



February 11, 2016

MADIGAN ANNOUNCES MULTISTATE SETTLEMENT WITH MONEYGRAM

Chicago — Attorney General Lisa Madigan today announced a settlement with Dallas-based MoneyGram Payment Systems Inc. resolving a multistate investigation that focused on complaints from consumers who used MoneyGram's wire transfer service to send money to third parties involved in schemes to defraud consumers. Madigan's office was one of eight states leading settlement negotiations on behalf of 49 states and the District of Columbia.

Today's settlement is part Madigan's efforts to prevent fraud by targeting wire transfer services because of the role wire transfers play in many consumer fraud scams. Con artists often use a wide variety of tactics 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.

"Beware of unsolicited requests from strangers asking you to wire money in return for a big payday, which is the hallmark of a scam," said Madigan. "Immediately hang up the phone, throw the letter in the trash or delete the email, and report the contact to my Consumer Fraud Bureau so we can alert others to these scams."

The settlement has two main components: improved fraud detection and prevention, and financial restitution. According to the agreement, Dallas-based MoneyGram will improve its methods to help detect and prevent fraud by enhancing and maintaining a comprehensive anti-fraud program. The program must be documented in writing and at a minimum, must include the following:

- Mandatory and documented compliance training for agents and guidelines for when an agent's conduct warrants suspension or termination;
- Suspension or termination of agents who fail to take reasonable steps to reduce fraudulently induced money transfers;
- A telephone and online system where employees and agents can report noncompliance with anti-fraud measures;
- Methods to track and evaluate actual fraud rates and consumer losses from fraudulently induced money transfers in order to utilize that information to improve compliance; and
- Continued enhancement of technology solutions, including its Anti-Fraud Alert System (AFAS).

In addition to heightening its fraud detection and prevention efforts, MoneyGram has agreed to pay a total of \$13 million to the participating states to fund a nationwide consumer restitution program, and to cover the states' costs and fees. Illinois will receive \$375,000.

Under the agreement, an independent third party settlement administrator will review MoneyGram's records and send notices regarding restitution to all eligible consumers. Generally, consumers can qualify for retribution if they previously filed complaints with MoneyGram between July 1, 2008 and Aug. 31, 2009 related to fraudulently induced transfers sent from the U.S. to foreign countries other than Canada.

More information about this settlement is available at the settlement administrator's website: www.MoneyGramSettlement.com.

The other 48 states that participated in the settlement were Alabama, Alaska, Arizona, Arkansas, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, 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, Wyoming, and the District of Columbia.

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

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