

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
FINANCIAL CRIMES ENFORCEMENT NETWORK**

IN THE MATTER OF:)
)
)
) **Number 2014-03**
New Milenium Cash Exchange, Inc. and)
Flor Angella Lopez)
Miami, FL)

ASSESSMENT OF CIVIL MONEY PENALTY

I. INTRODUCTION

The Financial Crimes Enforcement Network has determined that grounds exist to assess a civil money penalty against New Milenium Cash Exchange, Inc. (“NMCE” or “the MSB”) and its President and Owner, Flor Angella Lopez (“Ms. Lopez”), pursuant to the Bank Secrecy Act and regulations issued pursuant to that Act.¹

NMCE and Ms. Lopez admit to the facts set forth below and that their conduct violated the Bank Secrecy Act. NMCE and Ms. Lopez consent to the assessment of a civil money penalty and enter into the CONSENT TO THE ASSESSMENT OF CIVIL MONEY PENALTY (“CONSENT”) with the Financial Crimes Enforcement Network.

The CONSENT is incorporated into this ASSESSMENT OF CIVIL MONEY PENALTY (“ASSESSMENT”) by reference.

The Financial Crimes Enforcement Network has authority to investigate money services businesses (“MSBs”) for compliance with and violation of the Bank Secrecy Act pursuant to

¹ The Bank Secrecy Act is codified at 12 U.S.C. §§ 1829b, 1951-1959 and 31 U.S.C. §§ 5311-5314, 5316-5332. Regulations implementing the Bank Secrecy Act appear at 31 C.F.R. Chapter X (formerly 31 C.F.R. Part 103).

31 C.F.R. § 1010.810, which grants the Financial Crimes Enforcement Network “[o]verall authority for enforcement and compliance, including coordination and direction of procedures and activities of all other agencies exercising delegated authority under this chapter.” NMCE was a “financial institution” and a “money services business” within the meaning of the Bank Secrecy Act and its implementing regulations during the time relevant to this action. 31 U.S.C. § 5312(a)(2) and 31 C.F.R. §§ 1010.100(t) and (ff). The Internal Revenue Service, through the Small Business/Self-Employed Division (“IRS SB/SE”), examines MSBs for compliance with the Bank Secrecy Act under authority delegated from the Financial Crimes Enforcement Network. Since 2006, IRS SB/SE has conducted three exams of NMCE that identified repeated violations of the Bank Secrecy Act by NMCE. In addition, the Florida Office of Financial Regulation examined NMCE for anti-money laundering (“AML”) compliance and found violations that resulted in a written agreement requiring corrective actions and an administrative fine in 2011.

II. DETERMINATIONS

The Financial Crimes Enforcement Network conducted an investigation and determined that, since at least February 2008, NMCE and Ms. Lopez willfully violated the Bank Secrecy Act’s program, reporting, and recordkeeping requirements.

A. Failure to Register as a Money Services Business

The Bank Secrecy Act and its implementing regulations require certain MSBs to register with the Financial Crimes Enforcement Network by filing a Registration of Money Services Business (“RMSB”), and renewing the registration every two years. 31 U.S.C. § 5330 and 31 C.F.R. § 1022.380. NMCE was required to register with the Financial Crimes Enforcement

Network based on its status as both an independent check casher and as a foreign currency exchange dealer. 31 C.F.R. § 1022.380(a).

Ms. Lopez knew that the Bank Secrecy Act required timely and accurate registration as a money services business with the Financial Crimes Enforcement Network. Ms. Lopez appropriately filed an RMSB re-registration on behalf of NMCE on October 2, 2006, following a change in control at the MSB. However, Ms. Lopez subsequently failed to submit the necessary renewals for NMCE following the change in control. Because NMCE, through Ms. Lopez, failed to meet these renewal deadlines, NMCE conducted business without continuous registration for a period of approximately three years and one month. In addition, Ms. Lopez submitted RMSBs on behalf of NMCE in February and July 2011 that contained inaccurate information regarding the services rendered by the MSB.

B. Violations of the Requirement to Establish and Implement an Effective Written Anti-Money Laundering Program

As of July 24, 2002, the Bank Secrecy Act and its implementing regulations require MSBs to develop, implement and maintain an effective written AML program that is reasonably designed to prevent the MSB from being used to facilitate money laundering and the financing of terrorist activities. 31 U.S.C. §§ 5318(a)(2) and 5318(h); 31 C.F.R. § 1022.210. NMCE was required to implement a written AML program that, at a minimum: (a) incorporates policies, procedures and internal controls reasonably designed to assure ongoing compliance; (b) designates an individual responsible for assuring day to day compliance with the program and Bank Secrecy Act requirements; (c) provides training for appropriate personnel including training in the detection of suspicious transactions; and (d) provides for independent review to monitor and maintain an adequate program. 31 C.F.R. §§ 1022.210(c) and (d).

NMCE failed to develop, maintain, and implement an effective written AML program that adequately addressed each of the four minimum requirements. Because Ms. Lopez was the designated compliance officer for NMCE, it was her responsibility to understand how to comply with the Bank Secrecy Act, to ensure that the program was adequate for the risks associated with the MSB's business, to maintain the required records, and to file the required Bank Secrecy Act reports. Ms. Lopez's failure to fulfill these responsibilities resulted in the following violations. The MSB lacked adequate AML programs for its check cashing and money order activities as well as its currency exchange transactions. The policies, procedures and internal controls were inadequate to verify the identities of persons conducting transactions, to monitor for suspicious activities, to identify currency transactions exceeding \$10,000, and to ensure that NMCE filed the required currency transaction reports ("CTRs"). The internal controls were also inadequate for creating and retaining adequate Bank Secrecy Act records related to currency exchange. As NMCE's designated compliance officer, Ms. Lopez never conducted a Bank Secrecy Act/AML risk assessment of the MSB. NMCE's ability to detect suspicious transactions was adversely affected because no risk assessment was conducted and "red flags" were not included in the MSB's procedures for each type of business conducted until after May 18, 2011, when a revised AML program was implemented.

NMCE failed to designate a compliance officer suitably knowledgeable of Bank Secrecy Act regulations to assure that the MSB was in compliance with applicable requirements. During the 2011 examination by the IRS SB/SE, Ms. Lopez admitted to lacking specific knowledge of the CTR reporting requirements and the recordkeeping requirement for foreign currency transactions over \$1,000. Ms. Lopez also failed to establish an effective AML program, in part, by not recognizing the potential conflicts of interest in establishing a relationship with a

consultant that: (1) created NMCE's written AML program, (2) performed the only independent testing of the AML program, and (3) provided the only source of Bank Secrecy Act training for the MSB.

NMCE failed to provide adequate training and maintain records of such training for the designated compliance officer for several years. Since 2011, it has used a generic module that was provided by the consultant that also created its written AML program. The training was wholly inadequate. It was not comprehensive and was not tailored to the MSB's specific business lines and associated risks.

NMCE also failed to conduct an independent test of the MSB for more than six years. In 2012, the MSB engaged the same consultant to conduct its first independent test despite the potential conflicts of interest. In summary, NMCE and Ms. Lopez wholly failed to implement an effective AML program.

C. Violations of the Reporting and Recordkeeping Requirements

The Bank Secrecy Act imposes an obligation on MSBs to file a CTR of each deposit, withdrawal, exchange of currency, or other payment or transfer which involves a transaction in currency of more than \$10,000. 31 C.F.R. § 1010.311. MSBs must report currency transactions exceeding \$10,000, and must do so within 15 calendar days after the transaction occurs.

31 C.F.R. § 1010.306(a)(1). Multiple transactions must be treated as a single transaction if the financial institution has knowledge that (1) they are by or on behalf of the same person, and (2) they result in currency received (cash in) or currency disbursed (cash out) by the financial institution totaling more than \$10,000 during any one business day. 31 C.F.R. § 1010.313(b).

Ms. Lopez knew or should have known that the Bank Secrecy Act required the MSB to file timely CTRs for currency received or disbursed over \$10,000. Since 2010, NMCE has filed

51 CTRs totaling approximately one million dollars. All 51 CTRs were filed significantly late. NMCE, through Ms. Lopez, also failed to file at least 149 CTRs for currency received, or currency disbursed, for exchanges of currency with other financial institutions totaling more than \$10,000 from November 2007 through April 2012.² This represents a failure to file rate of 75%. The dollar amount involved with these transactions totaled approximately \$4.5 million.

The Bank Secrecy Act also imposes an obligation on currency dealers or exchangers, such as NMCE, to make and retain certain records. A currency dealer or exchanger must retain a record of each exchange of currency involving transactions in excess of \$1,000. 31 C.F.R. § 1022.410(b)(3). Ms. Lopez knew the recordkeeping requirements applicable to currency exchange transactions. NMCE was cited for recordkeeping violations applicable to currency exchange transactions during a prior examination for which Ms. Lopez had previously acknowledged the requirement in writing. During a 10-month period from May 2010 to March 2011, however, NMCE failed to obtain and record required information for 50% of the transactions it conducted.

III. CIVIL MONEY PENALTY

The Financial Crimes Enforcement Network has determined that NMCE and Ms. Lopez willfully violated the program, reporting and recordkeeping requirements of the Bank Secrecy Act and its implementing regulations, as described in the CONSENT, and grounds exist to assess a civil money penalty for these violations. 31 U.S.C. § 5321 and 31 C.F.R. § 1010.820.

The Financial Crimes Enforcement Network has determined that the penalty in this matter will be \$10,000.

² Each side of a currency exchange (currency received and currency disbursed) requires a CTR to be filed, denoting a separate reporting requirement for each financial institution involved in the transaction. 31 C.F.R. §§ 1010.310 and 1010.311.

IV. CONSENT TO ASSESSMENT

To resolve this matter, and only for that purpose, NMCE and Flor Angella Lopez (hereinafter referred to as “the Parties”) consent to the assessment of a civil money penalty in the sum of \$10,000 and admit to violating the Bank Secrecy Act’s program, recordkeeping, and reporting requirements.

The Parties recognize and state that they enter into the CONSENT freely and voluntarily and that no offers, promises, or inducements of any nature whatsoever have been made by the Financial Crimes Enforcement Network or any employee, agent, or representative of the Financial Crimes Enforcement Network to induce the Parties to enter into the CONSENT, except for those specified in the CONSENT.

The Parties understand and agree that the CONSENT embodies the entire agreement between the Parties and the Financial Crimes Enforcement Network relating to this enforcement matter only, as described in Section II above. The Parties further understand and agree that there are no express or implied promises, representations, or agreements between the Parties and the Financial Crimes Enforcement Network other than those expressly set forth or referred to in this document and that nothing in the CONSENT or in this ASSESSMENT is binding on any other agency of government, whether Federal, State or local.

V. RELEASE

Execution of the CONSENT, and compliance with the terms of this ASSESSMENT and the CONSENT, settles all claims that the Financial Crimes Enforcement Network may have against the Parties for the conduct described in Section II of this ASSESSMENT. Execution of the CONSENT, and compliance with the terms of this ASSESSMENT and the CONSENT, does not release any claim that the Financial Crimes Enforcement Network may have for conduct by

the Parties other than the conduct described in Section II of this ASSESSMENT, or any claim that the Financial Crimes Enforcement Network may have against any party other than NMCE or Ms. Lopez, such parties to include, without limitation, any other director, officer, owner, employee, or agent of NMCE. Upon request, NMCE shall truthfully disclose to the Financial Crimes Enforcement Network all factual information not protected by a valid claim of attorney-client privilege or work product doctrine with respect to the participation of its current or former directors, officers, employees, or agents in the conduct described in Section II of this ASSESSMENT.

By:

/S/

April 23, 2014

Jennifer Shasky Calvery

Date

Director

FINANCIAL CRIMES ENFORCEMENT NETWORK

U.S. Department of the Treasury