ILLINOIS ATTORNEY GENERAL LISA MADIGAN

PRESS RELEASE

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MADIGAN ANNOUNCES MULTI-STATE SETTLEMENT WITH MONEY-WIRING SERVICE

Chicago - Illinois Attorney General Lisa Madigan today announced a multi-state settlement with MoneyGram Payment Systems, Inc., in response to allegations that fraudulent telemarketers induced consumers to wire money using MoneyGram services. Madigan's office was one of nine states negotiating the settlement on behalf of 43 states and the District of Columbia.

According to the agreement, Minneapolis-based MoneyGram will pay $1.1 million for a national consumer awareness program coordinated by the AARP Foundation, which is involved in this effort because these scams commonly target seniors. The company also agreed to implement new preventative procedures, including posting prominent consumer warnings on the forms consumers fill out to wire money. The Attorneys General believe those changes will help MoneyGram to identify and deter these scams.

Wire services garnered the attention of the attorneys general because of the role wire transfers play in so many consumer fraud scams. Con artists often use a wide variety of stories to persuade consumers to wire them money with promises of some sort of financial gain, including counterfeit check schemes or international lottery scams in which consumers are told they have won a large sum of money but first have to wire money to pay taxes or other charges before claiming their winnings. In 2003, more than 29 percent of US – Canadian wire transfers of $300 or more were fraud-induced, resulting in consumer losses of approximately $113 million, according to a seven-state survey by another major money transfer company.

"Consumers who receive solicitations from strangers promising big bucks should toss those letters in the trash, delete the e-mail or hang up the phone," said Attorney General Madigan. "Anytime consumers are asked to wire money to someone they don't know, that should raise a red flag. If an offer sounds too good to be true, it probably is."

As part of the agreement, the company agreed to:

- Continue to reimburse any transfer to a consumer who requests, prior to pickup, that the transfer be stopped if the consumer reasonably claims that the transfer was fraud-induced,
- Send prominent anti-fraud messages to its agents every month or when a proposed transfer exceeds a certain amount,
- Revise the company's anti-fraud training programs and provide special training to agents with higher fraud rates,

- Suspend or terminate agent locations that are involved in fraud or that do not take reasonable steps to reduce fraud,
- Block wire transfers from specific consumers or to specific recipients when fraud is suspected,
- Ensure that money transfers sent from the United States can be picked up only in the country designated by the sender, and
- Pay $150,000 to the negotiating states of Arkansas, Illinois, Massachusetts, New Jersey, North Carolina, Ohio, Texas, Vermont and Washington.

The other states that participated in the settlement were Alabama, Alaska, Arizona, Arkansas, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Texas, Utah, Vermont, Virginia, Washington, West Virginia and Wyoming, and the District of Columbia.

Assistant Attorney General Rebecca Pruitt handled the case for Madigan's Consumer Fraud Bureau.

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