

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**OFFICE OF THE ATTORNEY GENERAL**  
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## **Attorney General Racine Announces Settlement with MoneyGram over Fraud-Based Wire Transfers**

*Settlement Improves Anti-Fraud Program and Includes \$13 Million for Consumer Restitution*

**WASHINGTON, D. C.** – Attorney General Karl A. Racine today announced a settlement with Dallas-based MoneyGram Payment Systems, Inc., resolving a multistate investigation focused on complaints from consumers defrauded by third parties who used MoneyGram’s wire-transfer services. In addition to the District of Columbia, 49 states participated in this settlement.

**“Con artists use a wide variety of schemes to persuade consumers to wire them money, and many of these schemes target seniors,”** said Attorney General Racine. **“The settlement we are announcing today will help strengthen safeguards against money-transfer scams and help educate consumers on how to protect themselves.”**

The settlement is over MoneyGram’s role in facilitating the transfer of funds in schemes such as:

- Relative-in-distress scams, in which a fraudster contacts a parent, grandparent or other relative and falsely claims that money must be wired to assist with a grandchild’s medical or legal emergency; and
- 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;

**“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,”** said Attorney General Racine. **“And consumers who are contacted about a friend, grandchild or other 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.”**

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The settlement has two main components. First, MoneyGram has agreed to maintain and continue to improve an 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 MoneyGram’s agents (stores where customers can wire money via MoneyGram) 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 telephonic and online hotline system where MoneyGram’s agents and employees can report non-compliance with anti-fraud measures;
- Sound mechanisms to evaluate actual fraud rates and consumer losses from fraud-induced money transfers for compliance purposes; and
- Continued enhancement of technology solutions, including MoneyGram’s Anti-Fraud Alert System (AFAS).

Second, MoneyGram has agreed to pay a total of \$13 million to the states to fund a nationwide consumer-restitution program and for the states’ costs and fees. The settlement provides for an independent third party settlement administrator who will review MoneyGram’s records and send notices regarding restitution to all consumers who are eligible to receive restitution under this settlement.

#### **For Consumers Who Believe They Are Victims**

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 United States to foreign countries other than Canada. More information about this settlement is available at the Settlement Administrator’s website: [www.MoneyGramSettlement.com](http://www.MoneyGramSettlement.com) or consumers can call the Attorney General’s consumer hotline at **(202) 442-9828**.

Attorney General Racine advises consumers to be careful when sending cash. **“Consumers should avoid paying for goods and services using money orders or wire transfers unless they are certain the payment is being sent to a trustworthy person or business,”** he said.

In addition to the District of Columbia, the following states participated in the settlement: Alabama, Alaska, Arizona, Arkansas, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

A copy of the settlement is attached.

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