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NEVADA ATTORNEY GENERAL ENTERS INTO AGREEMENT WITH MONEYGRAM

Las Vegas, NV- Nevada Attorney General Catherine Cortez Masto announced today that MoneyGram Payment Systems, Inc., has entered into an Assurance of Voluntary Compliance (AVC) with Nevada and 43 other States and the District of Columbia, in response to concerns about the use of the company's wire transfer services by fraudulent telemarketers. Under the AVC, MoneyGram will, among other things, fund a \$1.1 million national consumer awareness program and set out very prominent consumer warnings on the forms used by consumers to wire money.

Commenting on the AVC, Attorney General Masto noted the importance of enlisting "third parties" like MoneyGram in the campaign against consumer fraud. "To keep perpetrators from defrauding consumers, we need to make it harder for them to utilize traditional methods of transferring money," said General Masto. "Agreements like this one with MoneyGram—with its model fraud warning, consumer education program, and enhanced training for money transfer agents—are steps in the right direction."

MoneyGram, based in Minneapolis, offers money transfer services by wire at over 25,000 locations in the United States and over 100,000 locations around the world, including grocery stores, gas stations and other retail businesses.

The AVC addresses the problem of the high number of "fraud-induced transfers"—that is, money wired by consumers to fraudulent telemarketers and other scam artists. For example, some telemarketers, often based in other countries, use a "lottery" scam, in which they tell vulnerable consumers they have won a large sum of money but must pay taxes or other charges in order to claim the winnings. The victims are then directed to send the money by wire, because wire transfers are fast, there are transfer agents in most communities, and funds can be picked up in multiple locations.

The problem of fraud-induced transfers is substantial. In 2003, a survey conducted by seven states of transfers over \$300 to Canada by another major money transfer company estimated that over 29 percent of those transfers were fraud-induced, resulting in consumer losses in the year 2002 of approximately \$113 million nationally.

Among the terms of the AVC just reached with MoneyGram are:

- Prominent warnings to consumers of the dangers of fraud-induced wire transfers must appear in English and Spanish on the front page of MoneyGram's Send Form, and comparable warnings are required for telephone and Web transfers. The warning is to occupy at least 40 percent of the area of the Send Form's front page.
- MoneyGram will pay \$1.1 million for a national consumer education program on how to avoid fraud-induced transfers, to be overseen by the AARP Foundation.
- MoneyGram will continue its current policy of reimbursing the amount of any transfer to a consumer who requests, prior to pickup, that the transfer be stopped, and reimbursing transfer fees as well if the consumer reasonably claims that the transfer was fraud-induced.
- MoneyGram will send prominent anti-fraud messages to its agents electronically every month or whenever a proposed transfer exceeds a certain amount, revise and enhance the anti-fraud training programs the company provides its agents, and provide special training to agents with elevated fraud levels at their locations.
- MoneyGram will take appropriate action to suspend or terminate agent locations that are involved in fraud or that do not take reasonable steps to reduce fraud.
- MoneyGram will block wire transfers from specific consumers or to specific recipients when the company receives information from a state that there are good faith grounds to believe that fraud will occur, until such time as the consumer is counseled on fraud and requests resumption of the transfer.
- MoneyGram will ensure that money transfers sent from the United States can only be picked up in the country designated by the sender, with a potential extension of this policy to the state or provincial level if the pickup of fraud-induced transfers in states or provinces to which consumers do not intend to send money becomes a significant problem in the future.

Also signing the AVC were the States of Alabama, Alaska, Arizona, Arkansas, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Texas, Utah, Vermont, Virginia, Washington, West Virginia and Wyoming, and the District of Columbia.

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