 and 11 of the DPA Amendment filed in *United States v. MoneyGram International, Inc.*, 12 CR-00291 (M.D. Pa.).
- C. Defendant relinquishes dominion and all legal and equitable right, title, and interest in all assets transferred pursuant to this Order and Paragraphs 10 and 11 of the DPA Amendment and may not seek the return of any assets;
- D. The facts alleged in the Complaint and Unopposed Motion will be taken as true, without further proof, in any subsequent civil litigation by or on behalf of the Commission, including in a proceeding to enforce its rights to any payment or monetary judgment pursuant to this Order, such as a nondischargeability complaint in any bankruptcy case;

- E. The facts alleged in the Complaint and Unopposed Motion establish all elements necessary to sustain an action by the Commission pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral estoppel effect for such purposes;
- F. Defendant acknowledges that its Employer Identification Number, which Defendant must submit to the Commission, may be used for collecting and reporting on any delinquent amount arising out of this Order, in accordance with 31 U.S.C. § 7701;
- G. All money paid pursuant to this Order and Paragraphs 10 and 11 of the DPA Amendment shall be deposited into the DOJ or the Department of the Treasury Assets Forfeiture Funds. The funds shall be administered by the FTC and DOJ to compensate the fraud victims described in the FTC's Unopposed Motion and the DOJ's and Defendant's Joint Motion to Extend and Amend the DPA (Docket No. __). Defendant has no right to challenge any actions taken by DOJ, the FTC, or their representatives, pursuant to this Subsection; and
- H. No asset transfer required by this Order should be deemed, or deemed in lieu of, a fine, penalty, forfeiture, or punitive assessment. Defendant's satisfaction of the judgment through a payment pursuant to the DPA Amendment is not intended to alter the remedial nature of the judgment.

VIII.

2009 STIPULATED ORDER VACATED

IT IS FURTHER ORDERED that this Order supersedes the 2009 Stipulated Order entered by this Court, which is hereby vacated as moot.

IX.

ORDER ACKNOWLEDGMENT

IT IS FURTHER ORDERED that Defendant obtain acknowledgments of receipt of this Order:

- A. Defendant, within seven (7) days of entry of this Order, must submit to the Commission an acknowledgment of receipt of this Order sworn under penalty of perjury;

- B. For ten (10) years after entry of this Order, Defendant must deliver, or cause to be delivered, by electronic or other means a copy of this Order to: (1) all principals, officers, directors, and LLC managers and members; (2) all employees, agents, and representatives who participate in conduct related to the subject matter of this Order, including, but not limited to, MoneyGram Agents and employees who are involved in any way with Consumer Fraud complaints or who are involved in the hiring, training, or monitoring of MoneyGram Agents; and (3) any business entity resulting from any change in structure as set forth in the Section titled Compliance Reporting. Defendant must send a copy of this Order to current personnel within fourteen (14) days of entry of this Order. For all others, delivery must occur before they assume their responsibilities; and
- C. From each individual or entity to which a Defendant delivered a copy of this Order, Defendant must obtain, within thirty (30) days, a signed and dated acknowledgment of receipt of this Order. *Provided that*, in the event that Defendant is unable to secure such acknowledgements from all current MoneyGram Agents, despite notice of this requirement, Defendant shall retain proof of distribution of this Order to all current MoneyGram Agents, such as an electronic mail receipt, a certified mail receipt, or an affidavit of service.

X.

COMPLIANCE REPORTING

IT IS FURTHER ORDERED that Defendant make timely submissions to the Commission:

- A. One (1) year after entry of this Order, Defendant must submit a compliance report, sworn under the penalty of perjury by a senior corporate manager, or a senior officer responsible for Defendant's Anti-Fraud Program, based on personal knowledge or knowledge gained from company officials or subject matter experts with requisite knowledge, that:
1. Identifies the primary physical, postal, and email address and telephone number, as designated points of contact, which representatives of the Commission may use to communicate with Defendant;

2. Identifies any business entity that Defendant has any ownership interest in or controls directly or indirectly that may affect compliance obligations arising under this Order;
 3. Describes in detail whether and how Defendant is in compliance with each Section of this Order, including, but not limited to, describing the following:
 - a. The number of MoneyGram Agents, by country, identified by the procedures in Section III.B.3 of this Order;
 - b. The names, addresses, and telephone numbers of all MoneyGram Agent locations that have been suspended, restricted, or terminated by Defendant for reasons related to Fraud-Induced Money Transfers, the dates of and the specific reasons for the suspensions, restrictions, or terminations, and, for MoneyGram Agents that have been reactivated after suspension, the dates of the reactivations; and
 - c. Evidence showing that Defendant has and is complying with the requirements of Sections I through V of this Order;
 4. Indicates that Defendant is not aware of any material noncompliance that has not been (1) corrected or (2) disclosed to the Commission; and
 5. Includes a copy of each Order Acknowledgment obtained pursuant to this Order, unless previously submitted to the Commission.
- B. Annually, unless otherwise stated in this Subsection, for a period of twelve (12) years after Defendant's submission of the compliance report required by Subsection A of this section, Defendant shall submit a compliance report, sworn under penalty of perjury by a senior corporate manager, or a senior officer responsible for Defendant's Anti-Fraud Program, based on personal knowledge or knowledge gained from company officials or subject matter experts with requisite knowledge, that:
1. Notifies the Commission of any change in any designated point of contact within fourteen (14) days of the change;

2. Notifies the Commission of any change in the structure of any entity that Defendant has any ownership interest in or controls directly or indirectly that may affect compliance obligations arising under this Order, including: creation, merger, sale, or dissolution of the entity or any subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order, within fourteen (14) days of the change;
 3. Describes in detail whether and how Defendant is in compliance with each Section of this Order, including, but not limited to, describing the following:
 - a. The number of MoneyGram Agents, by country, identified by the procedures in Section III.B.3 of this Order;
 - b. The names, addresses, and telephone numbers of all MoneyGram Agents that have been suspended, restricted, or terminated by Defendant for reasons related to Fraud-Induced Money Transfers, the dates of and the specific reasons for the suspensions, restrictions, or terminations, and, for MoneyGram Agents that have been reactivated after suspension, the dates of the reactivations;
 - c. Evidence showing that Defendant has and is complying with the requirements of Sections I through V of this Order; and
 4. Indicates that Defendant is not aware of any material noncompliance that has not been (1) corrected or (2) disclosed to the Commission.
- C. Defendant must submit to the Commission notice of the filing of any bankruptcy petition, insolvency proceeding, or similar proceeding by or against Defendant within fourteen (14) days of its filing;
- D. Any submission to the Commission required by this Order to be sworn under penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746, such as by concluding: “I declare under penalty of perjury under the laws of the United States of America that the foregoing is true

and correct. Executed on: _____” and supplying the date, signatory’s full name, title (if applicable), and signature; and

- E. Unless otherwise directed by a Commission representative in writing, all submissions to the Commission pursuant to this Order must be emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to: Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin: FTC v. MoneyGram, X_____.

XI.

RECORDKEEPING

IT IS FURTHER ORDERED that Defendant must create certain records for twelve (12) years after entry of this Order, and retain each such record for five (5) years. Specifically, Defendant must create and retain the following records:

- A. Defendant’s current written programs and policies governing the detection and prevention of Consumer Fraud and the installation and oversight of its agents, including, but not limited to, its Anti-Fraud Program;
- B. Defendant’s current policies and procedures governing Consumer Fraud education or training provided to MoneyGram Agents or other appropriate personnel;
- C. All MoneyGram Agent applications, records reflecting due diligence conducted by Defendant with respect to such applications, and with respect to agents whose contracts come up for renewal, and written agreements entered into with MoneyGram Agents;
- D. Records of all complaints and refund requests, whether received directly or indirectly, such as through a third party, from any source, anywhere in the world, about potentially Fraud-Induced Money Transfers, and any response, including, but not limited to, the information listed in Section III.B.1 of this Order;

- E. Records reflecting all steps Defendant has taken to monitor the activity of its agents to detect, reduce, and prevent Consumer Fraud, including, but not limited to, records of Defendant's reviews, audits, or investigations of MoneyGram Agents associated with Consumer Fraud, communications with such agents regarding Consumer Fraud matters, and any remedial action taken against agents due to fraud;
- F. Copies of documents relating to compliance reviews or mystery shops conducted by Defendant of Elevated Fraud Risk Agent Locations pursuant to Section IV of this Order; and
- G. All records necessary to demonstrate full compliance with each provision of this Order, including all submissions to the Commission.

XII.

COMPLIANCE MONITORING

IT IS FURTHER ORDERED that, for the purpose of monitoring Defendant's compliance with this Order and any failure to transfer any assets as required by this Order:

- A. Within fourteen (14) days of receipt of a written request from a representative of the Commission, Defendant must: submit additional compliance reports or other requested information, which must be sworn under penalty of perjury; appear for depositions; and produce documents for inspection and copying. The Commission is also authorized to obtain discovery, without further leave of court, using any of the procedures prescribed by Federal Rules of Civil Procedure 29, 30 (including telephonic depositions), 31, 33, 34, 36, 45, and 69;
- B. For matters concerning this Order, the Commission is authorized to communicate directly with Defendant. Defendant must permit representatives of the Commission to interview any employee or other Person affiliated with Defendant who has agreed to such an interview. The Person interviewed may have counsel present; and
- C. The Commission may use all other lawful means, including posing, through its representatives as Consumers, suppliers, or other individuals or entities, to Defendant or any individual or entity

affiliated with Defendant, without the necessity of identification or prior notice. Nothing in this Order limits the Commission's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.

XIII.

RETENTION OF JURISDICTION

IT IS FURTHER ORDERED that this Court retains jurisdiction of this matter for purposes of construction, modification, and enforcement of this Order.

SO ORDERED this day of , 2018.

UNITED STATES DISTRICT JUDGE

SO STIPULATED AND AGREED:

PLAINTIFF FEDERAL TRADE COMMISSION

/s/ Karen D. Dodge Dated: November 8, 2018

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DEFENDANT MONEYGRAM INTERNATIONAL, INC.

/s/ W. Alexander Holmes Dated: November 6, 2018

W. ALEXANDER HOLMES
Director and Chief Executive Officer

COUNSEL FOR DEFENDANT MONEYGRAM INTERNATIONAL, INC.

/s/ David M. Zinn Dated: November 6, 2018

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MoneyGram Reaches Agreements with Department of Justice and Federal Trade Commission

DALLAS (Nov. 8, 2018) – MoneyGram (NASDAQ:MGI) today announced it has entered into agreements with the U.S. Department of Justice (“DOJ”) and the Federal Trade Commission (“FTC”) in connection with previously disclosed matters. These agreements are subject to court approval.

In connection with the agreements, the company will amend and extend its deferred prosecution agreement (“DPA”) with the DOJ for 30 months and will modify its consent order with the FTC. The company also agreed to a forfeiture of \$125 million which the federal government will make available to victims of consumer fraud. The company will continue to retain an independent compliance monitor and has agreed to implement additional agent oversight and compliance program enhancements.

“Over the past several years, we have taken significant steps to improve our compliance program and have remediated many of the issues noted in the agreements. Currently, our consumer fraud reports are at a 7-year low and less than 0.05 percent, or 5 basis points, of all transactions conducted through MoneyGram systems are reported as fraudulent,” said Alex Holmes, MoneyGram’s chairman and chief executive officer. “We will continue to bolster our compliance program to ensure it meets the highest industry standards and advances our goal of providing increased protection for all consumers. We remain steadfast in our efforts to partner with law enforcement and regulators to prevent our systems from being used to perpetrate fraudulent activity.”

Since 2012, the company has invested more than \$100 million in compliance technology, agent oversight and training programs. The company has also implemented new, industry-leading consumer verification standards. These efforts have prevented approximately \$1.5 billion in fraudulent transactions. In addition, MoneyGram has engaged a leading global consulting firm to support the company’s efforts to enhance its compliance program.

MoneyGram continues to cooperate with the DOJ and FTC and is committed to complying with all applicable laws, regulations and standards in each of the markets and jurisdictions in which it operates.

The company will hold its Q3 2018 earnings call on Friday, Nov. 9 at 9:00 a.m. Eastern Time.

About MoneyGram International

MoneyGram is a global provider of innovative money transfer services and is recognized worldwide as a financial connection to friends and family. Whether online, or through a mobile device, at a kiosk or in a local store, we connect consumers any way that is convenient for them. We also provide bill payment services, issue money orders and process official checks in select markets. More information about MoneyGram International, Inc. is available at moneygram.com.

Forward-Looking Statements

This communication contains forward-looking statements which are protected as forward-looking statements under the Private Securities Litigation Reform Act of 1995 that are not limited to historical facts, but reflect MoneyGram’s current beliefs, expectations or intentions regarding future events. Words such as “may,” “will,” “could,” “should,” “expect,” “plan,” “project,” “intend,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “pursuant,” “target,” “continue,” and similar expressions are intended to identify such forward-looking statements. The statements in this communication that are not historical statements are forward-looking statements within the meaning of the federal securities laws. Specific forward-looking statements include, among others, statements regarding the company’s projected results of operations, specific factors expected to impact the company’s results of operations, and the expected restructuring and reorganization program results. Forward-looking statements are subject to numerous risks and uncertainties, many of which are beyond MoneyGram’s control, which could cause actual results to differ materially from the results expressed or implied by the statements. These risks and uncertainties include, but are not limited to: our ability to compete effectively; our ability to maintain key agent or biller relationships, or a reduction in business or transaction volume from these relationships, including our largest agent, Walmart, whether through the introduction by Walmart of additional competing “white label” branded money transfer products or otherwise; our

ability to manage fraud risks from consumers or agents; the ability of us and our agents to comply with U.S. and international laws and regulations; litigation or investigations involving us or our agents; uncertainties relating to compliance with the DPA and consent order entered into with the U.S. federal government and the effect of the DPA and consent order on our reputation and business; regulations addressing consumer privacy, data use and security; our ability to successfully develop and timely introduce new and enhanced products and services and our investments in new products, services or infrastructure changes; our ability to manage risks associated with our international sales and operations; our offering of money transfer services through agents in regions that are politically volatile; changes in tax laws or an unfavorable outcome with respect to the audit of our tax returns or tax positions, or a failure by us to establish adequate reserves for tax events; our substantial debt service obligations, significant debt covenant requirements and credit ratings; major bank failure or sustained financial market illiquidity, or illiquidity at our clearing, cash management and custodial financial institutions; the ability of us and our agents to maintain adequate banking relationships; a security or privacy breach in systems, networks or databases on which rely; disruptions to our computer network systems and data centers; weakness in economic conditions, in both the U.S. and global markets; a significant change, material slow down or complete disruption of international migration patterns; the financial health of certain European countries or the secession of a country from the European Union; our ability to manage credit risks from our agents and official check financial institution customers; our ability to adequately protect our brand and intellectual property rights and to avoid infringing on the rights of others; our ability to attract and retain key employees; our ability to manage risks related to the operation of retail locations and the acquisition or start-up of businesses; any restructuring actions and cost reduction initiatives that we undertake may not deliver the expected results and these actions may adversely affect our business; our ability to maintain effective internal controls; our capital structure and the special voting rights provided to designees of Thomas H. Lee Partners, L.P. on our Board of Directors; and uncertainties described in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of MoneyGram's public reports filed with the Securities and Exchange Commission (the "SEC"), including MoneyGram's annual report on Form 10-K for the year ended December 31, 2017 and quarterly report on Form 10-Q for the quarter ended September 30, 2018.

Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained from time to time in MoneyGram's SEC filings. MoneyGram's SEC filings may be obtained by contacting MoneyGram, through MoneyGram's web site at ir.moneygram.com or through the SEC's Electronic Data Gathering and Analysis Retrieval System (EDGAR) at <http://www.sec.gov>. MoneyGram undertakes no obligation to publicly update or revise any forward-looking statement.

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