

AGENT PERIODIC COMPLIANCE MONITORING REPORT

All agents should complete this report at regular intervals to help demonstrate compliance with applicable anti-money laundering laws.

AGENT NAME: _____ FROM: _____ TO: _____
Date Date

	Yes	No
SUSPICIOUS ACTIVITY REPORTS (SAR-MSB):		
1. Have there been any money order sales for \$2,000 or more?	_____	_____
2. If yes, is the transaction suspicious? Examples of suspicious activity: a. Structuring or splitting up purchases – ex: same person buying money orders at several different times on the same day. b. Buying money order just below the dollar thresholds (\$1,999; \$2,999, etc). c. Use of fake IDs d. Customer changes transaction amount after learning about ID requirement.	_____	_____
3. SAR-MSB form completed as much as possible?	_____	_____
4. Was the SAR-MSB form filed with the IRS within 30 days of detecting the suspicious activity?	_____	_____
MONEY ORDER TRANSACTION REPORTS OR LOGS:		
1. Have there been any money order sales totaling between \$3,000 and \$10,000 (including fees)?	_____	_____
2. If yes, is the Money Order Transaction Report or Log complete? Needed Information: Purchaser Name, Purchaser Address, Form of ID and ID number, Social Security Number, Date of Birth, Amount of Transaction, Occupation.	_____	_____
CURRENCY TRANSACTION REPORT (CTR):		
1. Have there been any sales of money orders totaling more than \$10,000 (including fees)?	_____	_____
2. If yes, is the CTR accurately and fully completed? Needed Information: Purchaser Name, Purchaser Address, Form of ID, Social Security Number, Date of Birth, Amount of Transaction, Purchaser's occupation.	_____	_____
3. Was the CTR filed with the IRS within 15 days of the money order sale?	_____	_____
EMPLOYEE TRAINING:		
1. Were New Employees trained between the above dates?	_____	_____
2. Were existing employees trained between the above dates?	_____	_____
3. Was all training documented?	_____	_____

Explain all no responses and describe any actions taken to correct deficiencies:

Signature _____ Print Name _____ Date _____

Independent Review

Review Time Period, From:

To:

	Yes	No	
Policies and Procedures			Comments/Corrective Action
Is the MEMO Manual at the selling location?			
Are there written policies and procedures?			
Does the selling location's anti-money laundering policies and procedures reflect the current laws and regulations?			
Does the selling location communicate the policies and procedures to all employees selling money orders?			
Compliance Officer:			
Has the business designated a Compliance Officer?			
Does the Compliance Officer perform the duties and requirements written in the business' anti-money laundering program?			
Training			
Have all employees who sell money orders to consumers received anti-money laundering training during the review period?			
Are there records showing which employees have been trained?			
Has the Compliance Officer made sure employees understand the business' compliance policies and procedures relating to anti-money laundering?			
Currency Transaction Reports			
Review money order sales report			
Has the business sold more than \$10,000 (including fees) in money orders to a single consumer in a single day? If yes answer the next questions.			
Did the business submit a CTR for each sale of money orders exceeding \$10,000 to a single consumer in a single day?			
Are the CTRs properly completed (included signed and dated by Agent)?			
Were the CTRs filed within 15 days of the transaction?			
Has the business kept copies of the CTRs for 5 years?			
Suspicious Activity Reports			
Review completed SAR-MSBs			
Has the business filed any SAR-MSBs? If yes, answer the following questions.			
Were the SAR-MSBs filed within 30 days of the suspicious activity?			
Were the SAR-MSBs completed properly?			
Has the business kept the SAR-MSB for 5 years?			

Money Order Transaction Reports or Records		
Review money order sales report		
Has the business sold money orders to a singular consumer in a single day totaling \$3,000 - \$10,000 (including fees)? If yes answer the next questions.		
Did the business make a record of the transaction using the MEMO Money Order Transaction Report or similar form?		
Did the business collect and record all the required information?		
Has the business kept the money order transaction report for 5 years?		
Previous Independent Reviews		
Has the business taken action to correct past problems?		
Summary and description of any corrective action the business should take based upon this Review.		

Program Reviewer

Date

Compliance Officer

Date

ANTI-MONEY LAUNDERING EXAMINATION
GUIDELINE FOR INDEPENDENT AUDITS OF AGENTS

All MEMO Agents must obtain an independent audit of their anti-money laundering program. Federal law prohibits the Compliance Officer of a money service business from performing the independent audit of that money service business. It is possible for an agent to perform an audit of their own anti-money laundering program when (1) the examiner is not the business's Compliance Officer; and (2) the examiner has an understanding of what is required by the Bank Secrecy Act and the USA Patriot Act.

This guideline is designed and intended to fulfill several purposes: (1) provide MEMO agents the tools to create and perform their own independent audit; **OR** (2) ensure the MEMO agent understands what any person employed to perform the independent audit should be examining; **AND** (3) help the MEMO agent prepare for examinations performed by federal (i.e. IRS) and state government agencies.

I. BUSINESS INFORMATION:

The Independent Auditor should identify the following:

Business Name: _____

Alternative Name of Business: _____

Home Office Address: _____

Number of Additional Stores: _____

Name of Additional Stores: _____
(If more than 3 list on back)

Owner's Name: _____

Name of Additional Owners/Principals/Partners:
(If more than 3, list on back)

Business Structure

Corporation _____
Sole Proprietorship _____
Partnership _____
L.L.C. (Limited Liability Corp.) _____
Other _____

Are the money service business products or services the agent sells the primary products or services of the business or are they extra services of the business (i.e. Check casher (primary) vs. grocery store/convenience store (ancillary)).

Primary _____ Ancillary _____

How long has company been in business: _____

How long has current owner operated business: _____

Date of Incorporation (if applicable): _____

Date Business License was Issued: _____

II. ANTI-MONEY LAUNDERING INFORMATION

Examiner's Name: _____

Compliance Officer's Name: _____

Name of Person Interviewed: _____
(If other than Compliance Officer)

Date of Examination: _____

Examination Covers the Following Time Period:

From: _____

To: _____

The Independent Auditor should identify all MSB products offered by the Business and the vendor if applicable (check all that apply):

Company:

Agent ID No.:

Product Offered	(ex: MEMO)	(if applicable)
a. Money Orders	_____	_____
b. Wire Transfer (Remittances)	_____	_____
c. Check Casher	_____	_____
d. Stored Value Cards (Prepaid Visa)	_____	_____
e. Currency Dealer/Exchanger	_____	_____
f. Traveler's Checks	_____	_____

The Independent Auditor review and ensure the agent has the following:

Check Cashing License (if applicable, insert date): _____

Currency Dealer/Exchange License (insert date): _____

FinCEN Registration. (if applicable, insert date): _____

Does Agent Have a copy of the Trust Agreement? Yes ____ No ____

Does the Agent have the Sales Kit? Yes ____ No ____

ANTI-MONEY LAUNDERING RISK FACTORS (not all inclusive):

Store Location		YES	NO
High Crime Area			
Moderate Crime Area			
Low Crime Area			

Product Type		YES	NO
<u>Money Orders</u>	Rent/Mortgage		
	Utility Bills		
	Credit Card Payments		
	Car Payment		
	Other (identify)		
<u>Wire Remittance</u>	Domestic (within U.S.)		
	International (outside U.S.)		
<u>Check Cashing</u>	Type of Check		
	Payroll		
	Government		
	Business Checks		
	Personal Checks		
	Third Party Checks		
	Money Order		
	Travelers Checks		
	Out of State Checks		
	Other (identify)		
<u>Stored Value Cards</u>			
<u>Currency Dealer/Exchanger</u>	Identify Country Currency (i.e. Mexican Peso)		
<u>Travelers' Checks</u>			

Sales Volume: (Number of Items Sold or Transactions)	Low	Medium	High
<u>Money Orders:</u> Money Orders sold per week Example: Less than 25: Low 25 to 80: Medium More than 80: High			
<u>Wire Remittance:</u> Number of wires sent/received per week			
<u>Domestic Wires:</u> Example: Less than 25: Low 25 to 80: Medium More than 80: High			
<u>International Wires:</u> Example: Less than 25: Low 25 to 80: Medium More than 80: High			
<u>Check Cashing:</u> Checks cashed per week Example: Less than 25: Low 25 to 80: Medium More than 80: High			
<u>Stored Value Cards:</u> Stored Value Cards sold per week Example: Less than 25: Low 25 to 80: Medium More than 80: High			
<u>Currency Dealer/Exchanging:</u> Transactions per week Example: Less than 25: Low 25 to 80: Medium More than 80: High			
<u>Travelers' Checks:</u> Travelers' Checks sold per week Example: Less than 25: Low 25 to 80: Medium More than 80: High			

Sales Volume: (Dollar Value of Individual Transactions)	Low	Medium	High
<u>Money Orders:</u> Example: Less than \$1,000: Low \$1,000 to \$2,000: Medium More than \$2,000: High			
<u>Wire Remittance:</u> Wires sent or received per week			
<u>Domestic Wires:</u> Example: Less than \$1,000: Low \$1,000 to \$2,000: Medium More than \$2,000: High			
<u>International Wires:</u> Example: Less than \$1,000: Low \$1,000 to \$2,000: Medium More than \$2,000: High			
<u>Check Cashing:</u> Example: Less than \$1,000: Low \$1,000 to \$2,000: Medium More than \$2,000: High			
<u>Stored Value Cards:</u> Example: Less than \$1,000: Low \$1,000 to \$2,000: Medium More than \$2,000: High			
<u>Currency Dealer/Exchanging:</u> Example: Less than \$1,000: Low \$1,000 to \$2,000: Medium More than \$2,000: High			
<u>Travelers' Checks:</u> Example: Less than \$1,000: Low \$1,000 to \$2,000: Medium More than \$2,000: High			

PLEASE NOTE: THERE MAY BE RISK FACTORS NOT IDENTIFIED ABOVE THAT MAY APPLY TO YOUR BUSINESS. THESE ADDITIONAL RISK FACTORS SHOULD BE IDENTIFIED AND INCORPORATED INTO THE BUSINESS' RISK ASSESSMENT, THE ANTI-MONEY LAUNDERING PROGRAM, AND INDEPENDENT AUDIT.

REMITTANCE FREQUENCY

The below table is intended to identify how often the Business/agent remits funds to the product or service provider or vendor (Example: How often does MEMO draft the agent account to collect money order proceeds?).

Remittance Frequency	Daily	Weekly	Other or Not Applicable (Example: twice per week)
<u>Money Orders</u>			
<u>Wire Remittance</u>			
<u>Check Cashing</u>			
<u>Stored Value Cards</u>			
<u>Currency Dealer/Exchanger</u>			
<u>Travelers' Checks</u>			

A. ANTI-MONEY LAUNDERING PROGRAM:

There are four (4) parts to an anti-money laundering program for every business offering money services business products or services:

1. Internal Policies, Procedures and Controls that are written and relate to the sale of money services business products or services.
2. Designation of a Compliance Officer who will be responsible for ensuring the Business' day-to-day compliance with all anti-money laundering laws and regulations and the Business' Anti-Money Laundering Program.
3. Development and implementation of an Employee Training Program that ensures that all employees who sell the money services business products and services to customers know what they are required to do to comply with the anti-money laundering laws and regulations and the Business' Anti-Money Laundering Program.
4. Conducting or obtaining an Independent Audit of the Business' Anti-Money Laundering Program. *The Business' Compliance Officer cannot perform the Independent Audit of the Business' Anti-Money Laundering Program.* The information contained in this ANTI-MONEY LAUNDERING EXAMINATION GUIDELINE FOR INDEPENDENT AUDITS OF AGENTS is designed to assist the Business in developing an independent audit for its Business or to understand what an outside auditor may look for when examining the business' Anti-Money Laundering Program.

1. Policies, Procedures and Controls (Written):

- i. Does the Business have its own customized written Anti-Money Laundering Program?

Yes _____ No _____

1. If **YES**, **obtain and attach** a copy of the Business' Anti-Money Laundering Program to this audit. **NOTE:** The Independent Auditor should review the Business' written policies and procedures and determine if the Business is complying with its' own written policies and procedures. However, the Business must have in place an anti-money laundering program that meets the basic requirements imposed by law.
2. If **NO**, the Business should use the Creation Guide to help it develop an Anti-Money Laundering Program that fits the Business' needs.

ii. Does the Business' Anti-Money Laundering Program contain written internal policies, procedures, and controls relating to the sale of the money service business products and services identified above?

Yes ____ No ____

iii. Does the Business' written internal policies, procedures and controls contain rules that prevent the misuse of money services business products or services by employees? (Example: Do rules exist to keep an employee from helping a person launder money through the Business by breaking larger transactions into several smaller transactions or stealing the money service business products or services or the proceeds from the sale of money service business products or services?)

Yes ____ No ____

iv. Where does the Business store the excess inventory of money service business products? (Example: money orders, stored value cards, travelers checks, etc.)

v. List the names of the people who have access to the inventory of money service business products?

_____	_____
_____	_____
_____	_____

vi. List the names of the people who can open the money order printer box?

_____	_____
_____	_____
_____	_____

vii. List the names of the people who can print money orders as part of their job?

_____	_____
_____	_____
_____	_____

viii. Does the Business have written policies and procedures about the filing of legally required reports and the making of a record of certain transactions (i.e. Does the Business' Anti-Money Laundering Program indicate when to file a Suspicious Activity Report, Currency Transaction Report, etc.)?

Yes ____ No ____

ix. Does the Business have a written policy about the appointment/designation of a Compliance Officer?

Yes ____ No ____

x. Does the Business have written policies regarding training employees on anti-money laundering principles?

Yes ____ No ____

xi. Does the Business have written policies regarding an Independent Audit/Examination of the Business' Anti-Money Laundering program?

Yes ____ No ____

2. Designation of a Compliance Officer:

i. Has the Business designated a Compliance Officer?

Yes ____ No ____

ii. List the name of the Compliance Officer

iii. Does the Compliance Officer know what the Anti-Money Laundering laws and regulations require?

Yes _____ No _____

iv. Has the Compliance Officer received any training on the Anti-Money Laundering laws and regulations?

Yes _____ No _____

If **YES**, the **auditor must obtain documentation** showing the Compliance Officer was trained on Anti-Money Laundering laws and regulations

If **NO**, the auditor should provide training to the Compliance Officer at the completion of the audit and provide documentation to the Compliance Officer of such training.

3. Employee Training Program

i. Does the Business have a written anti-money laundering employee training program for NEW EMPLOYEES and ongoing training for EXISTING EMPLOYEES? (Note: The written training program should include the training topics covered by the Business with each employee.)

Yes _____ No _____

If **YES**, the **auditor must review and identify the materials** used to train new and existing employees to ensure the training materials include all requirements applicable to that particular employee. Identify the training materials below.

If **NO**, the **auditor must provide some Anti-Money Laundering training materials** to the Business help the Business train its' employees.

- ii. Does the Business have documentation showing the Business trained NEW employees?

Yes ____ No ____

If **YES**, the **auditor must obtain documentation** showing that NEW employees were trained on Anti-Money Laundering laws and regulations

If **NO**, the auditor should provide the Compliance Officer (Business owner/manager) a sample form the Business can use to document NEW employee training.

- iii. Does the Business have documentation showing the Business trained EXISTING employees?

Yes ____ No ____

If **YES**, the **auditor must obtain documentation** showing that EXISTING employees were trained on Anti-Money Laundering laws and regulations

If **NO**, the auditor should provide the Compliance Officer (Business owner/manager) a sample form the Business can use to document EXISTING employee training.

4. Independent Examination

- i. Does the Business have a written procedure in place for performing a periodic independent examination?

Yes ____ No ____

If **YES**, the **auditor must review the materials** to make sure the procedure examines all parts of the Business' Anti-Money Laundering Program.

If **NO**, the **auditor must provide this Examination Guide** to help the Business comply with the examination requirement.

- ii. List the name and address of the person performing the Independent Audit/Examination.

iii. Has the Business had an independent audit of its' Anti-Money Laundering Program?

Yes ____ No ____

If **YES**, the **auditor must obtain a copy of the audit results**, review the report for any problems with the Business' Anti-Money Laundering Program and determine if the Business has corrected those problems. (Note: The report of the independent audit should identify the auditor and provide some details about that person's qualifications and/or relationship to the Business – i.e. educational background, employment, etc.)

If **NO**, the **auditor must provide this Examination Guide** to help the Business comply with the examination requirement.

B. ANTI-MONEY LAUNDERING PROGRAM – SPECIFIC REQUIREMENTS:

1. RECORDKEEPING AND REPORTING REQUIREMENTS

Suspicious Activity Reports (FinCEN Form 109: SAR-MSB)

- a. Does the Compliance Officer know what transactions require the filing of a SAR?

Yes ____ No ____

If **YES**, the **auditor should** have the Compliance Officer state what transactions require the filing of a SAR and write down that information below:

- b. What is the dollar amount of a transaction that may require the filing of a SAR?

Yes ____ No ____

- c. Does the Business' Compliance Officer know what type conduct by a customer may require the filing of a SAR? (What is the customer doing that may cause the Business to file a SAR?) Does the Compliance Officer know what is considered suspicious for the purpose of filing a SAR?

Yes ____ No ____

If **YES**, the **auditor should have the Compliance Officer list** what he/she considers **suspicious activity**, the auditor can list what the Compliance Officer states below (on the next page):

d. Does the Compliance Officer know the name and address of the government agency where the Business must file a SAR? (What part of the government must the Business file the SAR with? What is the address where the Business must send the SAR?)

Yes ____ No ____

If **YES**, the **auditor should have the Compliance Officer list** where or with whom the SAR is filed below:

e. Has the business ever filed a SAR?

Yes ____ No ____

If **NO**, the auditor should proceed to question "f" below:

If **YES**, the **auditor should ask the following questions.**

1. Does the business have a copy of the SAR it filed?

Yes ____ No ____

If **NO**, the **auditor should** try to determine when the business filed the SAR and if that date is more than record retention time period required by law.

If **YES**, the **auditor should examine a sample of all SARs filed by the business and answer the following:**

a. Was the SAR completed properly?

Yes ____ No ____

b. Was the SAR filed within 30 days of the conduct that made the business suspicious?

Yes ____ No ____

c. Has the business kept a copy of the SAR for the time period required by law?

Yes ____ No ____

d. Was the SAR mailed to the proper place?

Yes ____ No ____

- f. Does the Business know how soon after becoming suspicious of a transaction, it must file a SAR?

Yes ____ No ____

The **auditor should have the Compliance Officer state** how long the after becoming suspicious of a transaction or series of transactions the Business has to file a SAR and write that figure below:

- g. Does the business know how long it must retain a copy of the SAR and “supporting documents”?

Yes ____ No ____

The **auditor should have the Compliance Officer state** how long the business must retain copies of any filed SAR and the “supporting documents” and write that figure below:

- h. Does the business know what the supporting documents are for each product or service it sells or offers?

Yes ____ No ____

If **YES**, the **auditor should have the Compliance Officer list** the “supporting documents” for each product of service offered below (on the next page):

Product Type	Supporting Documents
<u>Money Orders</u>	
<u>Wire Remittance</u>	
<u>Check Cashing</u>	
<u>Stored Value Cards</u>	
<u>Currency Dealer -- Exchanger</u>	
<u>Travelers' Checks</u>	

The auditor should request and examine reports of transactions for each product or service the business sells or provides. For any transactions on those reports that appear suspicious, the auditor should ask the Compliance Officer about those transactions that appear suspicious.

1. Does the Compliance Officer remember the transaction?

Yes ____ No ____

If **NO**, the **auditor should** move to next topic below

If **YES**, the **auditor should** ask the following questions:

- a. Was the transaction suspicious pursuant to BSA/Patriot Act requirements?

Yes ____ No ____

If **NO**, the **auditor should** have the Compliance Officer explain why the transaction was not suspicious. The auditor can write down the reasons provided below:

If **YES**, the **auditor should determine** if the business filed a SAR relating to the transaction and document the findings below:

ADDITIONAL NOTES:

Transaction Recordkeeping/"LOGs" (\$3,000 to \$10,000 transaction inclusively)

- a. Does the business know what transactions must be recorded?
Yes _____ No _____

If **YES**, the **auditor should have the Compliance Officer state** what transactions he/she believes must be recorded and the auditor can list what the Compliance Officer states below:

- b. Does the Business know what information it must record for transactions between \$3,000 and \$10,000?

Yes ___ No ___

If **YES**, the **auditor should have the Compliance Officer state** what information he/she believes must be recorded and the auditor can list what the Compliance Officer states below:

- c. Does the Business know what form of customer identification is acceptable for transactions between \$3,000 and \$10,000?

Yes ___ No ___

If **YES**, the **auditor should have the Compliance Officer state** what forms of identification he/she believes must be presented and the auditor can list what the Compliance Officer states below:

- d. Does the business know that if it sells or provides multiple MSB products and services (example: wire, money orders, stored value cards) the business may have to include those other products when determining if a transaction must be recorded?

Yes ____ No ____

- e. Does the business know how long it is required to retain the record of the transaction?

Yes ____ No ____

The **auditor should have the Compliance Officer state** how long the Business must retain copies of a record of the transaction and write that figure below:

- f. Does the Business have any Records/LOGs for transactions of \$3,000 to \$10,000, inclusively?

Yes ____ No ____

If **NO**, the auditor should proceed to the next topic.

If YES, the auditor should examine a sample of the Records/LOGs the Business has and answer the following:

1. Was the record completed properly? Is all the information required by federal law contained in the Record/LOG?

Yes ____ No ____

2. Did the Business record the customer's identification properly?

Yes ____ No ____

3. Did the Business record the proper form of customer identification?

Yes ____ No ____

4. Has the business kept a copy of the record of the transaction for the time period required by law?

Yes ____ No ____

ADDITIONAL NOTES:

- b. Does the Compliance Officer know the name and address of the government agency where the Business must file a CTR? (What part of the government must the Business file the CTR with? What is the address where the Business must send the CTR?)

Yes ____ No ____

If **YES**, the **auditor should have the Compliance Officer list** where or with whom the CTR is filed below:

- c. Has the business ever filed a CTR?

Yes ____ No ____

If **NO**, the auditor should proceed to question "**d**" below:

If **YES**, the **auditor should ask the following questions.**

1. Does the business have a copy of the CTR it filed?

Yes ____ No ____

If **NO**, the **auditor should** try to determine when the business filed the CTR and if that date is more than record retention time period required by law.

If **YES**, the **auditor should examine a sample of CTRs filed by the business and answer the following:**

a. Was the CTR completed properly? Is all the information required by federal law contained on the CTR?

Yes ____ No ____

b. Was the CTR filed within 15 calendar days of the transaction?

Yes ____ No ____

c. Has the business kept a copy of the CTR for the time period required by law?

Yes ____ No ____

d. Was the CTR mailed to the proper place?

Yes ____ No ____

e. Did the Business record the customer's identification properly?

Yes ____ No ____

f. Did the Business record the proper form of customer identification?

Yes ____ No ____

d. Does the Business know how soon after a transaction it must file a CTR?

Yes ____ No ____

The **auditor should have the Compliance Officer state** how long the after the transaction the Business has to file a CTR and write that figure below:

- e. Does the Business know what customer information it must obtain to complete a CTR?

Yes ____ No ____

If **YES**, the **auditor should have the Compliance Officer state** what customer information he/she believes must be obtained for the CTR and the auditor can list what the Compliance Officer states below:

- f. Does the Business know what forms of customer identification is acceptable for completion of a CTR?

Yes ____ No ____

If **YES**, the **auditor should have the Compliance Officer state** what forms of customer identification he/she believes must be presented and the auditor can list what the Compliance Officer states below:
