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FinCEN Fines Western Union Financial Services, Inc. for Past Violations of Anti-Money Laundering Rules In Coordinated Action with DOJ and FTC

Company Agrees to \$184 Million Penalty and Remedial Actions

Washington, D.C. – The Financial Crimes Enforcement Network (FinCEN) has assessed a \$184 million [civil money penalty](#) today against Western Union Financial Services, Inc. (WUFSI). WUFSI consented to FinCEN's determination that prior to 2012, WUFSI willfully violated the Bank Secrecy Act's anti-money laundering (AML) requirements by failing to implement and maintain an effective, risk-based AML program and by failing to file timely suspicious activity reports (SARs). FinCEN's penalty is in conjunction with actions by the U.S. Department of Justice (DOJ) and the U.S. Federal Trade Commission (FTC).

"This consent agreement with Western Union reflects that company's recognition of past shortcomings and the damage that can be done when there is a failure of a culture of compliance," said FinCEN Acting Director Jamal El-Hindi. "Money transmitters, large and small, play a critical role in the movement of legitimate funds around that world, and they also are of vital assistance to FinCEN and law enforcement in thwarting illicit activity. As such, it is imperative that they maintain appropriate safeguards to keep illicit actors from abusing their products, and take to heart that not all business is good business."

Collectively, WUFSI businesses comprise a network of approximately 500,000 agent locations in 200 countries and territories worldwide. U.S. AML rules require WUFSI, as a money services business, to have an effective AML program in place to prevent the company from being used to facilitate money laundering and the financing of terrorism. As part of their AML program, WUFSI needed to take reasonable steps to guard against the flow of illicit funds, including through its relationships with foreign agents and outlets. WUFSI violated this requirement by failing to conduct adequate due diligence (such as background checks and on-site reviews) on a number of its new agents and failing to conduct enhanced due diligence on certain Latin

America-based agent locations. As a result of WUFSI's willful AML violations, certain agent locations and outlets that WUFSI suspected were involved in fraud and money laundering were able to continue to use WUFSI's money transfer system to facilitate their illicit activity.

WUFSI used master agents along the U.S. southwest border with Mexico who would contract with subagents to deliver funds to recipients in Mexico (this model is known as the "Master Agent" model or "Master Payee" model). WUFSI failed to conduct or ensure that its master agents conducted onsite reviews of a number of these subagents. Despite its knowledge of the money laundering risks and the use of remittances to send narcotics proceeds to Mexico, WUFSI failed to collect sufficient information on the identity of its Mexican-based subagents. This prevented WUFSI from monitoring these agents to ensure that they were properly identifying the person obtaining money in Mexico.

WUFSI also failed to develop and implement policies and procedures that could be reasonably expected to detect and cause the reporting of suspicious transactions that led to unreasonable delay in filing thousands of SARs. The Bank Secrecy Act requires WUFSI to report transactions that it "knows, suspects, or has reason to suspect" are suspicious in SARs. Like other BSA filings, SARs play an important role in detecting possible criminal activity. FinCEN and law enforcement use SARs to, among other things, investigate money laundering, terrorist financing, and other serious criminal activity. Before 2012, in many cases, WUFSI took over 90 days to file on activity for which it had facts to constitute the basis for filing a SAR. Additionally, although WUFSI filed thousands of SARs on customers of its agent locations, it rarely filed SARs on its agent locations. WUFSI's practice was not to identify agent locations as "subjects" of SARs unless it found the agent location to be complicit. WUFSI typically only found an agent to be complicit if the agent was arrested, publicly identified to be implicated in illicit transactions, or if WUFSI's own investigation determined that the agent location was complicit. By not filing these SARs in a timely manner, WUFSI unnecessarily delayed reporting information that is critical for the U.S. government to detect and prevent illicit finance.

FinCEN's \$184 million civil money penalty is based on WUFSI's AML program failures and violations of its SAR filing obligations. Pursuant to the terms of the settlement agreement, FinCEN will deem its penalty fully satisfied by WUFSI's payment to the DOJ pursuant to the forfeiture order of \$586 million for the victims of fraud. WUFSI has also agreed to a number of remedial undertakings including increased scrutiny and periodic reporting regarding agent SAR reporting and disclosure of corrective actions taken against agents. FinCEN recognizes and extends its thanks to the many state partners for their contributions to our investigation and to the Department of Justice and the Federal Trade Commission for their partnership with FinCEN in coordinating this matter.

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FinCEN's mission is to safeguard the financial system from illicit use and combat money laundering and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities.