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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

PA DEPT. OF BANKING

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING, BUREAU
OF COMPLIANCE, INVESTIGATION
AND LICENSING

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: Docket No. 100005 (ENF-CO)

v.

MONEYGRAM PAYMENT SYSTEMS, INC.

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking (the "Department"), Bureau of Examinations has conducted an examination (the "Examination") of MoneyGram Payment Systems, Inc. ("MoneyGram"), and its officers, employees and directors. Based on the results of the Examination, the Bureau of Compliance, Investigation and Licensing (the "Bureau") believes that MoneyGram operated in violation of the Act known as the Money Transmitter Act ("MTA"), 7 P.S. § 6101, *et seq.*, and the regulations promulgated in accordance with the MTA, 10 Pa. Code § 19, *et seq.* The parties to the above captioned matter, in lieu of litigation, hereby stipulate that the following statements are true and correct in the settlement of the above-captioned matter and, intending to be legally bound, hereby agree to the terms and conditions of this Consent Agreement and Order ("Order").

BACKGROUND

1. The Department is the Pennsylvania state governmental administrative agency authorized and empowered to administer and enforce the MTA and the regulations construing the MTA.

2. The Bureau is primarily responsible for administering and enforcing the MTA and its regulations for the Department.

3. MoneyGram is located at 1550 Utica Ave S, Minneapolis, MN 55416-5312 ("Corporate Office").

4. MoneyGram was incorporated in the State of Delaware on January 4, 1996.

5. MoneyGram is currently licensed as a money transmitter in Pennsylvania, license no. 0030, pursuant to the provisions of the MTA.

6. On August 20, 2009, examiners with the Department commenced an Examination of MoneyGram.

Capitalization

7. During the Examination, the examiners completed a comprehensive review of MoneyGram's financial statements.

8. The financial statements revealed that that MoneyGram had not maintained the required minimum net worth required for licensure for the month ending February 29, 2008.

10. Section 4(1) of the MTA provides that "[t]o qualify for a license hereunder an applicant shall (1) have a net worth of at least five hundred thousand dollars (\$500,000)." 7 P.S. § 6104(1).

11. By not maintaining the required minimum net worth as set forth in Section 4(1) of the MTA, MoneyGram did not qualify for licensure during the time period when it was undercapitalized.

12. MoneyGram became recapitalized by March 31, 2008, and has maintained adequate capitalization since that period.

13. MoneyGram maintains a surety bond in the amount of \$1,000,000 as required by the MTA.

Authority of the Department

14. Section 16 of the MTA provides, in relevant part, that

Any person who directly or through another violates or attempts to violate any provision of this act shall be guilty of a misdemeanor, and shall be fined not less than two thousand five hundred dollars (\$2,500), nor more than five thousand dollars (\$5,000) or shall be imprisoned not less than six months nor more than two years in the discretion of the court. Any person, whether licensed or not licensed under the provisions of this act, or any director, officer, employee or agent of any such person, who shall violate the provisions of this act or shall direct or consent to such violations shall be subject to a fine levied by the Department of Banking of up to two thousand dollars (\$2,000) for each offense.

See 7 P.S. § 6116 (emphasis added).

VIOLATIONS

15. MoneyGram is in violation of the Section 4(1) of the MTA by not maintaining the minimum capitalization required to hold a Money Transmitter License.

RELIEF

16. Fine. MoneyGram agrees to pay a fine of two thousand dollars (\$2,000) which shall be due and payable to the Department within 30 days of the Effective Date of this Order. The fine payment shall be remitted by a company check, certified check or money order made payable to the "Pennsylvania Department of Banking" and sent to the attention of Compliance Division, Bureau of Compliance, Investigation and Licensing, 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

17. Financials. MoneyGram agrees to submit to the Department bi-annual financial statements on-going until such time as the Department advises otherwise beginning with period

ending December 31, 2009. The financial statements must either be audited by a certified public accountant or attested to by an officer of the company as true and correct. The financial statements will be submitted within ninety (90) days of the period end date and shall include the following: (1) a narrative summary describing the overall financial condition of the company and financial trends (2) an explanation of any financial losses and (3) if there are financial losses the plan to return the company to profitability. Documentation shall be sent to the attention of Donald DeBastiani, Director, Bureau of Non-Depository Examinations, 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

FURTHER PROVISIONS

18. Consent. MoneyGram hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order and agrees that it understands all of the terms and conditions contained herein. MoneyGram, by voluntarily entering into this Order, waives any right to a hearing or appeal concerning the terms, conditions and/or penalties set forth in this Order.

19. Publication. The Department will publish this Order pursuant to its authority in Section 302.A.(5) of the Department of Banking Code. 71 P.S. § 733-302.A.(5).

20. Entire Agreement. This Order contains the whole agreement between the parties. There are no other terms, obligations, covenants, representations, statements, conditions, or otherwise, of any kind whatsoever concerning this Order. This Order may be amended in writing by mutual agreement by the Bureau and MoneyGram.

21. Binding Nature. The Department and MoneyGram intend to be and are legally bound by the terms of this Order.

22. Counsel. This Order is entered into by the parties upon full opportunity for legal advice from legal counsel.

23. Effectiveness. MoneyGram hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order ("Effective Date").

24. Other Enforcement Action.

a. The Department reserves all of its rights, duties, and authority to enforce all statutes, rules and regulations under its jurisdiction against MoneyGram in the future regarding all matters not resolved by this Order.

b. MoneyGram acknowledges and agrees that this Order is only binding upon the Department and not any other local, state or federal agency, department or office regarding matters within this Order.

25. Authorization. The parties below are authorized to execute this Order and legally bind their respective parties.

26. Counterparts. This Order may be executed in separate counterparts and by facsimile or pdf.

27. Titles. The titles used to identify the paragraphs of this document are for the convenience of reference only and do not control the interpretation of this document.

WHEREFORE, in consideration of the foregoing, including the recital paragraphs, the Department and MoneyGram intending to be legally bound, do hereby execute this Consent Agreement and Order.

**FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING, BUREAU OF
COMPLIANCE, INVESTIGATION AND LICENSING**

[Redacted]
Ryan M. Walsh, Administrator
Bureau of Compliance,
Investigation and Licensing
Department of Banking

Date: January 13, 2010

FOR MONEYGRAM PAYMENT SYSTEMS, INC.

[Redacted]
(Officer Signature)
[Redacted]
(Print Officer Name)
[Redacted]
(Title)
Date: [Redacted]