



THE COMMONWEALTH OF MASSACHUSETTS  
**DIVISION OF BANKS**  
1000 Washington Street, 10<sup>th</sup> Floor, Boston, Massachusetts 02118

**CHARLES D. BAKER**  
GOVERNOR

**JOHN C. CHAPMAN**  
UNDERSECRETARY

**KARYN E. POLITO**  
LIEUTENANT GOVERNOR

**DAVID J. COTNEY**  
COMMISSIONER OF BANKS

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**Money Transfer Services Fraud Awareness**

To the Chief Executive Officer of the Money Transmitter Addressed:

As a licensed money transmitter in the Commonwealth, the Division of Banks (Division) is contacting you to raise awareness about a concerning increase in consumer scams involving the use of money transfer systems. It is important to ensure that your employees and agents, as well as your customers, become familiar with the warning signs of a scam and take appropriate action to avoid them. It is essential that appropriate precautions are in place to prevent legitimate money transfer systems from becoming conduits to perpetuate fraudulent activity. The Division has become aware of an increase of cases, many involving seniors, where consumers are manipulated or harassed into fraudulently sending money to unknown third parties via wire transfers.

Some of the common scams involving money transfer services include the emergency/grandparent scam, lottery scam, IRS scam, overpayment and fake check scams, and the apartment/used car scam. In each case, the consumer is pressured by false statements made by the scammer to wire money using a money transfer service. Once the funds are wired and collected by the scammer, the promised goods or services are never received leaving the consumer unable to retrieve the funds. Scammers prefer to use money transfer services because they can pick up the funds immediately, the payments are often untraceable, and victimized consumers typically have no other recourse.

Scams of this type frequently involve vulnerable consumers, such as seniors or immigrants and, in some cases, challenge even the savviest consumers. It is critical that money transmitters have in place a comprehensive anti-fraud program and agent monitoring program and have effective policies in place to periodically review, monitor, and test the effectiveness of these programs.

The Division encourages all money transmitters to review existing anti-fraud and agent monitoring programs to ensure they incorporate essential features to detect and prevent fraud against consumers including the following features:

- *Provide training to all staff and agents on general fraud detection, including specific training on identifying red flags and monitoring of transactions, in order to catch and prevent potential scams and fraudulent activity from occurring. It is an industry best practice to train employees and agents on transactions which may raise a red flag and on the practice of asking the consumer probing questions to see if the transaction is legitimate. Probing questions can include asking the purpose of the transaction and the relationship of the beneficiary of the funds;*
- *Authorize staff to terminate or place a hold on transfers which raise red flags for suspected fraud;*
- *Partner with law enforcement and consumer organizations to provide consumer education on fraud prevention;*
- *Provide a toll free consumer hot line for direct access to your fraud unit;*
- *Include conspicuous fraud warnings on materials and signage at all agent locations, and on website and mobile applications, with specific warnings against sending money to unknown individuals and for unconfirmed emergencies;*
- *Maintain comprehensive policies, procedures, and training requirements for compliance with the Bank Secrecy Act (BSA).*

Below are some additional resources available to money service businesses and consumers seeking additional information or wishing to report a complaint. If you should have questions please contact Chief Director Liam O'Driscoll at (617) 956-1551 or [liam.odriscoll@state.ma.us](mailto:liam.odriscoll@state.ma.us).

- [FinCEN Regulations 31 CFR 1022 detailing the Four Pillars of BSA](#)
- [Consumer Financial Protection Bureau \(CFPB\) Remittance Transfer Rule \(subpart B of Regulation E\)](#)
- [Scam Awareness Alliance](#)
- [Massachusetts Division of Banks Consumer Complaint Portal](#)

Sincerely,



David J. Cotney  
Commissioner of Banks