

**Development of Internet Gambling Regulations
Conference Call with MoneyGram**

Call Date & Time: May 2, 2008 / 10:00am EDT

MoneyGram: Tom Haider – Vice President of Government Affairs
Kristen Holovnia – Sr. Legal Counsel

FRB: Joseph Baressi, Chris Clubb, Joshua Hart

Treasury: Steven Laughton

MoneyGram offers to companies, or “billers,” located in the United States a service called ExpressPayment by which the billers may obtain payments expeditiously from their customers. Consumers located in the United States and certain Caribbean countries may utilize the ExpressPayment service to pay U.S. billers. As part of this service, a biller such as phone or utility company, provides to its consumer customer a reference number that uniquely identifies that biller to MoneyGram and that the consumer, in turn, takes to a MoneyGram send agent when utilizing ExpressPayment to initiate payment to that biller.¹ After the send agent enters the consumer’s payment information – including the biller’s reference number – into the MoneyGram network, the biller immediately receives notification from MoneyGram that the payment was initiated. The biller receives settlement from MoneyGram according to the terms of the biller’s agreement with MoneyGram. Settlement with a biller is typically made via ACH.

In establishing a customer relationship with a biller, MoneyGram employs risk-based due diligence depending upon the characteristics of the biller, including the nature of the biller’s business. For example, if the prospective biller is not a well known business, then MoneyGram employs comprehensive due diligence utilizing its “Know Your Agent” process which is similar to the customer identification program for banks. Conversely, if a biller is a well-known business such as a publicly-traded phone company or utility company, MoneyGram performs fairly minimal due diligence on that biller. MoneyGram does not knowingly enter into relationships with billers that are gambling businesses.

MoneyGram also elaborated on its view that the Government should maintain a list of entities to which unlawful Internet gambling payments should be blocked. Furthermore, since individuals or companies on the list may have identical names to law-abiding persons or businesses, the list should also include government-issued identification numbers and other descriptors that can be used to identify an entity to which unlawful Internet gambling payments should be blocked. Thus, if a transaction appeared to be destined for an individual on the list, the individual seeking to collect the payment could provide a valid government ID to prove that s/he is not the individual on the list, thereby enabling MoneyGram to release the blocked payment. MoneyGram noted, however, that verifiable government-issued ID numbers for recipients located in some foreign countries can be difficult to obtain.

¹ MoneyGram send agents are available at about 150,000 locations in 180 countries, but not all agents have the capability to initiate payments through MoneyGram’s ExpressPayment service.