

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

Consumer Financial Protection Bureau and
the People of the State of New York by
Letitia James, Attorney General for the State
of New York,

Plaintiffs,

v.

MoneyGram International, Inc. and
MoneyGram Payment Systems, Inc.,

Defendants.

Case No. 22-cv-3256 (KPF)

FIRST AMENDED COMPLAINT

Plaintiffs, the Consumer Financial Protection Bureau (Bureau) and the People of the State of New York (State of New York), by its Attorney General (NYAG), (collectively, Plaintiffs) bring this action against MoneyGram International, Inc. and MoneyGram Payment Systems, Inc. (collectively, MoneyGram or Defendants) and allege as follows:

INTRODUCTION

1) Each year, U.S. consumers depend on international money transfers (called remittance transfers) to send more than \$100 billion abroad to provide critical resources to family and friends or for other reasons.

2) MoneyGram is one of the largest remittance transfer providers in the United States. It operates through digital and in-person channels, including its website and a global

network of hundreds of thousands of agent locations. MoneyGram offers remittance transfers from the United States to countries around the world, as well as other types of money transfers and payment products. A significant portion of MoneyGram's money-transfer transactions are initiated by immigrants or refugees sending money to their countries of origin. Many MoneyGram customers are financially vulnerable: MoneyGram's customers are often employed in industries such as construction, energy, manufacturing, and retail that tend to be cyclical and more significantly impacted by weak economic conditions than other industries.

3) In 2010, Congress adopted a new set of legal protections to apply to remittance transfers. To implement those protections, the Bureau issued a rule known as the Remittance Rule, which makes remittance transfers more transparent and less risky. The Rule requires providers such as MoneyGram to disclose critical price and timing information about each transfer and gives consumers the right to cancel a remittance transfer and receive a refund in certain circumstances. It provides remedies for consumers when transfers go awry. And, the Rule requires providers to create and maintain the basic process infrastructure needed to comply with the Rule's consumer protections.

4) The Remittance Rule took effect in October 2013. Even before that date, MoneyGram knew that it would have to comply with the Rule and that doing so would require changes in its operations. Yet, for years, MoneyGram has violated the Rule. MoneyGram has repeatedly given senders inaccurate information about when their remittance transfers would be available to recipients abroad. When consumers have complained of remittance-transfer errors, MoneyGram has repeatedly failed to provide the investigations, responses, or remedies required by the Rule. MoneyGram has also failed to comply with policy-and-procedure and document-retention requirements.

5) MoneyGram engaged in unfair acts and practices by failing to timely make remittance transfers available to recipients or to timely make refunds available to senders. MoneyGram unnecessarily delayed transactions.

6) An unnecessary delay in a remittance transfer or refund causes or is likely to cause substantial harm to consumers. Consumers lose access to funds or are delayed in the use of those funds. Consumers face additional hardship when the timing of a transfer is critical, or when, because of their financial circumstances, they do not have uncommitted funds to replace money subject to a delay in transmission or refund.

7) Plaintiffs bring this action under §§ 1031(a), 1036(a)(1), 1042, 1054, and 1055 of the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5531(a), 5536(a)(1), 5552, 5564, 5565; the Electronic Fund Transfer Act (EFTA), 15 U.S.C. § 1693 *et seq.*, and its implementing Regulation E, 12 C.F.R. pt. 1005 (which includes the Remittance Rule); and New York Executive Law (N.Y. Exec. Law) § 63(12).

JURISDICTION AND VENUE

8) This Court has subject-matter jurisdiction over this action because it is brought under “Federal consumer financial law,” 12 U.S.C. § 5565(a)(1); presents a federal question, 28 U.S.C. § 1331; and is brought by an agency of the United States, *id.* § 1345.

9) This Court has supplemental jurisdiction over the State of New York’s state-law claim because it is so related to the federal claims that they form part of the same case or controversy. *Id.* § 1367(a).

10) Venue is proper because each of the Defendants resides and is located or does business in this district. 12 U.S.C. § 5564(f); 28 U.S.C. § 1391(b)(1).

PARTIES

11) The Bureau is an independent agency of the United States charged with regulating the offering and provision of consumer-financial products or services under “Federal consumer financial laws.” 12 U.S.C. § 5491(a). The Bureau has independent litigating authority to enforce these laws, including the CFPA, EFTA, and Regulation E. *See* 12 U.S.C. §§ 5481(14), 5564(a)-(b); 15 U.S.C. § 1693o(a)(5).

12) The State of New York, by its Attorney General, is authorized to act to enjoin repeated and persistent fraudulent and illegal conduct under N.Y. Exec. Law § 63(12). The NYAG is also authorized to initiate civil actions in federal district court to enforce provisions of the CFPA. *See* 12 U.S.C. § 5552(a)(1).

13) Defendant MoneyGram International, Inc. (MGI) is a publicly-traded Delaware corporation.

14) MGI offers and provides remittance transfers to consumers across the United States, including consumers in this district, the state of New York, all 50 states, the District of Columbia, and Puerto Rico.

15) MGI offers and provides remittance transfers principally through its wholly-owned subsidiary, MoneyGram Payment Systems, Inc. (MPSI).

16) MGI is a remittance-transfer provider under EFTA and the Remittance Rule because it provides remittance transfers to consumers in the normal course of its business. *See* 15 U.S.C. § 1693o-1(g)(3); 12 C.F.R. § 1005.30(f)(1).

17) MGI is a covered person under the CFPA because it engages in offering and providing consumer-financial products or services. Its remittance transfers involve transmitting funds and constitute payment services, and its remittance transfers are offered to or provided for

use by consumers primarily for personal, family, or household purposes. *See* 12 U.S.C. §§ 5481(5), (6), (15)(A)(iv), (15)(A)(vii).

18) Defendant MPSI is a Delaware corporation.

19) MPSI offers and provides remittance transfers to consumers across the United States, including consumers in this district, the state of New York, all 50 states, the District of Columbia, and Puerto Rico.

20) MPSI is a remittance-transfer provider under EFTA and the Remittance Rule because it provides remittance transfers to consumers in the normal course of its business. *See* 15 U.S.C. § 1693o-1(g)(3); 12 C.F.R. § 1005.30(f)(1).

21) MPSI is a covered person under the CFPA because it engages in offering and providing consumer-financial products or services. Its remittance transfers involve transmitting funds and constitute payment services, and its remittance transfers are offered or provided for use by consumers primarily for personal, family, or household purposes. *See* 12 U.S.C. §§ 5481(5), (6), (15)(A)(iv), (15)(A)(vii).

MONEYGRAM'S REMITTANCE TRANSFERS

22) Remittance transfers are international, electronic transfers of funds requested by consumers in the United States.

23) MoneyGram offers and provides several types of remittance transfers. MoneyGram sends cash-to-cash remittance transfers, where the sender pays cash, to a storefront agent, to cover the transfer amount and any fees and taxes. The designated recipient then collects the funds in cash, in person, in the appropriate currency. Historically, such cash-to-cash transfers have been MoneyGram's primary service. MoneyGram also offers remittance transfers that can be funded and/or collected through non-cash payment devices such as bank accounts, debit

cards, or mobile wallets. In April 2020, MoneyGram began offering consumers the ability to schedule a series of remittance transfers in advance.

24) Individual consumers use MoneyGram's services to send amounts in the hundreds or thousands of dollars per transfer.

25) Consumers commonly send remittance transfers for time-sensitive needs, for example, to help a recipient see a doctor, buy food, or pay for housing.

26) MoneyGram measures the speed of its remittance-transfer options in minutes or days. It has cited speed as one of the reasons it believes customers use its services and promoted its remittance transfers for their speed. Its website describes the "speed" of transfers to foreign bank accounts as next-day, same-day, or available in as little as one or three hours, depending on the destination country; cash-pickups, it states, can be available in minutes.

27) MoneyGram purposefully offers and provides remittance transfers through multiple channels, across the United States. For instance, MoneyGram offers and provides remittance transfers through storefront agent locations in this district, throughout New York, and across the country, including in all 50 states, the District of Columbia, and Puerto Rico. These locations are outlets of local retailers, chain retailers, and other companies that contract to serve as MoneyGram's in-person presence. In certain retailers, MoneyGram places its own kiosks that consumers can use to start remittance transfers. MoneyGram also makes available to consumers across the United States, including consumers in this district and throughout New York, an interactive website and an interactive mobile application, either of which consumers can use to initiate remittance transfers.

28) MoneyGram's remittance transactions with consumers, whether through its storefront agent locations or electronically, thus occur in this district, all 50 states, the District of

Columbia, and Puerto Rico. In the State of New York alone, for example, MoneyGram has conducted remittance transfers through more than 1,300 storefront agent locations over the last five years—at least 300 of which are located in this district.

29) MoneyGram’s storefront agents, at MoneyGram’s direction, are responsible for providing required remittance-transfer disclosures, accepting senders’ payments, initiating remittance transfers, retaining certain remittance-transfer records, and helping handle complaints of remittance-transfer errors, among other responsibilities.

30) MoneyGram’s remittance-transfer operations take place in multiple locations, in addition to the retail outlets of storefront agents. For example, Minnesota is the principal place of business of MPSI. The state has long been a center for MoneyGram’s “Global Operations” staff and other critical functions. Since 2021, MGI’s and MPSI’s Chief Readiness Officer has led agent-network oversight and other functions from Minnesota. Dallas, Texas is the principal executive office and headquarters of MGI; MPSI has also called the city its headquarters, though MPSI designates Minneapolis as the location of its principal executive office. In New York City, regional compliance officers have been responsible for overseeing and evaluating New York agents’ compliance with the Remittance Rule, CFPA, and other laws. Operations in multiple other locations are or have been part of MoneyGram’s remittance transfer services since the Remittance Rule took effect.

31) MGI and MPSI earn revenue from remittance-transfer fees as well as from exchange-rate mark-ups of funds sent in U.S. dollars and received in a foreign currency. This revenue is earned across the country, including in this district, all 50 states, the District of Columbia, and Puerto Rico.

32) MGI and MPSI operate as a common enterprise and have done so at all times relevant to this complaint.

33) MGI and MPSI have conducted the business acts and practices described herein as interconnected companies. They share, at least, the following attributes:

- a) The companies have common ownership.
- b) The companies use branding and advertising that do not distinguish between the companies.
- c) The companies share key officers.
- d) The companies share office addresses.
- e) The companies operate and control MoneyGram's remittance transfer services.
- f) The companies file consolidated financial statements.

Accordingly, an act by one entity constitutes an act by each entity comprising the common enterprise. MGI and MPSI are each jointly and severally liable for the acts and practices alleged below.

DEFENDANTS' UNLAWFUL ACTS AND PRACTICES

Defendants' Supervisory History with the Bureau:

34) Between 2014 and 2016, the Bureau conducted certain supervisory examinations of Defendants.

35) These initial exams resulted in the Bureau notifying Defendants of several problematic practices, including:

- a) that their weak and inadequate compliance management system failed to prevent, timely detect, or promptly correct violations of the Remittance Rule;
- b) that Defendants had committed certain, specific violations of the Remittance Rule; and
- c) that Defendants had committed unfair acts or practices in violation of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B), in connection with their failure to promptly release remittance transfers that had been cleared by their internal screening processes.

36) The initial exams also resulted in the Bureau issuing to Defendants twelve Matters Requiring Attention, or MRAs, which are the vehicles the Bureau uses to convey supervisory expectations and specific goals to be accomplished to address violations of the law or compliance deficiencies.

37) In 2019, the Bureau conducted a follow-up examination of Defendants to assess whether Defendants had come into compliance with the MRAs, the Remittance Rule, and the CFPA.

38) The 2019 follow-up exam resulted in the Bureau notifying Defendants that their compliance program remained seriously deficient, that they had failed to satisfy eight of the twelve outstanding MRAs, and that they had failed to demonstrate that they employed a reasonable process to promptly release remittance transfers that had been cleared by internal screening processes, resulting in a risk of harm to consumers.

Defendants' Violations of the Remittance Rule:

The Remittance Rule:

39) In 2010, Congress adopted, and the President signed into law, the CFPA, which, among other things, amended EFTA to add § 919 (15 U.S.C. § 1693o-1). EFTA § 919 created a new, comprehensive system of consumer protections for remittance transfers. The new protections followed a Senate committee conclusion that existing legal rules were inadequate for consumers who, while sending substantial portions of their incomes to family members abroad, faced overcharges, delivery failures, or other problems.

40) To implement EFTA § 919, the Bureau added a subpart B to its EFTA implementing regulation, Regulation E. Known as the “Remittance Rule,” the new regulatory requirements became effective on October 28, 2013.

41) The Remittance Rule includes disclosure requirements that can help consumers understand what they are purchasing, better manage their finances, and compare providers’ costs and offerings. As such, the Rule generally requires that a provider tell the sender the date when a remittance transfer will be available to the designated recipient, as well as provide critical pricing information for that transfer: the exchange rate, applicable fees and taxes, and the amount of money that will be received by the recipient. The Rule also requires a provider to indicate how the consumer can report a problem.

42) The availability-date disclosure requirement applies to all remittance transfers except for a narrow set of remittance transfers that are pre-scheduled in a series. Whenever the Rule requires an availability-date disclosure, that date must be accurate for the transfer to which it applies. If a provider does not know the exact date when funds will be available to the designated recipient, the provider may provide the latest date when funds will be available. But

the provider does not comply with the Rule if its disclosures provide an estimate or range of dates for a particular transfer's availability date. *See* 12 C.F.R. § 1005.31(b), (f); *id.* pt. 1005, supp. I, cmt. 31(b)(2) at ¶ 1; *id.* § 1005.36(a), (b).

43) The Remittance Rule also provides consumers the right to cancel most remittance transfers within 30 minutes of payment and receive a full refund within three business days, unless the funds have already been picked up by the designated recipient or deposited into that person's account. *See id.* § 1005.34. This cancellation right allows consumers to review their receipts to correct any mistakes or confirm they wish to complete the transaction with the fees, exchange rate, and availability date disclosed.

44) The Remittance Rule's error-resolution provisions require a provider to investigate certain sender complaints and provide specified remedies, according to indicated timelines and using mandated procedures. *See id.* § 1005.33(a)–(e). Five types of errors are covered by the Rule: incorrect amounts paid by senders, failures to make the right amount of money available to designated recipients, failures to make funds available to designated recipients by the disclosed date of availability, computational or bookkeeping errors by providers, and senders' requests for copies of receipts or other information, documentation, or clarification, including requests made to determine whether another type of error exists. *See id.* § 1005.33(a)(1)(i)–(v).

45) When applicable errors occur, the Rule requires certain remedies such as making missing funds available to the designated recipient, returning funds to the sender, and/or refunding fees charged. *See id.* § 1005.33(c)(2).

46) The Rule reinforces its disclosure, cancellation, and error-resolution requirements with other compliance measures. It requires a remittance transfer provider to adopt policies and

procedures “designed to ensure compliance” with error resolution requirements. *See id.* § 1005.33(g)(1). The Rule also requires a provider to ensure retention of error-related documentation and states that remittance transfer providers are subject to a general requirement to retain evidence of EFTA and Regulation E compliance for two years. *See id.* § 1005.33(g)(2).

47) Prior to the Rule’s effective date, Defendants were aware of the Remittance Rule and the need to change their operations to comply with the Rule.

48) But since the Rule went into effect, Defendants have repeatedly violated Remittance Rule requirements.

Defendants’ inaccurate and unlawful disclosures:

49) Defendants have repeatedly failed to provide accurate fund availability dates for single transfers, or for serial transfers, when such dates were required. For example, Defendants’ own assessments of consumers’ complaints showed that the dates Defendants disclosed to consumers, repeatedly, were wrong. Defendants, themselves, found multiple delays in making remittance-transfer funds available to designated recipients. These delays included ones that Defendants recognized as errors under the Rule, 12 C.F.R. § 1005.33(a)(1)(iv), through their response to consumers or internal coding or descriptions of complaints that Defendants matched with § 1005.33(a)(1)(iv) errors. A § 1005.33(a)(1)(iv) delay in making funds available means the date of availability that was provided to the consumer was inaccurate under the Rule. Section 1005.33(a)(1)(iv) defines an “error” to include certain failures to make funds available to a designated recipient by the date of availability disclosed for that transfer.

50) Defendants have recognized repeated § 1005.33(a)(1)(iv) delay errors since the Rule went into effect, including after 2016. These delay errors, and accompanying inaccurate disclosures, have occurred into 2022.

51) Defendants' inaccurate disclosures affected consumers in this district, throughout New York, and across the country. For example, in just one 15-month period, ending in March 2020, New York consumers who initiated remittance transfers at one of MoneyGram's New York agent locations or online suffered more than 200 recognized delay errors under § 1005.33(a)(1)(iv)—and thus had received an inaccurate availability-date disclosure. Dozens of those errors were suffered by consumers who used an agent located in this district or lived in this district and received the inaccurate disclosure online.

52) Consumers close to New York and this district also received inaccurate availability-date disclosures. For example, in the 15 months ending in March 2020, Defendants recognized more than 300 delay errors under § 1005.33(a)(1)(iv) suffered by consumers in New Jersey, Pennsylvania, Massachusetts, or Connecticut.

Defendants' error-resolution violations:

53) After the Rule became effective, Defendants repeatedly ignored the Rule's error-resolution requirements when addressing notices of error, through the following conduct:

- a) The Rule requires Defendants to investigate notices of error promptly and determine, within 90 days, whether an error occurred. But Defendants have repeatedly failed to investigate notices of error promptly or to determine whether an error occurred by the 90-day deadline. For example, in multiple instances, Defendants summarily rejected notices of errors in which consumers suggested that remittance transfers had not been made available to designated recipients on time. Defendants rejected these notices and closed the investigations based on incomplete and non-dispositive information, such as the fact that a consumer who already

complained to Defendants did not again contact Defendants within a certain time frame. Defendants closed the investigations without stating they were correcting any error and without determining that, in fact, a delay error did not occur.

- b) Repeatedly, Defendants' responses to consumers were deficient. Even if Defendants conducted an investigation and reached a determination, they repeatedly failed to inform consumers of the results of such error investigation or to do so within the Rule's required time frame. For example, even when Defendants provided a written communication to a consumer following their investigation, some of those communications omitted the required conclusion—whether an error occurred or not. Final responses to error-notices omitted this conclusion even when Defendants, internally, deemed the complaint rejected and did not remedy the alleged error.
- c) When Defendants concluded that no error occurred, Defendants, in multiple instances, failed to provide the required written explanation of findings that also addressed the specific complaint raised by the sender or failed to notify consumers of their right to request certain documents used in an error investigation. For instance, Defendants rejected complaints of delayed transfers with written communications that did not address whether the transfer was delayed.

- d) In multiple instances, Defendants recognized that they had committed an error under the Rule by failing to make a remittance transfer available to the designated recipient by the date disclosed to the sender, but then Defendants failed to provide the fee refund that the Rule requires as part of the remedy for such errors.

54) The conduct described in each subparagraph of paragraph 53 occurred for notices of error that included those received after 2016 where:

- a) MoneyGram deemed the notice of error covered by the Remittance Rule's error-resolution requirements; or
- b) MoneyGram data showed that the notice of error was from a sender; MoneyGram received the notice 180 days from the disclosed availability-date or sooner; MoneyGram was able to identify the applicable remittance transfer, the sender and his or her address, the designated recipient, and the designated recipient's address when known; and the sender described his or her concern with enough detail for MoneyGram to categorize the concern at issue (such as by labelling it a "deposit delay" or "funds not available by disclosed date").

55) The notices of error described in paragraph 54 included notices of error from consumers in this district who sent remittance transfers through an agent location in this district or through MoneyGram Online, or who lived elsewhere in New York and sent remittance transfers through a New York agent location or MoneyGram Online.

Defendants' violations of the Remittance Rule's compliance requirements:

56) Defendants failed to develop and maintain policies and procedures that were designed to ensure compliance with key aspects of the Remittance Rule's error resolution procedures. Such failures occurred after the Rule went into effect, including after 2016. The applicable policies and procedures applied nationwide to notices of error that triggered the Remittance Rule's error-resolution procedures. Those policies and procedures suffered from the following defects:

- a) Defendants' policies and procedures lacked guidance sufficient to enable consistent identification of all errors that were covered by the Remittance Rule and were therefore subject to the Rule's error-resolution requirements. For example, in policies and instructions to individuals handling remittance-transfer complaints, Defendants provided incomplete lists of the types of errors covered by the Rule. Defendants' software incorrectly coded some Remittance Rule notices of error as outside the Rule's jurisdiction.
- b) Defendants' policies and procedures were inadequate to ensure that Defendants responded to Remittance-Rule error-notices by investigating promptly and making a determination, within 90 days, whether an error had occurred. For instance, one policy directed employees to close certain potential delay-error files without an investigation, a remedy, or an actual determination whether a delay-error occurred.
- c) Defendants' policies and procedures were not designed to ensure that Defendants provided investigation results as required or appropriately

responded to consumers when Defendants determined that no error occurred or determined that an error occurred differently from what the sender described. For example, in instances when Defendants' internal coding showed that they had rejected senders' notices of error that met the conditions described in paragraph 54(b), Defendants repeatedly responded to consumers with language that appeared to be undifferentiated boilerplate text that omitted investigation results or adequate explanations of their findings that addressed the sender's specific complaint.

- d) Defendants used error-resolution policies and procedures that failed to address, inaccurately described, or lacked guidance on how to implement other aspects of the Rule's error-resolution protections.

57) After the Rule went into effect, Defendants repeatedly failed to develop and maintain appropriate policies and procedures regarding the retention of Remittance-Rule error-related documentation. Defendants' policies and procedures, which applied nationwide, ignored the Rule's retention requirements, mentioned the requirements only in general terms, relied on an incomplete definition of the term "error" under the Remittance Rule, or otherwise lacked detail and instruction sufficient to ensure the retention of required error-related documentation—including after 2016.

58) Defendants failed to actually maintain records of Remittance Rule compliance as required. Even when Defendants' policies indicated that they aimed to retain certain records as evidence of compliance with the Remittance Rule, in multiple instances, Defendants failed to retain such evidence for two years. For example, in 2019, Defendants recognized that copies of

final written responses to remittance-transfer error-notices should be saved, but that some complaint files for that year lacked those documents.

Defendants' unfair acts and practices in violation of the CFPA:

59) The CFPA prohibits covered persons and service providers from engaging in unfair acts and practices. 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

60) After the effective date of the Remittance Rule and continuing into 2022, Defendants repeatedly violated the CFPA by failing to make remittance transfers timely available to designated recipients or to make refunds timely available to senders.

61) Due to various systems failures, transactions became stuck in or “looped” in Defendants' systems or were otherwise unnecessarily delayed. The systems served consumers across the country. The consumers affected by these delays included remittance senders in this district who sent a transfer through an agent location in this district or through MoneyGram Online, as well as other New York remittance senders who sent a transfer through a New York agent location or online.

62) Defendants' failures included circumstances where Defendants had completed internal screening of remittance transfers and had addressed any alerts or holds they placed on such transfers based on indicators of potential money laundering or other suspicious or prohibited activities. In multiple instances, after Defendants had completed investigations, cleared transactions, or otherwise addressed any concerns leading to the alert or hold, Defendants failed to timely make transfers available to the designated recipients or to timely make any refunds available to the senders.

63) In 2015, Defendants made a software update related to screening remittance transfers for prohibited activity. Defendants' software update introduced new problems and

resulted in additional delays in releasing funds. Even after attempting to fix the 2015 software defect, Defendants continued failing to make funds timely available to designated recipients or to make refunds timely available to senders.

64) Between 2017 and 2022, Defendants applied additional technology patches and updates related to refunds or release of transactions but repeatedly failed to timely complete transfers or refunds after resolving screening, alerts, or holds, or in other circumstances, including because transactions became stuck in Defendants' systems.

65) Defendants' own guidance on unfair acts and practices has recognized that failing to transmit a transaction in a timely manner, failure to post payments timely, failure to timely release transactions once they are cleared from compliance holds, and failure to timely refund consumers are unfair acts or practices.

66) Defendants' acts and practices, in failing to make remittance transfer funds timely available to designated recipients, or refunds timely available to senders, caused or were likely to cause substantial injury to consumers, including by depriving consumers of the use of funds and by preventing consumers from receiving the service for which they paid: timely transmission of money to family members, friends, or others.

67) Consumers were not able to reasonably avoid such injury because they did not have advance knowledge of, or control over, the delays or critical aspects of Defendants' internal policies, procedures, or systems.

68) Countervailing benefits to consumers or competition did not outweigh the substantial injury to consumers caused or likely to be caused by Defendants' acts and practices. In the instances in which transactions or refunds were delayed, Defendants had already finished

screening the relevant transfers and refunds for money laundering or other risks, or the transfers were otherwise ready for the next steps in completion or refund.

CAUSES OF ACTION

COUNT I – Remittance Rule: Violations of Disclosure Requirements (Asserted by the Bureau)

69) The allegations contained in Paragraphs 1 through 68 of this Complaint are incorporated by reference.

70) The Remittance Rule requires a remittance transfer provider to disclose to a sender the date on which funds will be available to a designated recipient (except for certain advance-scheduled, serial transfers).

71) When the Rule requires a provider to disclose the availability date for a specific transfer under sections 1005.31 and 1005.36, the Remittance Rule requires that a provider disclose an accurate date.

72) Defendants repeatedly failed to disclose accurate availability dates, when such dates were required.

73) Defendants therefore violated the Remittance Rule.

COUNT II – Remittance Rule: Violations of Procedures for Resolving Errors (Asserted by the Bureau)

74) The allegations contained in Paragraphs 1 through 68 of this Complaint are incorporated by reference.

75) Section 1005.33(c)(1) of the Remittance Rule requires a remittance transfer provider to investigate certain notices of error promptly and to determine whether an error occurred within 90 days of receiving the notice. The provider must “report the results to the

sender, including notice of any remedies available for correcting any error that the provider determines has occurred, within three business days after completing its investigation.”

76) Section 1005.33(c)(2) of the Remittance Rule prescribes the remedies that a remittance transfer provider must give a sender, when, in responding to certain notices of error, the provider determines that an error occurred. Under section 1005.33(c)(2), a fee refund is generally part of the remedy for a failure to make funds available by the disclosed availability date.

77) Section 1005.33(d) of the Remittance Rule requires a remittance transfer provider to follow certain procedures if, when addressing certain notices of error, it determines that no error occurred or an error occurred differently than what the sender’s notice of error described. In these circumstances, section 1005.33(d)(1) requires the provider to give the sender a written explanation of the provider’s findings that also addresses the sender’s specific complaint and to note the sender’s right to request the documents on which the remittance transfer provider relied in making its determination.

78) Defendants failed to satisfy the Remittance Rule’s error-resolution requirements in multiple instances by failing, when required, to: promptly investigate noticed errors; determine within 90 days whether an error occurred; report the result of an error investigation to a consumer within the required period; provide a written explanation of Defendants’ findings that also addresses the sender’s specific complaint or provide notice of the sender’s right to request documents related to the investigation, when Defendants determined that no error or a different error occurred; or, refund fees when required to remedy an error.

79) Defendants therefore violated 12 C.F.R. §§ 1005.33(c)(1), (c)(2), and (d)(1).

**COUNT III – Remittance Rule:
Insufficient Error Resolution Policies and Procedures
(Asserted by the Bureau)**

80) The allegations contained in Paragraphs 1 through 68 of this Complaint are incorporated by reference.

81) Section 1005.33(g)(1) of the Remittance Rule requires Defendants to develop and maintain written policies and procedures that are designed to ensure compliance with the Rule’s error-resolution requirements.

82) Defendants failed to develop and maintain policies and procedures designed to ensure Defendants’ identification of errors covered by the Remittance Rule and to ensure compliance with other aspects of the Rule’s error-resolution requirements.

83) Defendants therefore violated 12 C.F.R. § 1005.33(g)(1).

**COUNT IV – Regulation E:
Violations of Record Retention Requirements
(Asserted by the Bureau)**

84) The allegations contained in Paragraphs 1 through 68 of this Complaint are incorporated by reference.

85) Section 1005.33(g)(2) of the Remittance Rule requires Defendants to develop and maintain written policies and procedures regarding the retention of error-investigation documentation that ensure certain documents will be retained.

86) Section 1005.33(g)(2) also states that providers are subject to 12 C.F.R. § 1005.13(b), under which entities must retain evidence of compliance with EFTA and Regulation E for at least two years from the date disclosures are required to be made, or action is required to be taken.

87) Defendants failed to develop and maintain document retention policies and procedures sufficient to ensure the retention of required error-related documents.

88) Defendants failed, in multiple instances, to retain evidence of compliance with EFTA and Regulation E for two years.

89) Defendants therefore violated 12 C.F.R. §§ 1005.13(b) and 1005.33(g)(2).

**COUNT V – The CFPA:
Violating Federal Consumer Financial Law
(Asserted by the Bureau and the State of New York)**

90) The allegations contained in Paragraphs 1 through 68 of this Complaint are incorporated by reference.

91) Section 1036(a)(1)(A) of the CFPA prohibits covered persons from offering or providing consumer-financial products or services not in conformity with “Federal consumer financial law” or otherwise committing any act or omission in violation of a “Federal consumer financial law.” 12 U.S.C. § 5536(a)(1)(A).

92) The Remittance Rule is a “Federal consumer financial law.” *Id.* § 5481(14).

93) As described above, Defendants violated the Remittance Rule while providing remittance transfers.

94) Defendants’ violations of the Remittance Rule constitute violations of the CFPA, 12 U.S.C. § 5536(a)(1)(A).

**COUNT VI –The CFPA:
Unfair Retention of Remittance Transfers
(Asserted by the Bureau and the State of New York)**

95) The allegations contained in Paragraphs 1 through 68 of this Complaint are incorporated by reference.

96) The CFPB prohibits covered persons or service providers from engaging “in any unfair, deceptive, or abusive act or practice.” 12 U.S.C. § 5536(a)(1)(B); *see also id.* § 5531(a).

97) An act or practice is unfair if it causes or is likely to cause substantial injury to consumers that consumers cannot reasonably avoid and that is not outweighed by countervailing benefits to consumers or competition. *Id.* § 5531(c).

98) Defendants engaged in unfair acts or practices by failing to make remittance transfers timely available to designated recipients and failing to make refunds timely available to senders.

99) These acts and practices caused, or were likely to cause, consumers substantial injury that was not reasonably avoidable and not outweighed by countervailing benefits to consumers or competition.

100) Defendants’ acts and practices, as set forth above, were unfair, in violation of the CFPB, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

**COUNT VII – Pursuant to New York Executive Law § 63(12),
Violations of Regulation E
(Asserted by the State of New York)**

101) The allegations contained in Paragraphs 1 through 68 of this Complaint are incorporated by reference.

102) N.Y. Exec. Law § 63(12) authorizes the NYAG to bring an action to enjoin repeated illegal acts or persistent illegality in the carrying on, conducting, or transaction of business, including violations of federal law.

103) Defendants have repeatedly violated Regulation E, including the Remittance Rule, §§ 1005.13(b), 1005.31, and 1005.33, between 2013 and at least early 2022, by the

following:

- a) failing to satisfy the Remittance Rule's requirements, under § 1005.31 or § 1005.36, that a provider accurately disclose the date of availability of funds;
- b) failing to satisfy the Remittance Rule's error-resolution requirements, when required, including by failing to promptly investigate; to determine whether an error occurred within 90 days; to report the result of their error investigation to a consumer within the required time period; to provide required fee refunds to remedy certain errors; or to provide a written explanation of their findings that also addresses the sender's specific complaint, or provide notice of the sender's right to request documents related to the investigation, when Defendants determined that no error or a different error occurred, pursuant to § 1005.33(c)(1), (c)(2), and (d)(1);
- c) failing to develop and maintain written policies and procedures designed to ensure compliance with the Remittance Rule's error-resolution requirements, pursuant to § 1005.33(g)(1); and
- d) failing to develop and maintain policies and procedures that ensure retention of required error-related documentation or to retain required evidence, pursuant to §§ 1005.13(b) and 1005.33(g)(2).

104) By their actions in violation of Regulation E, Defendants have engaged in repeated and persistent illegal conduct in violation of N.Y. Exec. Law § 63(12).

DEMAND FOR RELIEF

Plaintiffs request that the Court:

- a) permanently enjoin Defendants from committing future violations of the CFPA and New York Law;
- b) permanently enjoin Defendants from committing future violations of EFTA, 15 U.S.C. § 1693 *et seq.*, and its implementing Regulation E, 12 C.F.R. pt. 1005;
- c) award monetary relief against Defendants, including but not limited to refund of moneys paid, restitution, disgorgement or compensation for unjust enrichment, and payment of damages;
- d) grant such other injunctive relief as the Court may deem just and proper;
- e) impose a civil money penalty against Defendants;
- f) order Defendants to pay the costs incurred in connection with prosecuting this action; and
- g) award additional relief as the Court may deem just and proper.

Dated July 5, 2022

Respectfully submitted,

LETITIA JAMES
Attorney General
of the State of New York

ERIC HALPERIN
Enforcement Director

JANE M. AZIA (NY 1539600)
Bureau Chief
Bureau of Consumer Frauds and
Protection

RICHA SHYAM DASGUPTA
Deputy Enforcement Director

JAMES T. SUGARMAN
Assistant Deputy Enforcement Director

s/ Jason L. Meizlish*
JASON L. MEIZLISH (NY 4935029)
Assistant Attorney General
Bureau of Consumer Frauds and
Protection
28 Liberty Street
New York, NY 10005
Email: Jane.Azia@ag.ny.gov
Email: Jason.Meizlish@ag.ny.gov
Telephone: 212-416-8727 (Azia)
Telephone: 212-416-8455 (Meizlish)

s/Erin Mary Kelly
ERIN MARY KELLY
DC Bar No. 479413 (admitted pro hac vice)
Enforcement Attorney
Email: erin.kelly@cfpb.gov
Telephone: 202-435-7367

REBECCA SMULLIN
DC Bar No. 1017451 (admitted pro hac vice)
Enforcement Attorney
Email: rebecca.smullin@cfpb.gov
Telephone: 202-435-7546

Attorneys for Plaintiff
State of New York

SAMUEL TAXY
IL Bar No. 6333449 (admitted pro hac vice)
Enforcement Attorney
Email: samuel.taxy@cfpb.gov
Telephone: 202-435-7551

*Mr. Meizlish, on behalf of the State of
New York, consents to the signing and
filing of this document.

1700 G Street NW
Washington, DC 20552

Attorneys for Plaintiff
Consumer Financial Protection Bureau