



November 25, 2020

Policy Division  
Financial Crimes Enforcement Network (FinCEN)  
P.O. Box 39  
Vienna, VA 22183

Ann E. Misback  
Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue NW  
Washington, DC 20551

**Re: Bank Secrecy Act Funds Recordkeeping and Travel Rule Threshold Update  
(Docket No. FINCEN-2020-0002; RIN 1506-AB41)**

MoneyGram International appreciates the opportunity to comment on the proposed changes updating the Bank Secrecy Act (BSA) recordkeeping and travel rule. MoneyGram supports the Financial Crimes Enforcement Network (FinCEN) and the Federal Reserve Board lowering the threshold for the requirement to collect, retain, and transmit information on funds transfers and transmittals of funds that begin or end outside of the United States.

As you may know, MoneyGram is a global leader in omnichannel money transfer and payment services and is headquartered in Dallas, Texas. MoneyGram's innovative platform leverages its leading digital and physical network, global financial settlement engine, cloud-based infrastructure with integrated APIs, and unparalleled compliance program. MoneyGram provides consumers with affordable, reliable and fast money transfers to their family and friends. Whether online, in-app, at a kiosk, or any one of our nearly 390,000 agent locations, MoneyGram connects consumers whenever and wherever they need it.

As a registered money services business, MoneyGram operates in accordance with BSA requirements including developing and maintaining an effective AML program that is reasonably designed to prevent MoneyGram from being used to facilitate money laundering and the financing of terrorist activities, including conducting an independent assessment of the Company's AML program, providing BSA/AML compliance training to the Company's employees, among other controls. MoneyGram also maintains licenses in the 49 U.S. states that regulate MSBs and in several U.S. territories.

**MoneyGram Consumer Protection Standards**

In 2018, MoneyGram led the money transfer industry in new consumer protection measures by being first-to-market with requiring verification of consumer identification at \$1. MoneyGram implemented this new global consumer identification standard for all sends and receives, regardless of amount, by requiring customers to provide government-issued photo identification in order to transact with MoneyGram.

Our 390,000 agent locations implemented this change in every country we operate in be it supermarkets, banks, neighborhood convenience stores, or pharmacies. MoneyGram strongly believes that enhancing our identification policies and standardizing data requirements on every transaction globally protects our consumers and the integrity of our money transfer network. MoneyGram has seen a substantial reduction in our fraud rate after implementation of our new ID standard. As part of MoneyGram’s improved security measures, in addition to presenting a government-issued photo identification, MoneyGram consumers are required to provide their name, address, phone number and date of birth for every transaction, with additional data collection requirements for higher transaction amounts to comply with federal, state, or local law.<sup>1</sup>

Verifying and collecting consumer identification information at \$1 provides invaluable information to MoneyGram for aggregating transaction activity. For example, according to the 2010 Census, there were 44,935 people named John Smith in the United States. A law enforcement inquiry on the name John Smith, without significant identifying information, will match numerous transacting individuals, with no way to filter for a true match. However, if law enforcement asks for information on a John Smith and provides the identification number, MoneyGram may be able to provide transaction data on the actual individual. Moreover, by specifying the exact John Smith through relevant data, law enforcement opens up the possibility of MoneyGram’s Financial Intelligence Unit providing investigative support on the subject and could potentially also file a Suspicious Activity Report (SAR) on the activity. If law enforcement could work with all regulated financial institutions in this capacity, it would allow law enforcement to promptly investigate and map illicit networks.

### **Identification Standards in the Industry**

MoneyGram agrees with FinCEN and the Federal Reserve Board that potentially illicit fund transfers and transmittal of funds can and often do occur well below the \$3,000 threshold. Suspicious transactions can be structured for domestic or cross-border transactions at any dollar amount. Additional information on consumers can help improve effectiveness of compliance controls and consumer identification. More rigorous universal customer identification standards would act as a deterrent to bad actors and reduce suspicious activity across the industry.

An industry-wide practice of collecting customer data would be of value to law enforcement and national security authorities and provide financial institutions an opportunity to move the industry forward in reducing costs associated with fraud that impact all transactions. More rigorous universal customer identification standards would act as a deterrent to bad actors and reduce suspicious activity across the industry. This would ensure that bad actors don’t just turn away from one effective compliance system like MoneyGram’s, only to transact through an ineffective one operated by a competitor. The current regulatory environment allows for bad actors to shop around for compliance systems. Without the same standards, there is no way to collectively prevent scams, fraud, and other types of criminal activity. If the industry as a whole wants to establish a strong reputation for compliance, then stronger universal customer due diligence practices applied across the industry are a central prerequisite for protecting that reputation.

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<sup>1</sup> For example, Puerto Rico imposes recordkeeping and identification requirements on licensed money transmitters for all transactions, at any transaction amount. See, e.g., Puerto Rico Act No. 301-2018.

## Clarifications and Additional Comments

While MoneyGram supports the overall initiative taken by FinCEN and the Federal Reserve Board, MoneyGram respectfully requests certain clarifications and changes to the proposed rules.

### *Geographical Scope*

MoneyGram requests that FinCEN's proposed language provide substantive clarity for the intended geographical scope. The proposed amendment to 1010.410(e) states: "a financial institution other than a bank also is subject to the requirements of this paragraph (e) with respect to a transmittal of funds in the amount of \$250 or more that begins or ends outside the United States." The language seems to clearly require a U.S. nexus. However, the following sentence states: "for purposes of this paragraph (e), a transmittal of funds will be considered to begin or end outside the United States if a financial institution other than a bank knows or has reason to know that the transmitter, transmitter's financial institution, recipient, or recipient's financial institution is located in, is ordinarily resident in, or is organized under the laws of a jurisdiction other than the United States or a jurisdiction within the United States." It is unclear if regardless of where the sender or recipient are (both inside the United States or both outside the United States in addition to one party being outside the United States), how the new thresholds apply to specific transactions. MoneyGram kindly requests FinCEN clarify what it means by "or a jurisdiction within the United States."

### *Forms of Identification*

In order for financial institutions to obtain and record relevant information about consumers, FinCEN should clearly define the initial source of information and provide specific guidance about appropriate forms of identification to be used in conjunction with verification. Currently, FinCEN requires money transmitters to record "name and address, the type of identification reviewed, and the number of the identification document, as well as a record of the person's taxpayer identification number or, if none, alien identification number or passport number and country of issuance, or a notation in the record of the lack thereof..."<sup>2</sup>

MoneyGram recommends that required identification documents be government-issued photo identification. Detailed and verified information from a form of government identification about the consumer presents accurate data to recognize suspicious activity.

MoneyGram also strongly recommends against recordkeeping practices utilizing taxpayer identification numbers (e.g., social security or employer identification number). Providing taxpayer identification information is associated with a high level of risk of identity theft, particularly for non-established customers, and also carries a risk of data breaches and cyber attacks for MSBs collecting and storing such information. Consumers are reluctant to present social security or employer identification numbers given the many types of scams and fraudulent activity that can take place when that particular information is exploited. The Social Security Administration, the Internal Revenue Service, and other government entities consistently guide consumers to avoid giving out social security and employer identification numbers unnecessarily. The goals that FinCEN and the Federal Reserve Board desire to achieve can be accomplished using other forms of government-issued ID instead.

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<sup>2</sup> See 31 CFR Part 1022.

MoneyGram thanks FinCEN and the Federal Reserve Board again for providing an opportunity for financial institutions to comment on the proposed recordkeeping and travel rule changes. MoneyGram applauds FinCEN and the Federal Reserve Board's efforts and hopes that both entities will take into consideration the above-mentioned concerns. We welcome an opportunity to discuss the proposed amendments with you at your convenience.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read "Rob. Villaseñor".

Robert L. Villaseñor  
General Counsel and Corporate Secretary  
MoneyGram International, Inc