

# Multistate Settlement With MoneyGram To Result In Anti-Fraud Practices, Restitution To Consumers

Forty-nine states, including Delaware, along with the District of Columbia have reached a settlement with MoneyGram Payment Systems, Inc. over complaints of consumers who used MoneyGram's wire transfer service to send money to third parties involved in schemes to defraud consumers. The settlement will result in changes to MoneyGram's practices and restitution for some MoneyGram consumers who lost money and filed complaints.

The states alleged that MoneyGram did not do enough to prevent schemes whereby con artists persuaded consumers to wire them money, such as scams in which a fraudster contacts a grandparent and falsely claims that money must be wired to assist with a grandchild's medical or legal emergency, or lottery and contest scams in which consumers are told they have won a large sum of money but must first wire money to pay required taxes or fees before receiving their winnings.

The MoneyGram settlement has two main components. First, MoneyGram has agreed to maintain and continue to improve a comprehensive and robust anti-fraud program designed to help detect and prevent consumers from suffering financial losses as a result of these types of fraud induced wire transfers. The program must be documented in writing and at a minimum, must include the following elements:

- mandatory and documented compliance training for agents and guidelines regarding when an agent's conduct warrants suspension or termination;

- suspension or termination of agents who fail to take commercially reasonable steps to reduce fraud induced money transfers;
- a hotline system – telephonic and electronic – where employees and agents can report noncompliance with anti-fraud measures;
- sound mechanisms to evaluate actual fraud rates and consumer losses from fraud induced money transfers in order to utilize that information to improve compliance; and
- continued enhancement of technology solutions, including its Anti-Fraud Alert System (AFAS).

Second, an independent third party settlement administrator will review MoneyGram records and send notices regarding restitution to all consumers who are eligible to receive restitution under this settlement. Generally, consumers who are eligible for restitution previously filed complaints with MoneyGram between July 1, 2008 and August 31, 2009 regarding fraud induced transfers sent from the U.S. to foreign countries other than Canada. MoneyGram has agreed to pay a total of \$13 million to fund this nationwide consumer restitution program, as well as to defray states' costs and fees of the investigation.

“Consumers who receive solicitations from strangers promising big winnings should toss those letters in the trash, delete the e-mail or hang up the phone,” Attorney General Matt Denn said. “And consumers who are contacted about a grandchild, friend or family member in distress should reach out separately to the friend or family members to independently verify that the relative is actually in need of the assistance.”

Consumers should also be reminded that if they have been the victim of fraud or received a fraudulent solicitation (mail, email, telephone) they should be encouraged to file a consumer complaint with the Consumer Protection Unit. Consumers can obtain a consumer complaint form and other consumer protection

information by visiting the [Attorney General's website](#).

More information about this settlement, including frequently asked questions and the list of participating states, is available at the [Settlement Administrator's website](#).

The settlement includes \$20,000 to Delaware's Consumer Protection Fund, to cover the costs of this investigation and to fund future consumer protection initiatives and investigations.