

OMNEX GROUP, INC. AGENCY AGREEMENT

This Agency Agreement ("Agreement") is entered into between the agent signing below ("Agent") and Omnex Group, Inc., a California corporation ("Company") as of the latest date shown below (the "Effective Date"). The parties hereto desire that Agent offer the Company's international money transfer services by wire or electronic payment ("Money Transfer Services" or "Money Transfer") at the locations set forth below and on Annex B ("Locations"). The parties agree as follows:

1. Company hereby appoints Agent as its authorized delegate, agent, and trustee for the limited purpose of engaging in Money Transfer Services on behalf of Company in accordance with this Agreement and applicable laws. Agent will offer the Money Transfer Services from each of its Locations during its then current hours of operation.
2. The Company's Agency Agreement Terms and Conditions ("Terms and Conditions") are at all times incorporated herein by reference, including any amendments or revisions thereto. Any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Terms and Conditions. The Agent acknowledges that it has received a copy of the Terms and Conditions, has had an opportunity to review the Terms and Conditions, and agrees to be bound by all the terms and provisions of the Terms and Conditions. The Terms and Conditions may be periodically amended. Agent can review any changes at www.omnexgroup.com/terms. In order to access the Agreement, including the Terms and Conditions, electronically, Agent acknowledges that it will need a computer with an Internet connection; a current web browser; an email address; and sufficient storage space to save documents and/or an installed printer to print them. If any time Agent wishes to obtain a paper copy of the Agreement, including the Terms and Conditions, Agent may request a hard copy, free of charge, by contacting Company at 580 Sylvan Avenue, Englewood Cliffs, NJ 07632, or Facsimile: 866-355-0087, Attention: Deborah Boyce.
3. Agent will not initiate a Money Transfer transaction unless the sender has paid in advance the principal and all required fees. Agent will transmit details of all Money Transfers (and any related messages) to Company within 10 minutes after presentation thereof by the sender. Agent will not collect any fees or charges, other than those set by the Company, for any Money Transfer Services without Company's prior written approval; except that Agent may collect any applicable taxes which will be the sole responsibility of Agent.
4. Agent agrees to hold Trust Funds in trust for Company, to keep those funds separate from Agent's funds, to be absolutely liable for all funds coming into its possession for the Money Transfer Services, assumes all risk of loss with respect to such funds, including loss through theft, forgery, fraud, misappropriation, or embezzlement, and agrees to inform Company within 24 hours of learning of any such loss. All Company services, Trust Funds and Service Fees are the sole and exclusive property of the Company. Agent's financial records shall identify the Trust Funds as funds held in trust for the benefit of the Company. If Trust Funds become commingled with Agent's other funds, the total commingled funds are impressed with a trust and shall be payable to Company to the extent of amounts due. Agent agrees that its obligation to pay the Trust Funds and any applicable fees to the Company is not subject to any right or claim of setoff by Agent, and such Trust Funds and/or fees shall be due regardless of the presence or absence of any negligent act or omission on the part of Agent, Company, or any agents or employees of such parties. Should agent be in default, Company's remedies include, but are not limited to, the assumption of Agent's lease and operations as set forth in the Terms and Conditions.
5. Upon the termination of this Agreement, or at the direction of Company at any time, Agent agrees to return all equipment in good working order or pay Company. For the following not returned to Company in good working order, Agent agrees to pay for each (i) computer: \$392; (ii) thermal printer: \$132; (iii) tablet: \$106; (iv) \$ VX 520 debit terminal: \$255; and (v) VX 805 debit terminal: \$150.
6. This Agreement has an initial term of 3 years ("Term"), commencing on the Effective Date and continuing for successive one-year terms unless either party gives written notice of non-renewal at least 180 days before the end of the then-current Term. This Agreement may be terminated early, and/or the processing of Money Transfer Services may be suspended, in accordance with the Terms and Conditions.

Agent's Legal Name ("Agent"): _____ Doing Business As: _____

Street Address: _____

By my signature below, I certify that I have read and agree to the provisions set forth in this Agreement and to the Terms and Conditions posted at www.omnexgroup.com/terms.

AGENT

OMNEX GROUP, INC.

Signature: _____

Signature: _____

Name of Signer: _____

Name of Signer: _____

Title: _____

Title: _____

Date: _____

Date: _____

**Annex A
PERSONAL INDEMNITY AND GUARANTY**

In order to induce Company to enter into the Agency Agreement (the "Agreement") to which this Personal Indemnity and Guaranty is at all times incorporated, and in consideration thereof, the undersigned guarantor personally, individually, jointly and severally guaranties to Company the prompt payment in full by Agent of all sums and amounts payable under the Agreement and the prompt and complete performance by Agent of all other obligations thereunder. The guarantor agrees, without Company first having to proceed against Agent, to pay on demand all sums due and to become due to Company under the Agreement and all damages, losses, costs, attorney's fees and expenses which Company may suffer by reason of Agent's failure to pay or perform any obligation under the Agreement. This guaranty is an absolute, unconditional and continuing guaranty of payment. Company may at any time without the guarantor's consent, and without affecting or impairing the obligation of any of the guarantors hereunder, waive or amend any of the obligations of the Agent. No termination hereof shall be effected by the death of any or all of the undersigned. Guarantor waives notice of acceptance hereof and presentment, demand, protest and notice of nonpayment and any other demands and notices whatsoever, and waives all set offs and counterclaims. This indemnity and guaranty shall bind guarantor's respective administrators, trustees, successors and assigns, and shall inure to Company's successors and assigns. Guarantor understands and agrees that the Company's Agency Agreement Terms and Conditions ("Terms and Conditions") are incorporated by reference into the Agreement and contain material terms of the agreement between Agent and Company and guarantor and Company. Guarantor acknowledges that it has received a copy of the Terms and Conditions, has had an opportunity to review the Terms and Conditions, and agrees to be bound by all the terms and provisions of the Terms and Conditions. The Terms and Conditions may be periodically amended. Guarantor can review any changes at www.omnexgroup.com/terms. Guarantor may download or print a copy of the Terms and Conditions and may also request a hard copy of the Terms and Conditions by contacting Company at 580 Sylvan Avenue, Englewood Cliffs, NJ 07632, or Facsimile: 866-355-0087, Attention: Deborah Boyce.

Agent's Legal Name ("Agent"): _____ Doing Business As: _____

Street Address: _____

GUARANTOR

Name: _____

Signature: _____

Date: _____

Address: _____

Annex B
AGENT LOCATIONS
(All Locations must have the same owners and structure)

(D/B/A (if applicable)) (Address)

(D/B/A (if applicable)) (Address)

(D/B/A (if applicable)) (Address)

(D/B/A (if applicable)) (Address)

(D/B/A (if applicable)) (Address)

(D/B/A (if applicable)) (Address)

**Omnex Group, Inc. Agency Agreement
Terms and Conditions
Updated: 2021**

These Terms and Conditions govern each Agency Agreement (the “Agreement”) and are an integral part of the binding contract between Omnex Group, Inc. and the Agent.

1. Provision of Money Transfer Services.

- a. Agent will offer such additional services as Company or its affiliates may make available to Agent from time to time.
- b. Pursuant to the state specific restrictions listed below, Agent may appoint subagents provided that each proposed subagent is approved in writing by the Company and, if necessary, the state commissioner, and that the appointment complies with all other applicable state regulations.
- c. Agent acknowledges that it is subject to supervision, inspection, examination with or without notice, by the US Treasury Department and the applicable state regulators and commissioners.
- d. Agent agrees that while the Agreement is in effect, Company shall be its sole and exclusive provider of Money Transfer Services unless the Agent notifies Company in writing of its intention to use another money service provider and Company provides its written consent.

2. Base Compensation; Settlement and Accounting for Trust Funds; Adjustments.

- a. Agent’s base compensation shall be set from time to time by the Company. Company will be entitled to the balance of all fees charged for the Money Transfer Services in compliance with the Company’s rate schedules.
- b. “Trust Funds” are proceeds from the sale of services including, but not limited to, consumer fees and principal amounts of money transfers. Agent agrees to act in a fiduciary capacity and to hold Trust Funds in trust for Company and to keep those funds separate from Agent’s funds. It is expressly understood that Agent does not by operation of the Agreement acquire any right, title or interest of any kind in any of the Company’s services, Trust Funds or Service Fees. All such services, Trust Funds and Service Fees are the sole and exclusive property of the Company. Agent’s financial records shall identify the Trust Funds as funds and other property held in trust for the benefit of the Company.
- c. On such days and times as agreed to by the Company, Agent will deposit, in U.S. dollars, all amounts collected during the prior day(s) into a Trust Account. A “Trust Account” means a bank account maintained for the purpose of depositing Trust Funds. For any Agent-owned Trust Accounts, Agent shall (a) maintain the Trust Account at a federally insured financial institution that meets the requirements specified by Company from time to time; (b) direct its bank to provide Company all Trust Account activity and balance records and information as may be requested by Company from time to time; and (c) provide Company with 14 days’ advance written notice prior to changing the Trust Account in any manner. Company will make any necessary settlement calculations and daily settlement reports will be provided by the Company. If Agent seeks any adjustments in the Trust Account, it must notify Company in writing within 60 days after the event giving rise to such proposed adjustment. If Agent fails to make timely deposits, or a permitted ACH payment fails, Company may charge interest at the highest amount permitted by applicable law compounded monthly until the amount due is paid in full, in addition to the charges (“Service Fees”) listed on Annex B. Also, the Company may require Agent to take such steps and execute such documents necessary to allow Company to draw on the Trust Account on a daily basis to effectuate timely settlement.
- d. If Trust Funds become commingled with Agent’s other funds, the total commingled funds are impressed with a trust and shall belong and are payable to Company to the extent of amounts due Company from Agent.
- e. Agent shall safeguard and protect all Trust Funds in its capacity as a fiduciary or trustee entrusted with such cash or similar instruments for safekeeping.
- f. As used in this Section 2, “Agent” shall mean and include any officer, employee or representative, of Agent. Agent a) will be absolutely liable for all funds coming into its possession for the Money Transfer Services, b) will hold all such funds in trust for Company, avoid any commingling and assume all risk of loss with respect to such funds, including loss through theft, forgery, fraud, misappropriation, or embezzlement and c) must

inform Company within 24 hours of the time Agent learns of or has a reason to know of any loss due to theft, fraud, forgery, misappropriation, embezzlement or loss of payment instruments.

- 3. Confidential Information.** Agent will not at any time, whether during or subsequent to any Term of the Agreement, use or disclose to any person or entity any Confidential Information. For purposes of the Agreement, “Confidential Information” means financial or personal information provided by a sender or information about Company’s business, plans, sales, branding and marketing strategy, technology, pricing policies, products, financial condition and performance, including the Agreement and any other information which is not publicly available, whether oral or written. If any Confidential Information is sought by legal process, Agent shall promptly notify Company.
- 4. Advertising and Promotion.** Agent hereby agrees that Agent will at all times use its best efforts to develop, and expand the sale of Company services. Agent will use or display only advertising or promotional material in connection with Company that has been pre-approved in writing by Company and will display all advertising, promotional, informational materials or signage required by law provided by Company in accordance with Company’s instructions.
- 5. Supplies; Equipment; Telecommunications.**

 - a. Company will provide Agent with a copy of its Agent Training Manual (“Manual”), as updated from time to time, and the forms necessary for offering the Money Transfer Services. Agent agrees not to deviate from these forms without the express prior written approval of Company.
 - b. If Agent provides its own computer, Company will provide the specifications therefore and Agent shall be responsible for its repair and maintenance. Alternatively, the Company may provide a computer and other required equipment including tablets, and debit card terminals; in all instances, Agent shall be obligated, at its own expense, to provide telecommunications connectivity and capacity, and maintain all equipment in good working order. Company shall continue to own any computer or other equipment it provides to Agent and may repossess any such equipment at any time, with or without notice.
 - c. Upon the termination of the Agreement for any reason, or at the direction of Company for any reason, Agent hereby agrees to return all equipment in good working order or pay Company such amounts as specified in the Agreement for any equipment not returned to Company in good working order.
- 6. Compliance with Law; Service Requirements.**

 - a. Agent agrees that (i) it complies with the recordkeeping and reporting requirements under title 31 United States Code section 5311 et seq., 31 Code of Federal Regulations part 1022, section 1022.210, and other federal and state laws pertaining to money laundering. [L 2006, c 153, pt of §1; am L 2013, c 167, §13] and will continue to comply with all applicable laws, orders, rules and regulations, including all federal and state laws, signage requirements and obtain all governmental approvals, authorizations, consents or permits required for Agent to conduct business and offer the Money Transfer Services, (ii) it will be responsible for (a) referring suspicious transactions to Company’s Compliance Department and for reporting to the U.S. Government activity that appears to represent possible money laundering or other criminal or unusual activity and sending a copy of each report to Company; (b) refusing to complete any transaction that is reported as, or believed to be, suspicious; (c) training its employees at least annually on Bank Secrecy Act and anti-money laundering issues; (d) keeping proper books and records at its own expense containing full information relating to its transmission of money, including monies received and remittances sold, the names of remitters, the names of recipients and the terms of each transmission, and all other books and records as the U.S Government or the applicable state authorities shall require. Any records so required shall be maintained for at least five years or the time specified by the applicable law or regulations, if longer.
 - b. Agent is required to complete, at a minimum, an annual independent review of its level of compliance with applicable laws and regulations. The results of such independent review must be forwarded to Company. Failure to complete the independent review may result in Company scheduling an independent review with a third-party service party and billing Agent for the cost of such service, and termination of the Agreement.
 - c. It is Agent’s responsibility to maintain the current version of the Manual at each of Agent’s Locations, and to full comply therewith, as amended from time to time. Violation of the Manual may result in the imposition of Service Fees, and termination of the Agreement.
 - d. Agent is required to designate a Compliance Officer, and Agent hereby agrees to notify the Company if for any reason it chooses to change its previous designation.

- e. Agent is required to take and to successfully complete the annual AML/BSA training provided by the Company, failure to successfully complete this training will result in the Company limiting the Agent's access to the Company's services, and if the failure persists, may result in the Company terminating the Agreement.
- 7. Records.** All records of Money Transfer transactions (and the information included therein) are the property of Company, and will be subject to the Company's possession, audit and review, upon demand. Agent will use such records and information only in its performance of the Agreement and will not disclose same to any party other than Company, except as may be required by law.
- 8. Intellectual Property Rights.** All trademarks, service marks, copyrights and other intellectual property rights of Company will remain its exclusive property, and Agent will not assert any claim thereto. Agent will use such marks only while the Agreement is in effect, and strictly as instructed by Company, and will take reasonable care to protect them from infringement or damage.
- 9. Insurance.** Agent will maintain adequate insurance coverage to insure Agent and Company, as an additional named insured, from and against any claims that may arise in connection with the Money Transfer Services or activities on Agent's premises, including personal injury and property damage. Agent will provide Company with a copy of its applicable insurance policies within 30 days after execution of the Agreement.
- 10. Events of Default; Termination.**
- a. If any Event of Default shall occur, the Agreement may be terminated by Company, except as set forth below, on not less than 3 days' prior written notice to Agent, and upon such termination, all amounts payable hereunder will become immediately due and payable. "Event of Default" shall mean any of the following:
- i. a material adverse change in Agent's business or financial condition;
 - ii. any representation or warranty of Agent was incorrect when made, or subsequently becomes incorrect;
 - iii. Agent breaches any obligation under the Agreement, and such breach shall continue for 10 days, except for any breach as set forth in Section 10.b., after written notice from Company;
 - iv. any revocation or interruption of Agent's governmental authorization to conduct business;
 - v. any direct or indirect change in ownership or control of Agent;
 - vi. a sale of all or substantially all of Agent's assets; or
 - vii. Agent becomes the subject of voluntary or involuntary proceedings under laws related to bankruptcy, insolvency, reorganization, winding up or adjustment of debts, the appointment of a trustee, receiver, custodian or liquidator.
- b. Company may immediately terminate the Agreement if (i) Company discontinues Money Transfer Services in Agent's state or local jurisdiction (the "Territory"), (ii) Company determines that continuing Money Transfer Services within the Territory could violate any laws, rules or regulations, (iii) Agent is or, in the reasonable opinion of Company, may be violating any federal or state law applicable to Money Transmission Services, or (iv) Agent's actions create or may create, in the reasonable opinion of the Company, undue risk for the Company.
- c. It is understood and agreed by the parties that once Agent begins offering Company's products and services at Agent's location(s), any interruption of such services will result in damages for lost business and customer loyalty for Company that may be difficult to measure. **Therefore, in the event of a violation or a breach of the Agreement by Agent and to ensure that no such interruption occurs, Company may, as an alternative remedy to terminating the Agreement, immediately enter Agent's location(s) with its own employees and provide Company's money transfer services from Agent's location(s) at no expense to Company for the remainder of the term of the Agreement. Agent shall provide Company and its employees with full access to the premises to the extent necessary for Company to conduct its business, including, but not limited to providing Company with keys to the premises and adequate work space. Agent shall not receive any compensation relating to Company's money transfer services at Agent's premises nor shall Agent require Company to compensate Agent for use of its premises. Further, at Company's option, Agent shall assign to Company its premises lease or leases and shall cooperate in obtaining any consent, including the consent of Agent's landlord as may be required to effectuate the assignment. Any such assignment shall not**

relieve Agent from any obligations under the lease up to the date of the assignment nor shall Agent be relieved of any other expenses relating to its business, including but not limited to its any amounts owed to its trade creditors, including but not limited to, Company.

- d. Company's exercise of this remedy set forth in Section 10.c. shall not preclude Company from recovering monetary or other damages incurred as a result of Agent's violation or breach of its obligations under the Agreement.
- e. Upon termination of the Agreement for any reason:
 - i. At Company's request, Agent will render a full accounting of its operation of the Money Transfer Services hereunder, return all equipment and material provided by Company, and immediately remove all signs and materials containing the Company name or logos, and immediately cease holding itself out as providing any Company services.
 - ii. Company may provide a display showing telephone numbers and addresses of locations where Company services are available. If provided by Company, Agent will keep such notice conspicuously posted at each Location for 180 days following termination of the Agreement.
 - iii. Agent will refer all calls and consumer inquiries relating to the Money Transfer Services only to telephone numbers and contact points specified by Company, and Agent's obligations regarding any outstanding Money Transfer Services transaction will continue until such transaction has been completed and all related payments have been settled between Agent and Company.

11. Personal Indemnity and Guaranty. In order to induce Company to enter into the Agreement and in consideration thereof, Company requires that at all times there be a guarantor who personally, individually, jointly and severally guaranties to Company the prompt payment in full by Agent of all sums and amounts payable under the Agreement and the prompt and complete performance by Agent of all other obligations thereunder (the "Obligations"). If at any time there is no guarantor of Agent's Obligations, or no guarantor that is acceptable to the Company, in its sole discretion, then Company may terminate the Agreement. When a guaranty is executed in favor of Company, then, guarantor agrees, without Company first having to proceed against Agent, to pay on demand all sums due and to become due to Company under the Agreement and all damages, losses, costs, attorney's fees and expenses which Company may suffer by reason of Agent's failure to pay or perform any obligation under the Agreement. This guaranty is an absolute, unconditional and continuing guaranty of payment. Company may at any time without the guarantor's consent, and without affecting or impairing the obligation of any of the guarantors, waive or amend any of the obligations of the Agent. No termination of the guaranty shall be effected by the death of any or all of the persons executing the guaranty. The guarantor waives notice of acceptance and presentment, demand, protest and notice of nonpayment and any other demands and notices whatsoever, and waives all set offs and counterclaims. The indemnity and guaranty binds guarantor's respective administrators, trustees, successors and assigns, and shall inure to Company's successors and assigns.

12. Indemnification; Limitation of Liability.

- a. Agent will indemnify and hold Company harmless from and against any claims, losses, damages, costs, liabilities or expenses, including reasonable attorneys' fees incurred in the enforcement of the Agreement, any breach thereof, and in collecting any amount due from Agent.
- b. **IN NO EVENT SHALL EITHER PARTY OR ITS RESPECTIVE AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR SUBCONTRACTORS BE LIABLE TO THE OTHER PARTY, FOR LOST PROFITS, LOST REVENUES, LOST BUSINESS OPPORTUNITIES, OR EXEMPLARY, PUNITIVE, SPECIAL, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES, EVEN IF SUCH DAMAGES WERE FORESEEABLE, EXCEPT AS SPECIFICALLY SET FORTH IN SECTION 10(c).**
- c. **COMPANY'S CUMULATIVE LIABILITY FOR ALL LOSSES, CLAIMS, SUITS, CONTROVERSIES, BREACHES, OR DAMAGES FOR ANY CAUSE WHATSOEVER (INCLUDING THOSE ARISING OUT OF OR RELATED TO THE AGREEMENT) AND REGARDLESS OF THE FORM OF ACTION OR LEGAL THEORY SHALL NOT EXCEED THE AMOUNT OF FEES RECEIVED BY COMPANY PURSUANT TO THE AGREEMENT FOR MONEY TRANSFER SERVICES PERFORMED IN THE IMMEDIATELY PRECEDING 6 MONTHS.**

13. Assignment; Change in Ownership; Bankruptcy.

- a. Agent may not assign or otherwise transfer any interest in the Agreement, including any payments due, to any other person or entity including a successor in interest, whether by operation of law or otherwise

without Company's prior written consent. Company may assign or otherwise transfer the Agreement and its rights hereunder and may delegate its duties hereunder, in whole or in part, to any third party without the consent of Agent.

- b. Agent must notify Company in writing prior to any change in, business type, ownership or control of Agent which affects more than 10% of the shares, units, voting interests or economic interests of Agent, or if Agent ceases to exist as it exists as of the date of the Agreement, for whatever reason, upon which notice Company, at its sole option, may terminate the Agreement.
- c. Upon initiation of a bankruptcy case by or against Agent, Agent shall immediately give written notice to Company of such event so that Company can act to preserve any lien it might have under the Agreement or applicable law.
- d. If there is a change in ownership or control of Agent, the new and old owners shall be jointly and severally liable for all Money Transfer Services sold before or after the change in ownership until Company has received written notification of and consented in writing to such change of ownership.

14. Arbitration.

- a. At the option of the Company, any unresolved dispute, controversy or claim arising out of or relating to the Agreement, may be resolved exclusively by final and binding arbitration in New York, New York, in accordance with the Commercial Arbitration Rules of the American Arbitration Association in effect on the Effective Date. The prevailing party in any arbitration shall be entitled to reasonable attorneys' fees, including but not limited to fees expended to enforce any judgment, in addition to any other costs of the arbitration.
- b. This Section shall not prevent either party from seeking a temporary restraining order or other temporary or preliminary injunctive relief pending final resolution of any dispute, controversy or claim as contemplated hereunder. Notwithstanding the foregoing, if the Company does not choose to proceed with arbitration, section 16.2 shall apply.

15. Miscellaneous.

- a. No party will be liable for any default or delay in the performance of its obligations under the Agreement to the extent resulting from force majeure.
- b. The Agreement shall be governed by and construed solely in accordance with the laws of the State of New York (without regard to New York choice of law principals). In any proceeding to enforce the Agreement, each party irrevocably submits to the exclusive jurisdiction of the State and Federal courts located in New York, New York and waives any objection to proceedings in such courts on the basis of jurisdiction, venue or inconvenient forum. COMPANY AND AGENT IRREVOCABLY WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING ANY CLAIM RELATING TO OR ARISING UNDER THE AGREEMENT.
- c. Agent is an independent contractor. Nothing in the Agreement shall be construed to constitute either party as a partner, employee or agent of the other, except for the limited purpose of offering the Money Transfer Services as defined herein. Neither party shall have the authority to make any agreement or commitment, nor incur any liability on behalf of the other, nor be liable for any acts or omissions of the other, except as specifically provided herein.
- d. If any part of the Agreement is not enforceable, the remaining provisions shall remain valid and enforceable.
- e. The Agreement, including its recitals, Annexes and these Terms and Conditions, constitutes the entire and sole agreement between the parties with respect to the subject matter herein and therein and can be changed only by a writing signed by all parties, provided however, that the Company may modify these Terms and Conditions by publishing new versions and posting such new version at www.omnexgroup.com/terms. The Terms and Conditions applicable to the Money Transfer Services provided by Agent will be those in effect on the web page at the time the Agent provides such Money Transfer Services. A party's delay in the enforcing of any term or condition of the Agreement shall not be deemed a waiver of any breach. A party's waiver of a breach of any term or condition of the Agreement shall not be deemed a waiver of any subsequent breach.
- f. Sections 3, 10, and 12- 16 of these Terms and Conditions shall survive termination or expiration of the Agreement.

- 16. Notices.** All notices hereunder (other than those involving normal operational matters) shall be in writing and shall be delivered in person or sent by first class mail, express courier or facsimile, if to Agent at its address and appearing on the the Agreement and if to Company at 580 Sylvan Avenue, Englewood Cliffs, NJ 07632, or Facsimile: 866-355-0087, Attention: Deborah Boyce
- 17. Authorization.** The Agreement has been executed by the parties' duly authorized officers, and each person signing below represents that he or she has the authority to enter into this binding contract.
- 18. Electronic Signature.** Each authorized signer hereby consents and agrees that the signer's digital or electronic signature on the Agreement has the same effect as if the signer had signed in ink and shall be effective to bind each party to the Agreement, including these Terms and Conditions as incorporated therein and revised from time to time. The parties agree that any digitally or electronically signed document (including the Agreement) shall be deemed (a) to be "written" or "in writing," (b) to have been signed and (c) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or "printouts," if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of digitally or electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.
- 19. Agent's Acknowledgement.** Agent agrees and acknowledges that its obligation to pay the Trust Funds and any applicable fees to the Company is not subject to any right or claim of setoff by Agent, and such Trust Funds and/or fees shall be due regardless of the presence or absence of any negligent act or omission on the part of Agent, Company, or any agents or employees of such parties. If Agent is a partnership, corporation, limited liability company or other association, the individual(s) executing the Agreement on behalf of such entity, warrant(s) and represent(s) that Agent is validly organized and existing, and authorized to do business under the laws of the state in which it holds itself out as a resident, that the form of entity is as set forth in the Agreement, that the entity has lawful authority to enter into the Agreement, and that the execution of the Agreement by such individual(s) is binding in accordance with the terms and conditions hereof. If Agent consists of more than one person or entity, then the obligations imposed on Agent shall be joint and several.

SCHEDULE OF SERVICE FEES

Beginning 60 days after the Effective Date, Company may impose the following Service Fees for the violation indicated:

1. Use of incorrect bank deposit slip \$10.00 per deposit.
2. Bank charges for NSF checks plus an administration fee of \$25.00 for every check returned unpaid by Company's bank.

STATE - SPECIFIC REQUIREMENTS

For purposes of this section, all references herein to the term "Agent" shall be deemed to include, and shall apply to the fullest extent to, all sub-agents thereof, if any, however characterized.

Arizona Please see below for a current copy of the Arizona statute governing transmitters of money.

California In accordance with the California Financial Code and the terms of the Agreement: (a) Company, hereby appoints Agent with authority to receive transmission money on behalf of the licensee; (b) The Agent must make and keep accounts, correspondence, memorandums, papers, books, and other records as the California Commissioner by regulation or order requires and preserve the records for the time specified by the regulation or order; (c) Agent agrees that all money or monetary value, less fees due Agent as provided for and expressly set forth in the Agreement received by Agent for money transmission on behalf of Company shall be trust funds owned by and belonging to Company until the time when the money or an equivalent amount are remitted by Agent to Company in accordance with Section 2060(c)(3) of the California Financial Code; and (d) Agent agrees to operate at all times in full compliance with Sections 2060 -2063 of the California Financial Code and to remit all money in accordance with the provisions of Sections 2060-2063 of the California Financial Code.

Florida Agent hereby agrees to:

1. Authorized vendor must maintain all books, accounts, documents, files, and information necessary for determining compliance with the Florida Money Services Businesses Act, Fla. Stat. §§ 560.103 et seq., (the "Florida Act") and related rules for five years unless a longer period is required by other state or federal law.
2. Authorized vendor must comply with all state and federal laws and rules relating to the detection and prevention of money laundering, including, as applicable, Florida Act § 560.123, and 31 C.F.R. §§ 1010.306, 1010.311, 1010.312, 1010.313, 1010.340, 1010.410, 1010.415, 1022.320, 1022.380, and 1022.410.
3. Authorized vendor must maintain an anti-money laundering program in accordance with 31 C.F.R. § 1022.210, which must be reviewed and updated as necessary to ensure that the program continues to be effective in detecting and deterring money laundering activities.
4. Authorized vendor must provide each customer with a toll-free telephone number for the purpose of contacting licensee or authorized vendor or, in lieu of a toll-free telephone number, the address and telephone number of the Florida Office of Financial Regulation may be provided.
5. Authorized vendor shall report to licensee, immediately upon discovery, the theft or loss of currency received for a transmission or payment instrument.
6. Authorized vendor shall display a notice to the public, in such form as prescribed by rule, that authorized vendor is the authorized vendor of licensee.
7. Authorized vendor shall remit all amounts owed to licensee for all transmissions accepted and all payment instruments sold in accordance with the Agreement.
8. Authorized vendor shall hold in trust all currency or payment instruments received for transmissions or for the purchase of payment instruments from the time of receipt by licensee or authorized vendor until the time the transmission obligation is completed.
9. Authorized vendor shall not commingle the money received for transmissions accepted or payment instruments sold on behalf of licensee with the money or property of authorized vendor, except for making change in the ordinary course of authorized vendor's business, and ensure that the money is accounted for at the end of the business day.
10. Authorized vendor shall consent to examination or investigation by the Florida Office of Financial Regulation.
11. Authorized vendor shall adhere to the applicable state and federal laws and rules pertaining to a money services business.
12. Authorized vendor shall provide such other information or disclosure as may be required by rule.
13. Authorized vendor shall maintain at all times a copy of the Agreement at its primary business address.

Kentucky Pursuant to Kentucky KRS 286.11-035 Agent and Company expressly agree that: (i) Company designates Agent as its agent with authority to engage in money transmission on behalf of Company as authorized by KRS 286.11-035; (ii) Agent shall operate in full compliance with KRS 286.11-035, rules promulgated thereunder, and any order issued by the executive director pursuant to KRS 286.11-035, (iii) neither Agent nor the Company may appoint subagents; (iv) the Agent shall timely remit all money legally due the Company in accordance with the terms of the Agreement; (v) the Agent and Company are subject to regulation by the executive director; and (vi) Agent and Company shall comply with applicable federal and state law.

Maine: Pursuant to 32 MRSA §6117: Neither a licensee nor an authorized delegate may authorize subdelegates without the written consent of the administrator.

Maryland Pursuant to the Maryland Financial Institutions Code Annotated §§ 12-413; 12-414, Agent and Company expressly agree that (i) neither Company nor Agent may authorize subagents or subdelegates without the written consent of the Maryland Commissioner; (ii) all funds received by Agent from the sale of a payment instrument, less fees, shall constitute trust funds belonging to Company from the time the funds are received by Agent until the time when the funds are remitted to Company; and (iii) Agent shall report to Company the theft or loss of a payment instrument within 24 hours after the theft or loss.

Minnesota Pursuant to the Minnesota Money Transmitters Act Chapter 53B, (i) Agent and Company expressly agree that neither Company nor Agent may authorize subagents or subdelegates without the written consent of the Minnesota Commissioner and (ii) Agent hereby acknowledges and accepts that Company may cancel the Agreement at any time and without penalty upon direction to do so from the Minnesota Commissioner as a result of a violation of the Minnesota Money Transmitters Act, specifically §53B.21.

Nebraska Pursuant to Nebraska Money Transmitter Act Section 8-2739 Agent and Company expressly agree that: (i) Company designates Agent as its agent with authority to engage in money transmission on behalf of Company; (ii) neither Agent nor the Company may appoint subagents without the written consent of the director; (iii) the Agent and Company are subject to supervision and regulation by the director.

New York

1. Agent is authorized by Company to provide international Money Transmission Services by wire or electronic payment.
2. Agent shall not act on behalf of any consumer as a courier for the transmission of money, which activity would itself require Agent to be licensed as a money transmitter. All money orders sold (if any) by Agent shall not be retained and must be given to the purchasers of the instruments for their own delivery to the beneficiaries thereof.
3. Agent acknowledges that the state superintendent reserves the right to inspect, with or without prior notice to Company, Agent and the books and records of Agent. Any expenses incurred in making any such inspection shall be borne by Agent and/or reimbursed to Company if so expended by Company.
4. Agent shall not sell any money transmission instrument in New York unless the name of Company clearly appears on the face of the instrument; provided, however, that Company shall not condition its engagement as obligor under such an instrument upon the remittance of the sales proceeds from Agent.
5. Agent shall not sell any money transmission instrument in New York unless Agent has provided the state superintendent with a written and irrevocable consent to examine, have access to, and retain copies of all of its books and records, wherever maintained, relating to these activities.
6. Agent shall act only as authorized under the agency contract. In the event that Agent acts outside the scope of its authority, its contract shall be subject to cancellation, and Agent acknowledges that any such action may possibly subject Agent and/or Company to disciplinary action by the state superintendent.

North Carolina Pursuant to the North Carolina Money Transmitters Act, Licensees desiring to conduct licensed activities through authorized delegates in this State shall authorize each delegate to operate pursuant to an express written contract, which shall provide the following:

1. That neither a licensee nor an authorized delegate may authorize subdelegates without the written consent of the Commissioner.
2. A licensee shall issue a certificate of authority for each location at which it conducts licensed activities in this State through authorized delegates and the authorized delegate shall retain a record of this certificate for as long as the authorized delegate remains an authorized delegate of the Licensee. The authorized delegate shall post a copy of this certificate in public view at each location and the certificate shall state as follows: "Money transmission on behalf of

(*Licensee's Name*) is conducted at this location pursuant to the North Carolina Money Transmitters Act, N.C.G.S. § 53-208.41 et seq."

Pennsylvania No advertisement of Company's Money Transfer Service may make any reference to supervision or licensing other than by the following phrase: "Transmit Money By Check, Draft or Money Order By The Department of Banking, Commonwealth of Pennsylvania.

Texas In accordance to the requirements of the Texas Finance Code Chapter 151 *et seq.* the parties agree that this contract:

1. Appoints Agent with the authority to conduct money transmission on behalf of the Company;
2. This contract sets forth the nature and scope of the relationship between the Company and the Agent and the respective rights and responsibilities of the parties;
3. Agent hereby certifies that the Agent is familiar with and agrees to fully comply with all applicable state and federal laws, rules, and regulations pertaining to money transmission, including Chapter 151 of the Texas Finance Code and rules adopted under it, relevant provisions of the Bank Secrecy Act and the USA PATRIOT ACT, and Texas Finance Code Chapter 271;
4. Agent agrees to remit and handle money and monetary value in accordance with Chapter 151 Sections 151.403(b) and (c) of the Texas Finance Code;
5. Agent hereby agrees to accept money and monetary value in trust in accordance with Chapter 151 Section 151.404 of the Texas Finance Code;
6. Agent agrees to prepare and maintain records as required by Chapter 151 of the Texas Finance Code or a rule adopted under it or as reasonably requested by the Texas Commissioner of Banks;
7. Agent hereby consents to examination or investigation by the Texas Commissioner of Banks;
8. As an agent of Company, Agent is subject to regulation by the commissioner and, as part of the money transmitter regulations, the Texas Commissioner of Banks may suspend or revoke Agent's designation or require the Company to terminate Agent's appointment;
9. Agent hereby acknowledges receipt of Company's written policies and procedures required under Chapter 151, Subsection (b)(1) of the Texas Finance Code; and
10. Agent acknowledges that the Company has provided Agent with regulatory website addresses through which Agent can access Chapter 151 of the Texas Finance Code and rules adopted under it and the Bank Secrecy Act, the USA PATRIOT ACT, and Chapter 271 of the Texas Finance Code.

Virginia In accordance with § 6.2-1911. Conduct of business through authorized delegates of licensee.

The authorized delegate shall (i) comply with the provisions of this chapter and all other applicable state and federal laws and regulations; (ii) remit all sums owing to the licensee in accordance with the terms of the written agreement; (iii) permit the Commission to investigate or examine its business pursuant to § 6.2-1910; and (iv) be prohibited from using a subdelegate, or from otherwise designating or appointing another person to sell money orders or engage in money transmission business on behalf of the licensee.

Washington In accordance with WAC 208-690-035 (6)

1. Agent must operate hereunder in full compliance with Chapter 19.230 of the RCW and the rules adopted there under.
2. The authorized delegate is prohibited from using sub-delegates or conducting business from locations not authorized by the department.

Wyoming Agent hereby agrees to: (1) Company appoints you as an Agent with authority to engage in money transmission on behalf of Company; (2) neither Company nor an Agent may authorize sub delegates without the written consent of the Commissioner; and (3) Agent is subject to supervision and regulation.

Arizona (Also available at <https://www.azleg.gov/arsDetail/?title=6>)

6-1201. Definitions

In this chapter, unless the context otherwise requires:

1. "Authorized delegate" means a person designated by the licensee under section 6-1208.
2. "Check cashing" means exchanging for compensation a check, debit card payment order, draft, money order, traveler's check or payment instrument of a licensee for money delivered to the presenter at the time and place of the presentation.
3. "Control" means ownership of fifteen per cent or more of a licensee or controlling person, or the power to vote fifteen per cent or more of the outstanding voting securities of a licensee or controlling person. For the purpose of determining the percentage controlled by any one person, that person's interest shall be aggregated with the interest of any other person controlled by that person, by an officer, partner or authorized delegate of that person, or by a spouse, parent or child of that person.
4. "Controlling person" means a person directly or indirectly in control of a licensee.
5. "Engage in the business" means conducting activities regulated under this chapter more than ten times in any calendar year for compensation or in the expectation of compensation. For purposes of this paragraph, "compensation" means any fee, commission or other benefit.
6. "Foreign money exchange" means exchanging for compensation money of the United States government or a foreign government to or from money of another government at a conspicuously posted exchange rate at the time and place of the presentation of the money to be exchanged.
7. "Licensee" means a person licensed under this chapter.
8. "Location" means a place of business at which activity regulated by this chapter occurs.
9. "Money" means a medium of exchange that is authorized or adopted by a domestic or foreign government as a part of its currency and that is customarily used and accepted as a medium of exchange in the country of issuance.
10. "Money accumulation business" means obtaining money from a money transmitter as part of any activity that is carried on for financial gain if the money that is obtained by all persons acting in concert in the activity, in amounts of one thousand dollars or more, totals over fifty thousand dollars in the preceding twelve-month period. Money accumulation business does not include a person who is subject to the reporting requirements under 31 United States Code section 5313. The exception that is established by 31 United States Code section 5331, subsection (c), paragraph 1 does not apply to persons who are engaged in the money accumulation business.
11. "Money transmitter" means a person who is located or doing business in this state, including a check casher and a foreign money exchanger, and who does any of the following:
 - (a) Sells or issues payment instruments.
 - (b) Engages in the business of receiving money for the transmission of or transmitting money.
 - (c) Engages in the business of exchanging payment instruments or money into any form of money or payment instrument.
 - (d) Engages in the business of receiving money for obligors for the purpose of paying that obligor's bills, invoices or accounts.
 - (e) Meets the definition of a bank, financial agency or financial institution as prescribed by 31 United States Code section 5312 or 31 Code of Federal Regulations section 1010.100.
12. "Outstanding payment instruments" means unpaid payment instruments whose sale has been reported to a licensee.
13. "Payment instrument" means a check, draft, money order, traveler's check or other instrument or order for the transmission or payment of money sold to one or more persons whether or not that instrument or order is negotiable. Payment instrument does not include an instrument that is redeemable by the issuer in merchandise or service, a credit card voucher or a letter of credit.
14. "Permissible investment" means any of the following:
 - (a) Money on hand or on deposit in the name of the licensee.
 - (b) Certificates of deposit or other debt instruments of a bank, savings and loan association or credit union.
 - (c) Bills of exchange or time drafts that are drawn on and accepted by a bank, otherwise known as banker's acceptances, and that are eligible for purchase by member banks of the federal reserve system.
 - (d) Commercial paper bearing a rating of one of the three highest grades as defined by a nationally recognized organization that rates these securities.
 - (e) Securities, obligations or other instruments whose payment is guaranteed by the general taxing authority of the issuer, of the United States or of any state or by any other governmental entity or any political subdivision or instrumentality of a governmental entity and that bear a rating of one of the three highest grades by a nationally recognized investment service organization that has been engaged regularly in rating state and municipal issues for at least five years.
 - (f) Stocks, bonds or other obligations of a corporation organized in any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico or the several territories organized by Congress that bear a rating of one of the three highest grades by a nationally recognized investment service organization that has been engaged regularly in rating corporate securities for at least five years.
 - (g) Any receivable that is due to a licensee from its authorized delegate pursuant to a contract between the licensee and authorized delegate as prescribed in section 6-1208 if the amount of investment in those receivables does not exceed ninety per cent of the total amount of those receivables after subtracting the amount of those receivables that is past due or doubtful of collection.

15. "Responsible individual" means a person who is employed by a licensee and who has principal active management authority over the business of the licensee in this state that is regulated under this chapter.

16. "Trade or business" has the same meaning prescribed in section 162 of the internal revenue code of 1954 and includes the money accumulation business.

17. "Transmitting money" means the transmission of money by any means including transmissions within this country or to or from locations abroad by payment instrument, wire, facsimile, internet or any other electronic transfer, courier or otherwise.

18. "Traveler's check" means an instrument identified as a traveler's check on its face or commonly recognized as a traveler's check and issued in a money multiple of United States or foreign currency with a provision for a specimen signature of the purchaser to be completed at the time of purchase and a countersignature of the purchaser to be completed at the time of negotiation.

6-1202. License required

A. A person shall not sell or issue payment instruments, engage in the business of receiving money for transmission or transmitting money, engage in the business of exchanging payment instruments or money into any form of money or payment instrument or engage in the business of receiving money for an obligor for the purpose of paying that obligor's bills, invoices or accounts without first obtaining a license as provided in this chapter or becoming an authorized delegate of a licensee with respect to those activities. A licensee is under the jurisdiction of the department. A person who is not licensed under this chapter or who is not an authorized delegate of a licensee with respect to those activities is presumed to be engaged in a business that is regulated by this chapter and that requires a license if the person advertises, solicits or holds himself out as being in the business of selling or issuing payment instruments, of receiving money for transmission or transmitting money or of converting one form of money to another form of money.

B. No person other than a corporation or limited liability company organized and in good standing under the laws of the state of its incorporation or formation or a corporation or limited liability company organized under the laws of a country other than the United States and in good standing under the laws of the country of its incorporation or formation and authorized to do business in this state may apply for or be issued a license as provided in this chapter.

C. A person engages in business activity regulated by this chapter in this state if any of the following applies:

1. Conduct constituting any element of the regulated activity occurs in this state.
2. Conduct occurs outside this state and constitutes an attempt, offer or conspiracy to engage in the activity within this state and an act in furtherance of the attempt, offer or conspiracy occurs within this state.
3. As part of a business activity described by this section a person knowingly transmits money into this state or makes payments in this state without disclosing the identity of each person on whose behalf money was transmitted or payment was made.

6-1203. Exemptions

A. This chapter does not apply to:

1. The United States or any department or agency of the United States.
2. This state, including any political subdivision of this state.

B. This chapter does not apply to the following if engaged in the regular course of their respective businesses, except that the provisions of article 2 of this chapter apply to:

1. A bank, financial institution holding company, credit union, savings and loan association or savings bank, whether organized under the laws of any state or the United States when the term "money transmitter" is used.
2. A person who engages in check cashing or foreign money exchange and engages in other activity regulated under this chapter only as an authorized delegate of a licensee acting within the scope of the contract between the authorized delegate and the licensee.
3. A person licensed pursuant to chapter 5, 6, 7 or 8 of this title, chapter 9, article 2 of this title, chapter 12.1 of this title or title 32, chapter 9.

6-1204. Application for license; fees

A. Each application for a license shall be made in writing, under oath and in the form prescribed by the superintendent. The application shall contain at least the following:

1. Copies of the articles of incorporation for the applicant, a listing of all trade names or fictitious names used by the applicant and other information concerning the corporate status of the applicant.
2. The address of the applicant's principal place of business, the address of each location where the applicant intends to transact business in this state, including any branch offices, and the name and address of each location of any authorized delegates.
3. For each executive officer and director of the applicant and for each executive officer and director of any controlling person, unless the controlling person is a publicly traded company on a recognized national exchange and has assets in excess of four hundred million dollars, a statement of personal history in the form prescribed by the superintendent.
4. An identification statement for each branch manager and responsible individual including all of the following:
 - (a) Name and any aliases or previous names used.
 - (b) Date and place of birth.
 - (c) Alien registration information, if applicable.
 - (d) Employment history and residence addresses for the preceding fifteen years.
 - (e) Social security number.
 - (f) Criminal convictions, excluding traffic offenses.
5. The name and address of each authorized delegate.

6. The identity of any account in any financial institution through which the applicant intends to conduct any business regulated under this chapter.

7. A financial statement audited by a licensed independent certified public accountant.

B. Each application shall be accompanied by the nonrefundable application fee and an annual fee as prescribed in section 6-126.

6-1205. Bond required; conditions; notice; cancellation; substitution

A. Each application for a license shall be accompanied by and each licensee shall maintain at all times a bond executed by the licensee as principal and a surety company authorized to do business in this state as surety. The bond shall be in the amount of twenty-five thousand dollars for a licensee with five or fewer authorized delegates and locations, one hundred thousand dollars for a licensee with more than five but fewer than twenty-one authorized delegates and locations and an additional five thousand dollars for each authorized delegate and location in excess of twenty but fewer than two hundred one authorized delegates and locations, to a maximum of two hundred fifty thousand dollars and an additional five thousand dollars for each authorized delegate and location in excess of two hundred authorized delegates and locations, to a maximum of five hundred thousand dollars.

B. The bond shall be conditioned on the faithful compliance of the licensee, including its directors, officers, authorized delegates and employees, with this chapter. The bond shall be payable to any person injured by the wrongful act, default, fraud or misrepresentation of the licensee, his authorized delegates or his employees or to the state for the benefit of the person injured. Only one bond is required for any licensee irrespective of the number of officers, directors, locations, employees or authorized delegates of that licensee.

C. The bond shall remain in effect until cancelled by the surety, which cancellation may be had only after thirty days' written notice to the superintendent. That cancellation does not affect any liability incurred or accrued during the thirty day period.

D. In lieu of the bond prescribed in this section, an applicant for a license or a licensee may deposit with the superintendent cash or alternatives to cash acceptable to the superintendent in the amount of the required bond. Notwithstanding section 35-155, subsection E, the principal amount of the deposit shall be released only on written authorization of the superintendent or on the order of a court of competent jurisdiction. The principal amount of the deposit shall not be released to the licensee before the expiration of five years from the first occurrence of any of the following:

1. The date of substitution of a bond for a cash alternative unless the superintendent determines in his discretion that the bond constitutes adequate security for all past, present or future obligations of the licensee. After that determination, the cash alternative may be immediately released.
2. The surrender of the license.
3. The revocation of the license.
4. The expiration of the license.

E. Notwithstanding subsections A through D of this section, if the required amount of the bond is reduced, whether by change in the number of authorized delegates or locations or by legislative action, a cash deposit in lieu of that bond shall not be correspondingly reduced but shall be maintained at the higher amount until the expiration of three years from the effective date of the reduction in the required amount of that bond unless the superintendent in his discretion determines otherwise.

6-1205.01. Net worth requirements

A. Each applicant for a license shall have and each licensee shall maintain at all times a net worth of at least one hundred thousand dollars, calculated according to generally accepted accounting principles.

B. Any licensee who is engaged in the business regulated under this chapter at more than one location pursuant to section 6-1207 or through authorized delegates pursuant to section 6-1208 shall have an additional net worth of fifty thousand dollars for each location or authorized delegate located in this state, as applicable, to a maximum of five hundred thousand dollars.

C. A licensee whose business conducts a total of more than five hundred thousand dollars in transactions that involve transmitting money in an amount of one thousand dollars or more during the preceding year shall maintain net worth in addition to the amounts required by subsections A and B of this section. The additional net worth shall be not less than ten per cent of the total of such transactions conducted in this state, calculated according to generally accepted accounting principles to a maximum of five hundred thousand dollars.

6-1206. Issuance of license; renewal

A. On the filing of a complete application, the superintendent shall investigate the financial condition and responsibility, financial and business experience, character and general fitness of the applicant. In his discretion, the superintendent may conduct an on-site investigation of the applicant, the reasonable cost of which shall be borne by the applicant. The superintendent shall issue a license to an applicant if the superintendent finds that all of the following conditions are met:

1. The applicant has complied with sections 6-1204, 6-1205 and 6-1205.01.
2. The competence, experience and integrity of the officers, directors and controlling persons and any proposed management personnel indicate that it would be in the interest of the public to permit such person to participate in the affairs of a licensee.
3. The applicant has paid the required license fee.

B. The superintendent shall approve or deny every application for an original license within one hundred twenty days after the date an application is complete, which period may be extended by the written consent of the applicant. The superintendent shall notify the applicant of the date on which the application is determined to be complete. In the absence of approval or denial of the application or consent to the extension of the one hundred twenty day period, the application is deemed approved and the superintendent shall issue the license effective as of the first business day after that one hundred twenty day period or any extended period.

C. A licensee shall pay a renewal fee as prescribed in section 6-126 on or before November 1 of each year. The renewal fee shall be accompanied by a renewal application in the form prescribed by the superintendent. A license for which no renewal fee and application have been received by November 1 shall be suspended. A licensee may renew a suspended license no later than December 1 of the year of expiration by paying the renewal fee plus one hundred dollars for each day the renewal fee and application were not received by the superintendent. A license expires on December 1 of each year, unless earlier renewed, surrendered or revoked. A license shall not be granted to the holder of an expired license or to an incorporator, director or officer of the holder of an expired license except on compliance with the requirements provided in this article for an original license.

6-1207. Principal and branch offices; notices

A. A licensee shall designate and maintain a principal place of business for the transaction of business regulated by this chapter. If a licensee maintains one or more places of business in this state, the licensee shall designate a place of business in this state as its principal place of business for purposes of this section. The licensee shall specify the address of the principal place of business and shall designate a responsible individual for its principal place of business.

B. If a licensee maintains one or more locations in this state in addition to a principal place of business, and those locations are to be under the control of the licensee and not under the control of authorized delegates as prescribed in section 6-1208, the licensee shall obtain a branch office license from the superintendent for each additional location by filing an application as required by the superintendent at the time the licensee files its license application. If branch offices are added by the licensee, the licensee shall file with the superintendent an application for a branch office license with the licensee's next quarterly fiscal report prescribed by section 6-1211. The superintendent shall issue a branch office license if the superintendent determines that the licensee has complied with the provisions of this subsection. The license shall indicate on its face the address of the branch office and shall designate a manager for each branch office to oversee that office. The superintendent may disapprove the designated manager then or at any later time if the superintendent finds that the competence, experience and integrity of the branch manager warrants disapproval. A person may be designated as the manager for more than one branch. The licensee shall submit a fee as prescribed in section 6-126 for each branch office license.

C. A licensee shall prominently display the money transmitter license in its principal place of business and the branch office license in each branch office. Each authorized delegate shall prominently display at each location a notice in a form prescribed by the superintendent that indicates that the authorized delegate is an authorized delegate of a licensee under this chapter.

D. If the address of the principal place of business or any branch office is changed, the licensee shall immediately notify the superintendent of the change. The superintendent shall endorse the change of address on the license for a fee as prescribed in section 6-126.

6-1208. Authorized delegates of licensee; reports

A. A licensee may conduct the business regulated under this chapter at one or more locations in this state through authorized delegates designated by the licensee.

B. Each contract between a licensee and an authorized delegate shall require the authorized delegate to operate in full compliance with the law and shall contain as an appendix a current copy of this chapter. The licensee shall provide each authorized delegate with operating policies and procedures sufficient to permit compliance by the delegate with the provisions of title 13, chapter 23 and this chapter and rules adopted pursuant to this chapter. The licensee shall promptly update the policies and procedures to permit compliance with those laws and rules.

C. An authorized delegate is not liable for any obligation imposed on its licensee by this chapter with respect to the business for which it is a delegate. On suspension or revocation of a license or the failure of a licensee to renew its license, the superintendent shall notify all delegates of the licensee who are on record with the department of the department's action. On receipt of this notice, an authorized delegate shall immediately cease to operate as a delegate of that licensee.

6-1209. Cease and desist orders; examinations

A. In addition to his authority under section 6-137, the superintendent may issue an order to cease and desist against a licensee, requiring the licensee to cease conducting its business through an authorized delegate and to take appropriate affirmative action, pursuant to section 6-137, if the superintendent finds that:

1. The authorized delegate has violated, is violating or is about to violate any applicable law or rule or order of the superintendent.
2. The authorized delegate has failed to cooperate with an examination or investigation by the superintendent or the attorney general authorized by this title.
3. The competence, experience, integrity or overall moral character of the authorized delegate or any controlling person of the authorized delegate indicates that it would not be in the interest of the public to permit that person to participate in the business regulated under this chapter.
4. The financial condition of the authorized delegate is such that it might prejudice the interests of the public in the conduct of the business regulated under this chapter.
5. The authorized delegate has engaged, is engaging or is about to engage in any unsafe or unsound act, practice or transaction or an act, practice or transaction that constitutes a violation of this title or of any rule or order of the superintendent.

B. Any business for which a license is required by this chapter conducted by an authorized delegate outside the scope of authority conferred in the contract between the authorized delegate and the licensee is unlicensed activity. An authorized delegate of a licensee holds in trust for the benefit of the licensee all monies received from the sale or delivery of the licensee's payment instruments or monies received for transmission. If an authorized delegate commingles any such monies with any monies or other property owned or

controlled by the authorized delegate, a trust against all commingled proceeds and other monies or property owned or controlled by the authorized delegate is imposed in favor of the licensee in an amount equal to the amount of the proceeds due the licensee.

C. An authorized delegate is subject to examination by the superintendent at the discretion of the superintendent. The licensee is responsible for the payment of an assessment for the examination of its authorized delegates to the extent that the examination relates to the activities conducted by the authorized delegate on behalf of the licensee. That assessment shall be made at the rate set by the superintendent for examination of an enterprise pursuant to section 6-125, subsection B, and payment of that assessment shall be made as prescribed by section 6-125.

6-1210. Suspension or revocation of licenses

The superintendent may suspend or revoke a license if the superintendent finds any of the following:

1. The licensee has made a material misstatement or suppressed or withheld information on an application for a license or any document required to be filed with the superintendent.
2. A fact or condition exists that, if it had existed or had been known at the time the licensee applied for its license, would have been grounds for denying the application.
3. The licensee is insolvent as defined in section 47-1201.
4. The licensee has violated any provision of title 13, chapter 23, this chapter or rules adopted pursuant to this chapter or any order of the superintendent.
5. An authorized delegate of the licensee has violated any provision of title 13, chapter 23, this chapter or rules adopted thereunder or any order of the superintendent as a result of a course of negligent failure to supervise or as a result of the wilful misconduct of the licensee.
6. The licensee refuses to permit the superintendent or the attorney general to make any examination authorized by this title.
7. The licensee knowingly fails to make any report required by this chapter.
8. The licensee fails to pay a judgment entered in favor of a claimant, plaintiff or creditor in an action arising out of the licensee's business regulated under this article within thirty days after the judgment becomes final or within thirty days after expiration or termination of a stay of execution or other stay of proceedings, whichever is later. If execution on the judgment is stayed by court order, operation of law or otherwise, proceedings to suspend or revoke the license for failure of the licensee to comply with that judgment may not be commenced by the superintendent under this subsection until thirty days after that stay.
9. The licensee has been convicted in any state of a felony or of any crime involving a breach of trust or dishonesty.

6-1211. Reports

Each licensee shall file with the superintendent within forty-five days after the end of each fiscal quarter a consolidated financial statement including a balance sheet, income and expense statements and a list of all authorized delegates, branch managers, responsible individuals and locations within this state that have been added or terminated by the licensee within the fiscal quarter. Information regarding branch managers and responsible individuals shall include the information prescribed in section 6-1204, subsection A, paragraph 4. For locations and authorized delegates, the licensee shall include the name and street address of each location and authorized delegate.

6-1212. Permissible investments

A. Every licensee shall maintain at all times permissible investments that comply with either of the following:

1. A market value computed in accordance with generally accepted accounting principles of not less than the aggregate amount of all of its outstanding payment instruments.
2. A net carrying value computed in accordance with generally accepted accounting principles of not less than the aggregate amount of all of its outstanding payment instruments, provided the market value of these permissible investments is at least ninety-five per cent of the net carrying value.

B. Notwithstanding any other provision of this chapter, the superintendent, with respect to any particular licensee or all licensees, may limit the extent to which any class of permissible investments as defined in section 6-1201 may be considered a permissible investment, except for money and certificates of deposit. The superintendent may by rule prescribe or by order allow other types of investments which the superintendent determines to have substantially equivalent safety as other permissible investments to be considered a permissible investment under this chapter.

6-1213. Records

A. Each licensee shall keep and use in its business books, accounts and records in accordance with generally accepted accounting principles that will enable the superintendent to determine whether that licensee is complying with the provisions of this chapter. Each licensee and authorized delegate shall preserve its records for at least five years after making the final entry on any transaction. Each authorized delegate shall keep records as required by the superintendent.

B. For each authorized delegate, the licensee shall maintain records that demonstrate that the licensee conducted a reasonable background investigation of each authorized delegate. A licensee shall preserve those records for at least five years after the authorized delegate's most recent designation by the licensee. For an authorized delegate designated after November 1, 1991, the records shall be available at all times, and for an authorized delegate designated on or before November 1, 1991, the records shall be available at all times after November 1, 1992.

C. The records of the licensee regarding the business regulated under this chapter shall be maintained at its principal place of business or, with notice to the superintendent, at another location designated by the licensee. If the records are maintained outside this state, the superintendent may require that the licensee make those records available to the superintendent at his office not more than five

business days after demand. The superintendent may further require that those records be accompanied by an individual who is available to answer questions regarding those records and the business regulated under this chapter. The superintendent may require the appearance of a specific individual or may request the licensee to designate an individual knowledgeable with regard to the records and the business. The individual appearing with the records shall be available to the superintendent for up to three business days.

D. On-site examinations of records prescribed by this chapter may be conducted in conjunction with representatives of other state agencies or agencies of another state or of the federal government as determined by the superintendent. In lieu of an on-site examination, the superintendent may accept the examination report of an agency of this state or of another state or of the federal government or a report prepared by an independent licensed certified public accountant. Joint examination or acceptance of an examination report shall not be deemed a waiver of examination assessments provided by law, and joint reports and reports accepted under this subsection are considered an official report of the department for all purposes. Information obtained by examinations prescribed by this article shall be disclosed only as provided in section 6-129.

6-1214. Liability of licensees

Each licensee is liable for the payment of all moneys covered by payment instruments that it sells or issues in any form in this state whether directly or through an authorized delegate and whether as a maker or drawer or as money received for obligors or for transmission by any means whether or not that instrument is a negotiable instrument under the laws of this state.

6-1215. Notice of source of instrument; transaction records

A. Every payment instrument sold by a licensee directly or through an authorized delegate shall bear the name of the licensee and a unique consecutive number clearly stamped or imprinted on it.

B. For every transaction involving the receipt of money from a customer, the licensee or authorized delegate who receives the money shall maintain written records of the transaction. The records may be reduced to computer or other electronic medium. The records collectively shall contain the name of the licensee, the street address of the location where the money was received, the name and street address of the customer if reported to the licensee or authorized delegate, the approximate date of the transaction, the name or other information from which, together with other contemporaneous records, the superintendent can determine the identity of those employees of the licensee or authorized delegate who may have conducted the transaction and the amount of the transaction. The information required by this section shall be available through the licensee or authorized delegate who received the money for at least five years from the date of the transaction.

6-1216. Acquisition of control

A. A person shall not directly or indirectly acquire control of a licensee or controlling person without the prior written approval of the superintendent, except as otherwise provided by this section.

B. An application for approval to acquire control of a licensee shall be in writing in a form prescribed by the superintendent and shall be accompanied by information as the superintendent may require. The application shall be accompanied by the fee prescribed in section 6-126. The superintendent shall act on the application within one hundred twenty days after the date on which the application is complete, unless the applicant consents in writing to an extended period. An application that is not denied or approved within that period shall be deemed approved as of the first business day after the expiration of that period.

C. The superintendent shall deny the application to acquire control of a licensee if he finds that the acquisition of control is contrary to law or determines that disapproval is reasonably necessary to protect the interest of the public. In making that determination, the superintendent shall consider both of the following:

1. Whether the financial condition of the person that seeks to control the licensee might jeopardize the financial condition of the licensee or prejudice the interests of the public in the conduct of the business regulated under this chapter.
2. Whether the competence, experience, integrity and overall moral character of the person that seeks to control the licensee, or the officers, directors and controlling persons of the person that seeks to control the licensee, indicate that it would not be in the interest of the public to permit that person to control the licensee.

D. Nothing in this section prohibits a person from negotiating or entering into agreements subject to the condition that the acquisition of control will not be effective until approval of the superintendent is obtained.

E. This section does not apply to any of the following persons or transactions:

1. A registered dealer who acts as an underwriter or member of a selling group in a public offering of the voting securities of a licensee or controlling person of a licensee.
2. A person who acts as proxy for the sole purpose of voting at a designated meeting of the security holders of a licensee or controlling person of a licensee.
3. A person who acquires control of a licensee or controlling person of a licensee by devise or descent.
4. A person who acquires control of a licensee or controlling person as a personal representative, custodian, guardian, conservator, trustee or any other officer appointed by a court of competent jurisdiction or by operation of law.
5. A pledgee of a voting security of a licensee or controlling person who does not have the right, as pledgee, to vote that security.
6. A person or transaction that the superintendent by rule or order exempts in the public interest.

F. Before filing an application for approval to acquire control, a person may request in writing a determination from the superintendent as to whether that person will be deemed in control on consummation of a proposed transaction. If the superintendent determines in response to that request that the person will not be in control within the meaning of this chapter, the superintendent shall enter an order to that effect and the proposed transaction is not subject to the requirements of this section.

6-1217. Appointment of superintendent as agent for service of process; forwarding of process; consent to jurisdiction

A. A licensee, an authorized delegate or a person who knowingly engages in business activities that are regulated under this chapter with or without filing an application is deemed to have done both of the following:

1. Consented to the jurisdiction of the courts of this state for all actions arising under this chapter.
2. Appointed the superintendent as his lawful agent for the purpose of accepting service of process in any action, suit or proceeding that may arise under this chapter.

B. Within three business days after service of process upon the superintendent, the superintendent shall transmit by certified mail copies of all lawful process accepted by the superintendent as an agent to that person at its last known address. Service of process shall be considered complete three business days after the superintendent deposits the copies of the documents in the United States mail.

6-1218. Prohibited transactions

A person shall not engage in conduct requiring a license under this chapter as an authorized delegate of a principal if that principal is not licensed under this chapter. A person who does so shall be deemed to be the principal seller, issuer or actor, and not merely an authorized delegate, and is liable to the holder, remitter or customer as the principal.

6-1241. Reports to the attorney general; investigation; violation; classification

A. Within thirty days after any transaction or series or pattern of transactions that is conducted or attempted by, at or through the business and that involves or aggregates five thousand dollars or more in funds or other assets, each licensee and authorized delegate of a licensee and each money transmitter shall file with the attorney general's office in a form prescribed by the attorney general a report of the transaction or series or pattern of transactions if the licensee, authorized delegate or money transmitter knows, suspects or has reason to suspect that the activity either:

1. Involves funds that are derived from illegal activities, is intended or conducted in order to hide or disguise funds or other assets that are derived from illegal activities, including, without limitation, the ownership, nature, source, location or control of the funds or other assets, as part of a plan to violate or evade any law or regulation or to avoid any transaction reporting requirement under this chapter or may constitute a possible money laundering violation under section 13-2317 or another racketeering violation as defined in section 13-2301.

2. Has no business or apparent lawful purpose or is not the sort of activity in which the particular customer would normally be expected to engage and the licensee, authorized delegate or money transmitter knows of no reasonable explanation for the activity after examining the available facts, including the background and possible purpose of the activity.

B. A licensee, authorized delegate or money transmitter that is required to file a report regarding business conducted in this state pursuant to the currency and foreign transactions reporting act (31 United States Code sections 5311 through 5326, including any special measures that are established under 31 United States Code section 5318A, and 31 Code of Federal Regulations chapter X or 12 Code of Federal Regulations section 21.11) shall file a duplicate of that report with the attorney general.

C. All persons who are engaged in a trade or business and who receive more than ten thousand dollars in money in one transaction or who receive more than ten thousand dollars in money through two or more related transactions shall complete and file with the attorney general the information required by 31 United States Code section 5331 and the federal regulations relating to this section concerning reports relating to cash received in trade or business.

D. A licensee, authorized delegate or money transmitter that is regulated under the currency and foreign transactions reporting act (31 United States Code section 5325 and 31 Code of Federal Regulations chapter X) and that is required to make available prescribed records to the secretary of the United States department of treasury on request at any time shall follow the same prescribed procedures and create and maintain the same prescribed records relating to each transaction.

E. In addition to the requirements under subsection D of this section and in connection with each transaction that involves transmitting money in an amount of one thousand dollars or more, whether sending or receiving, a licensee or, for transactions conducted through an authorized delegate, an authorized delegate shall retain a record of each of the following:

1. The name and social security or taxpayer identification number, if any, of the individual presenting the transaction and the person and the entity on whose behalf the transaction is to be effected.
2. The type and number of the customer's verified photographic identification, as described in 31 Code of Federal Regulations section 1010.312.
3. The customer's current occupation.
4. The customer's current residential address.
5. The customer's signature.

F. Subsection E of this section does not apply to transactions by which the licensee's customer is making a bill payment either to a commercial creditor pursuant to a contract between the licensee and the commercial creditor or to a utility company.

G. Each licensee shall create records that reflect the provision of updated operating policies and procedures pursuant to section 6-1208, subsection B and of instruction that promotes compliance with this chapter, title 13, chapter 23 and 31 United States Code section 5318, including the identification of the provider and the material and instruction that were provided.

H. On request of the attorney general, a county attorney or the superintendent, a licensee, authorized delegate or money transmitter shall make any records that are created pursuant to this section available to the attorney general, a county attorney or the superintendent at any time.

I. A licensee or, for transactions conducted through an authorized delegate, an authorized delegate shall maintain any customer identification records that are created pursuant to subsection E of this section for three years. After three years, the licensee or, for transactions conducted through an authorized delegate, the authorized delegate shall deliver the customer identification records to the attorney general. The attorney general shall make the records available on request to the superintendent or a county attorney but shall not otherwise distribute the customer identification records without a court order. The customer identification records shall not be used for any purpose other than for criminal and civil prosecution and the prevention and detection of fraud and other criminal conduct.

J. If the superintendent or the attorney general finds that reasonable grounds exist for requiring additional record keeping and reporting in order to carry out the purposes of this chapter and to prevent the evasion of this chapter, the superintendent or the attorney general may:

1. Issue an order requiring any group of licensees, authorized delegates or money transmitters in a geographic area to do any of the following:

(a) Obtain information regarding transactions that involve total dollar amounts or denominations of five hundred dollars or more, including the names of any persons participating in those transactions and any persons or entities on whose behalf they are to be effected.

(b) Maintain records of that information for at least five years and make those records available to the attorney general and the superintendent.

(c) File a report with the attorney general and the superintendent regarding any transaction in the manner prescribed in the order.

2. Issue an order exempting any group of licensees or authorized delegates from the requirements of subsection E of this section based on the geographic area, the volume of business conducted, the record of compliance with the reporting requirements of this chapter and other objective criteria.

K. An order issued pursuant to subsection J of this section is not effective for more than one hundred eighty days unless renewed after finding that reasonable grounds exist for continuation of the order.

L. The timely filing of a report required by this section with the appropriate federal agency shall be deemed compliance with the reporting requirements of this section, unless the attorney general has notified the superintendent that reports of that type are not regularly and comprehensively transmitted by that federal agency to the attorney general.

M. This chapter does not preclude a licensee, authorized delegate, money transmitter, financial institution or person engaged in a trade or business from instituting contact with and disclosing customer financial records to appropriate state or local law enforcement agencies if the licensee, authorized delegate, money transmitter, financial institution or person has information that may be relevant to a possible violation of any criminal statute or to the evasion or attempted evasion of any reporting requirement of this chapter.

N. A licensee, authorized delegate, money transmitter, financial institution, person engaged in a trade or business or director, officer, employee, agent or authorized delegate of any of them that keeps or files a record as prescribed by this section, that communicates or discloses information or records under subsection M of this section or that requires another to make any such disclosure is not liable to any person under any law or rule of this state or any political subdivision of this state or under any contract or other legally enforceable agreement, including any arbitration agreement, for the disclosure or for the failure to provide notice of the disclosure to the person who is the subject of the disclosure or to any other person who is identified in the disclosure. This subsection shall be construed to be consistent with 31 United States Code section 5318(g)(3).

O. The attorney general may report any possible violations indicated by analysis of the reports required by this chapter to any appropriate law enforcement agency for use in the proper discharge of its official duties. If an officer or employee of this state or any political subdivision of this state receives a report pursuant to 31 United States Code section 5318(g), the report shall be disclosed only as provided in 31 United States Code section 5318(g). A person who releases information received pursuant to this subsection except in the proper discharge of official duties is guilty of a class 2 misdemeanor.

P. The requirements of this section shall be construed to be consistent with the requirements of the currency and foreign transactions reporting act (31 United States Code sections 5311 through 5326 and federal regulations prescribed under those sections) unless the context otherwise requires.

Q. A person who refuses to permit any lawful investigation by the superintendent, a county attorney or the attorney general or who refuses to make records available to the superintendent, a county attorney or the attorney general pursuant to subsection H of this section is guilty of a class 6 felony.

6-1242. Investigations

A. The attorney general may conduct investigations within or outside this state to determine if a licensee, authorized delegate, money transmitter, financial institution or person engaged in a trade or business has failed to file a report required by this article or has engaged or is engaging in an act, practice or transaction that constitutes a money laundering violation as provided in section 13-2317.

B. On request of the attorney general, all licensees, authorized delegates, money transmitters and financial institutions shall make their books and records available to the attorney general during normal business hours for inspection and examination in connection with an investigation pursuant to this section.

*****REGULATORY BULLETINS APPLICABLE TO AGENTS IN ARIZONA*****

REGULATORY BULLETIN: MT-12-01

TO: ALL MONEY TRANSMITTERS

DATE: July 27, 2012

The purpose of this Regulatory Bulletin is to remind all money transmitters that they must comply with Arizona statutes A.R.S. § 6-1201 *et. seq.* and failure to do so may result in a disciplinary administrative action.

Retention of Records

A.R.S. § 6-1241(1) requires money transmitter licensees and their authorized delegates to maintain customer identification records that are created pursuant to A.R.S. § 6-1241(E) for three years. After three years, A.R.S. § 6-1241(1) requires the licensee or its authorized delegate to deliver the customer identification records to the Attorney General. We have been advised that the Attorney General is not accepting these records and that licensees must retain these records pursuant to the Bank Secrecy Act. The Attorney General will deem the records in your possession as "delivered" once the money transmitter provides a retention letter to the Attorney General. The letter should state that the money transmitter will retain these records for the time period applicable to other Bank Secrecy Act records as custodian for the Attorney General and will make them available to the Attorney General on request during that time period. The letter should be

sent to Chief Counsel, Financial Remedies Section, Arizona Attorney General's Office, 1275 West Washington, Phoenix, AZ 85007, and copied to Robert Charlton, Assistant Superintendent, Department of Financial Institutions, 2910 North 44th Street, #310, Phoenix, AZ 85018. If and when the need arises for some particular record or group of records, the Attorney General will request them from the licensee or authorized delegate. It is the money transmitter's responsibility to advise its authorized delegates of this procedure for retaining records. Only the money transmitter is required to provide the acknowledgement letter of this procedure to the Attorney General.

Regulatory Actions To Remove, Suspend or Prohibit Individual Employees

Pursuant to A.R.S. § 6-161, the Superintendent has the authority to initiate an administrative action to remove, suspend or prohibit from participating in the affairs of a licensed money transmitter any director, officer, employee, agent, or other person who is found to have engaged in any of the following:

1. Any act, omission or practice in any business transaction which demonstrates personal dishonesty or unfitness to continue in office or participate in the conduct of the affairs of the financial institution or enterprise.
2. A wilful violation of an order of the superintendent.
3. Refusal to testify or produce records in response to a subpoena issued by the superintendent.
4. A conviction of a crime, an essential element of which is fraud, misrepresentation or deceit.
5. Any activity described in 12 United States Code § 1818(e)(1). For the purposes of this paragraph, all references to the appropriate federal banking agency are to the superintendent.
6. Any violation of this title relative to the financial institution or enterprise.

If the Superintendent determines that a person falls within any of the categories set forth above or exhibits a pattern or practice of illegal conduct demonstrating unfitness to continue to participate in the conduct of the affairs of a money transmitter, he or she may be subject to a removal action.

REGULATORY ALERT: MT-09-01

DATE: January 20, 2009

TO: Department of Financial Institutions' ("DFI") Money Transmitter Licensees

FROM: Felecia Rotellini, Superintendent

RE: Filing of duplicate SARs

Purpose

This Regulatory Alert is to inform you of an important shift in the obligations of Arizona financial institutions with regard to Suspicious Activity Reports (SARs) pursuant to A.R.S. § 6-1241.

Pursuant to A.R.S. § 6-1241 (A):

Within thirty days after any transaction or series or pattern of transactions that is conducted or attempted by, at or through the business and that involves or aggregates five thousand dollars or more in funds or other assets, each licensee and authorized delegate of a licensee and each money transmitter shall file with the attorney general's office in a form prescribed by the attorney general a report of the transaction or series or pattern of transactions if the licensee, authorized delegate or money transmitter knows, suspects or has reason to suspect that the activity either:

1. Involves funds that are derived from illegal activities, is intended or conducted in order to hide or disguise funds or other assets that are derived from illegal activities, including, without limitation, the ownership, nature, source, location or control of the funds or other assets, as part of a plan to violate or evade any law or regulation or to avoid any transaction reporting requirements under this chapter or may constitute a possible money laundering violation under section 13-2317 or another racketeering violation as defined in section 13-2301.
2. Has no business or apparent lawful purpose or is not the sort of activity in which the particular customer would normally be expected to engage and the licensee, authorized delegate or money transmitter knows of no reasonable explanation for the activity after examining the available facts, including the background and possible purpose of the activity.

This section was originally enacted in 1991, amended in 2002, and amended again in 2004. SARs have proven to be enormously valuable in creating and getting practical results to prevent and detect money laundering.

A.R.S. § 6-1241 (B):

A licensee, authorized delegate or money transmitter that is required to file a report regarding business conducted in this state pursuant to the currency and foreign transactions reporting act (31 United States Code sections 5311 through 5326, including any special measures that are established under 31 United States Code section 5318A, and 31 Code of Federal Regulations part 103 or 12 Code of Federal Regulations section 21.11) shall file a duplicate of that report with the attorney general.

FinCEN has recently completed changes that have given access to SARs by law enforcement and the Arizona Attorney General's Office. As a result duplicate Arizona SARs no longer need to be filed.

A.R.S. § 6-1241 (L) provides:

The timely filing of a report required by this section with the appropriate federal agency shall be deemed compliance with the reporting requirements of this section, unless the attorney general has notified the superintendent that reports of that type are not regularly and comprehensively transmitted by that federal agency to the attorney general.

For questions regarding this Regulatory Alert please contact Robert D. Charlton, Assistant Superintendent at (602) 255-4421

REGULATORY ALERT: MT-08-01

DATE: September 17, 2008

TO: Department of Financial Institutions' ("DFI") Money Transmitter Licensees

FROM: Felecia Rotellini, Superintendent

RE: Customer Identification Requirements of A.R.S. § 6-1241(E) and A.R.S. § 6-1241(J)

Purpose

To remind money transmitter licensees of the requirement to record customer identification records in connection with each transaction that involves transmitting money in an amount of one thousand dollars or more whether sending or receiving, or when required by Geographical Targeting Order.

Policy

Send or receive transmissions to or from the same sender and receiver combination conducted within the same business day shall be considered a single transaction for the purposes of A.R.S. § 6-1241(E) and A.R.S. § 6-1241(J).

General Requirements

A.R.S. § 6-1241(E)

“In addition to the requirements under subsection D of this section and in connection with each transaction that involves transmitting money in an amount of one thousand dollars or more, whether sending or receiving, a licensee or, for transactions conducted through an authorized delegate, an authorized delegate shall retain a record of each of the following:

1. The name and social security or taxpayer identification number, if any, of the individual presenting the transaction and the person and the entity on whose behalf the transaction is to be effected.
2. The type and number of the customer's verified photographic identification, as described in 31 Code of Federal Regulations section 103.28.
3. The customer's current occupation.

4. The customer's current residential address.
5. The customer's signature.”

A.R.S. § 6-1241(J)(1)(A)

“If the superintendent or the attorney general finds that reasonable grounds exist for requiring additional record keeping and reporting in order to carry out the purposes of this chapter and to prevent the evasion of this chapter, the superintendent or the attorney general may:

1. Issue an order requiring any group of licensees, authorized delegates or money transmitters in a geographic area to do any of the following:
 - (a) Obtain information regarding transactions that involve total dollar amounts or denominations of five hundred dollars or more, including the names of any persons participating in those transactions and any persons or entities on whose behalf they are to be effected.”

A.R.S. § 6-1241(P)

“The requirements of this section shall be construed to be consistent with the requirements of the currency and foreign transactions reporting act (31 United States Code sections 5311 through 5326 and federal regulations prescribed under those sections) unless the context otherwise requires.”

31 USC § 5324 (B)

“Domestic Coin and Currency Transactions Involving Nonfinancial Trades or Businesses.— No person shall, for the purpose of evading the report requirements of section 5331 or any regulation prescribed under such section—

- (1) cause or attempt to cause a nonfinancial trade or business to fail to file a report required under section 5331 or any regulation prescribed under such section;
- (2) cause or attempt to cause a nonfinancial trade or business to file a report required under section 5331 or any regulation prescribed under such section that contains a material omission or misstatement of fact; or
- (3) structure or assist in structuring, or attempt to structure or assist in structuring, any transaction with 1 or more nonfinancial trades or businesses.”

31 USC § 5325 (A)

“Identification required to purchase certain monetary instruments

(a) IN GENERAL.--No financial institution may issue or sell a bank check, cashier's check, traveler's check, or money order to any individual in connection with a transaction or group of such contemporaneous transactions which involves United States coins or currency (or such other monetary instruments as the Secretary may prescribe) in amounts or denominations of \$3,000 or more unless--

- (1) the individual has a transaction account with such financial institution and the financial institution--
 - (A) verifies that fact through a signature card or other information maintained by such institution in connection with the account of such individual; and
 - (B) records the method of verification in accordance with regulations which the Secretary of the Treasury shall prescribe; or
- (2) the individual furnishes the financial institution with such forms of identification as the Secretary of the Treasury may require in regulations which the Secretary shall prescribe and the financial institution verifies and records such information in accordance with regulations which such Secretary shall prescribe.”

31 CFR § 103.29 (B)

Contemporaneous purchases of the same or different types of instruments totaling \$3,000 or more shall be treated as one purchase. Multiple purchases during one business day totaling \$3,000 or more shall be treated as one purchase if an individual employee, director, officer, or partner of the financial institution has knowledge that these purchases have occurred.

For questions regarding this Regulatory Alert please contact Robert D. Charlton, Assistant Superintendent at (602) 255-4421.

REGULATORY BULLETIN: MT-03-01

TO: ALL ARIZONA MONEY TRANSMITTERS

DATE: June 18, 2003

Recent examinations of some money transmitters have disclosed a failure to maintain adequate records of the identifications of customers who conduct transactions of

\$1,000.00 or more on all types of payment instruments.

Transmitting money includes "payment instruments" and "payment instruments" includes checks, drafts, money orders, traveler's checks or other instruments or order for the transmission or payment of money sold to one or more persons whether or not that instrument or order is negotiable. Money transmitters and their authorized delegates must keep the records required in A.R.S. § 6-1241.E.

All money transmitters must immediately review this area of their operations to ensure that the proper records are being obtained by the money transmitter or, for transactions conducted through an authorized delegate, by the authorized delegate.

REGULATORY BULLETIN: MT-03-02
TO: ALL ARIZONA MONEY TRANSMITTERS
DATE: November 4, 2003

This communication is designed to clarify the Department's interpretation of A.R.S. §6- 1241.E, as it relates to the sale of money orders in amounts of \$1,000 or more.

The Department's view is that the requirement only applies to money orders with a face value of \$1,000 or more. Further, the Department will allow each money order to be considered individually. The Department will not require money orders to be aggregated under \$3,000.

The Department will still require money order companies to keep the records as required by the Bank Secrecy Act.