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MEMORANDUM

December 19, 2014

To Our Clients and Friends

Re: FinCEN Assesses \$1 Million Civil Money Penalty and Seeks to Bar Former MoneyGram Chief Compliance Officer from Financial Industry

The Financial Crimes Enforcement Network (“FinCEN”) has assessed a \$1 million civil money penalty against a former MoneyGram chief compliance officer for failing to ensure his company abided by the anti-money laundering (AML) provisions of the Bank Secrecy Act (BSA). Additionally, the government filed a civil complaint to bar the former executive from employment in the financial industry. FinCEN’s action is noteworthy because it demonstrates the government’s increased focus on personal liability of compliance officers for a money services business’ failure to comply with the BSA.

FinCEN asserts that the former chief compliance officer willfully violated the BSA and “created an environment where fraud and money laundering thrived and dirty money rampaged through the very system he was charged with protecting.” FinCEN alleges that because of his inaction in responding to fraud complaints and investigating illicit activities by MoneyGram agents, victims lost millions of dollars. FinCEN also asserts that the executive failed to ensure that Suspicious Activity Reports (SARs) were filed with FinCEN, which would have enabled the government to combat the fraud and dismantle criminal networks.

FinCEN’s Civil Money Penalty Assessment and the government’s complaint can be found at our website at <http://www.schwartzandballen.com/news.html>

If you have any questions, please call Gilbert Schwartz, Robert Ballen, Tom Fox, Heidi Wicker, or Ben Gray at (202) 776-0700.