

**IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA,	:	
Plaintiff	:	
	:	CRIMINAL No.
	:	
v.	:	
	:	(J.)
	:	
THE WESTERN UNION COMPANY,	:	
Defendant	:	

INFORMATION

The United States Attorney Charges:

**COUNT ONE
(Wire Fraud, Aiding and Abetting)
(18 U.S.C. §§ 1343 and 2)**

Background

1. At all times pertinent hereto between 2004 and 2012, the defendant, THE WESTERN UNION COMPANY (“WESTERN UNION”), was a publicly traded, global money services business (“MSB”), incorporated under the laws of Delaware, and headquartered in or around Englewood, Colorado. WESTERN UNION provided a service that enabled consumers to send money to other individuals in the United States and around the world. WESTERN UNION operated worldwide through a network of up to 550,000 locations in over 200 countries.

2. “Western Union Agents” or “Agents” were generally independent individuals or entities, including banks, post offices, and small independent shops, that own and/or operate businesses that had a contractual relationship with WESTERN UNION. By virtue of that contractual relationship, Western Union Agents were authorized to offer WESTERN UNION’s money transfers to consumers. In the United States, WESTERN UNION directly contracted with network and independent Agents. Network Agents were retail chains that had one contract with WESTERN UNION through which the retailer offered WESTERN UNION services at multiple locations. Independent Agents were small independent businesses such as convenience stores that contracted directly with WESTERN UNION to offer WESTERN UNION services at their locations. Many United States Western Union Agents were also MSBs that must comply with the Bank Secrecy Act (“BSA”). In some countries outside the United States, WESTERN UNION operated through Master Agents, which were generally independent businesses that in turn subcontract with small independent businesses who offer WESTERN UNION services at their locations. WESTERN UNION paid Western Union Agents a commission for the money transfers the Agents process.

3. WESTERN UNION had the power and the authority to unilaterally terminate or suspend any Agent or Agent location anywhere in the world for a

variety of reasons, including suspected involvement in fraud and violations of the BSA.

4. “Fraudsters” were individuals that created schemes to defraud the public using WESTERN UNION’s Money Transfer System (“the scheme to defraud”) and included, among others, certain fraud-complicit Western Union Agent owners, operators, and employees.

WESTERN UNION’S Money Transfer System

5. WESTERN UNION’s “Money Transfer System” was an electronic network operated and controlled by WESTERN UNION using servers located in or around Texas and North Carolina. Each Western Union Agent location had access to the Money Transfer System and sent all WESTERN UNION money transfers by wire via WESTERN UNION’s Money Transfer System in the United States, regardless of where the transfer originated or terminated.

6. To send money through WESTERN UNION, consumers went to a Western Union Agent location and completed a “send” form designating the sender and payee name, the transfer amount, and the state or province and country where the money was to be sent. The Western Union Agent location was required to enter the information from the send form including the transfer amount by interstate wire into the WESTERN UNION Money Transfer System. WESTERN UNION charged the consumer a fee based on the transfer amount and the destination location.

Consumers then gave the Western Union Agent location funds to cover the transfer amount and the Western Union fee. Consumers were given a ten-digit Western Union money transfer control number for the transaction (“MTCN”).

7. To receive a money transfer, the payee appeared in person at a Western Union Agent location and provided the Agent location with personal identification including the payee’s name, address, telephone number, and sometimes the payee’s identification document, and the sender’s name and location city, state or province, and country, and the expected transfer amount. Western Union Agent locations also typically required the payee to provide the MTCN. To complete the transfer to the payee, the paying Agent then transmitted this information to the Western Union Money Transfer System via interstate or international wire.

8. Before the payee received the funds from the Western Union Agent, WESTERN UNION, at its discretion, had the ability to refuse to conduct a transaction or cancel the transaction at its discretion.

9. “Consumer Fraud Reports” were generated by WESTERN UNION after consumers contacted WESTERN UNION via a 1-800 number to report that they were the victims of fraud. The vast majority of the consumers who reported fraud to WESTERN UNION were located in the United States. The Consumer Fraud Reports contained detailed information including information about the victims, the transactions, and the Western Union Agent location that paid the

transfers. WESTERN UNION Corporate Security maintained a database of all Consumer Fraud Reports and along with the Compliance Department, investigated Western Union Agent locations that paid transfers reported as fraud-induced.

The Scheme to Defraud Consumers Using the Western Union Money Transfer System

10. From as early as 2004, and continuing through 2012, Fraudsters engaged in a scheme to defraud consumers through the Western Union Money Transfer System. Certain owners, operators, or employees of Western Union Agent locations were complicit in the scheme. Western Union aided and abetted the Fraudsters' scheme to defraud by failing to suspend and/or terminate complicit Agents and by allowing them to continue to process fraud-induced monetary transactions. The scheme to defraud relied on a variety of false promises and other misrepresentations to defraud victims into sending money through Western Union Agents. Fraudsters involved in the scheme contacted victims by phone, U.S. mail, interstate courier, or the internet, and fraudulently induced them to send money by, among other things:

- a. falsely promising victims they would receive large cash prizes, lottery winnings, fictitious loans, or other payments;
- b. falsely offering various high-ticket items for sale over the Internet at deeply discounted prices;
- c. falsely promising employment opportunities as "secret shoppers" who would be paid to evaluate retail stores; or

- d. placing a phone call posing as the victim's relative and claiming to be in trouble and in urgent need of money.

11. The Fraudsters then falsely told victims that they must send the money in advance to receive the promised outcome. For example, in situations where the victims were promised cash prizes or lottery winnings, the victims were told they had to pay taxes, customs' duties, or processing fees up front. Fraudsters directed the victims to send advance payments to fictitious payees using Western Union's Money Transfer System.

12. After the victims sent the money through Western Union, the Fraudsters asked them for the Western Union MTCN for the transfer. The Fraudsters took the MTCNs to complicit Western Union Agent locations, who gave the Fraudsters the victims' money.

13. Certain complicit Western Union Agent locations knowingly entered false addresses, telephone numbers, and personal identification document information into the Western Union Money Transfer System in order to pay the fraudulently induced transfers to the Fraudsters or retransfer the funds to other complicit Western Union Agent locations in different locations. Through these actions, the complicit Western Union Agent locations concealed the true identities of the Fraudsters, as well as their involvement in the scheme. The complicit Western Union Agents received money for their involvement in the scheme, which was

usually subtracted from the victims' money transfers.

14. At no time were the victims provided with what they were promised by the Fraudsters.

15. WESTERN UNION knew that certain of its Agent locations were complicit in wire fraud and money laundering schemes using Western Union's Money Transfer System because, among other things, some of those Agent location owners, operators, or employees were prosecuted for their criminal activity. WESTERN UNION also repeatedly identified Agent locations—particularly overseas Agent locations—that processed high levels of fraud transfers from U.S. victims, including certain Agent locations WESTERN UNION suspected were complicit in the fraud scheme, but took insufficient action to stop these complicit Agent locations from facilitating consumer fraud.

16. Between 2004 and 2012, WESTERN UNION's Consumer Fraud Reports identified more than \$500 million in reported consumer fraud transactions sent through Western Union Agent locations. Not every victim of the scheme reported the fraud to Western Union. WESTERN UNION employees knew the total amount of fraud was higher than reported fraud as a result of their analyses and internal reports regarding particular Agent locations throughout Western Union's operations. WESTERN UNION's own internal reports showed that fraud transactions sent using Western Union's Money Transfer System were much higher

than the amount of fraud losses identified in Consumer Fraud Reports.

17. As early as 2004, an employee in WESTERN UNION's Corporate Security Department prepared a draft Global Guidelines that proposed investigating any Agent location that paid ten Consumer Fraud Reports within 60 days. The draft Global Guidelines also proposed automatically suspending any Agent location that paid another five or more Consumer Fraud Reports within the following 60 days. WESTERN UNION did not adopt this proposed policy. Had WESTERN UNION implemented this proposed policy, it could have prevented significant fraud losses to victims. Specifically, the proposed Global Guidelines would have resulted in potential suspensions and terminations of more than 2,000 Agents worldwide between 2004 and 2012. For example, the Western Union Agent location in Peru identified in paragraph 19, accumulated 294 consumer fraud reports totaling \$799,440 in the nine months between May 23, 2011 and February 26, 2012.

18. Despite knowing that specific Western Union Agent locations were involved in the scheme to defraud, WESTERN UNION continued to process fraudulent transactions through these Agent locations. WESTERN UNION's conduct, including its failure to take effective corrective action in a timely fashion contributed to the success of the fraud scheme.

The International Wire Communication

19. Between January 2004 and December 2012, in the Middle District of

Pennsylvania and elsewhere, the defendant,

WESTERN UNION,

knowingly aided and abetted others, known and unknown, who devised and intended to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, and for the purpose of executing the scheme to defraud did transmit, and did aid, abet, counsel, command, induce, procure, and cause to be transmitted, by means of wire communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds; to wit, in that WESTERN UNION processed thousands of interstate and international wire communications pertaining to the transfer of millions of dollars of fraudulently induced money transfers, that were intercepted and paid by Western Union Agent locations that Western Union had reason to know were complicit in the scheme to defraud, including the following:

WESTERN UNION International Wire Communication				
Count	On or About	From	To Payout Agent Location	Transfer Amount
1	February 27, 2012	Victim-1 Clarks Summit, PA	Peru Agent 1, Lima, Peru	\$2,400

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNT TWO
(Willful Failure to Maintain an Effective Anti-Money Laundering Program)
(31 U.S.C. §§ 5318(h), 5322)

1. The allegations set forth in Count One of this Information are hereby re-alleged as if fully set forth herein.

2. The BSA, Title 31, United States Code, Sections 5311 through 5330, and the regulations promulgated there under (collectively, the “Bank Secrecy Laws”), required every domestic financial institution to maintain appropriate procedures to ensure compliance with the Bank Secrecy Laws and to guard against money laundering.

3. WESTERN UNION was a domestic financial institution, and more specifically, a money services business, as defined in the Bank Secrecy Laws.

4. From in or about 2004, and continuing until in or about 2012, in the Middle District of Pennsylvania, the Central District of California, the Eastern District of Pennsylvania, the Southern District of Florida, and elsewhere, the defendant,

WESTERN UNION,

a domestic financial institution and money services business, did willfully violate the Bank Secrecy Act, Title 31, United States Code, Section 5318(h), and regulations issued there under, to wit, Title 31, Code of Federal Regulations, Section 1022.210(a) (formerly Section 103.125(a)), by failing to develop, implement, and

maintain an effective anti-money laundering program, while violating another law of the United States, to wit, Title 18, United States Code, Sections 1343 (Wire Fraud) and 2 (Aiding and Abetting) and as part of a pattern of any illegal activity involving more than \$100,000 in a 12-month period.

5. Specifically, WESTERN UNION willfully failed to, among others:
 - a. terminate or take corrective action against Western Union Agents locations that the Company repeatedly identified as involved in or facilitating fraud-related transactions or unlawful structuring of transactions to avoid reporting requirements under the Bank Secrecy Laws;
 - b. develop, implement, and maintain effective policies, procedures, and internal controls to discipline, suspend, terminate or take corrective action against Western Union Agents that locations repeatedly violated Bank Secrecy Laws, or laws prohibiting fraud, money laundering, and other offenses or WESTERN UNION's anti-money laundering or anti-fraud policies;
 - c. follow existing policies, procedures, or practices requiring that Agent locations with severe compliance failures face certain disciplinary action such as suspension or termination;
 - d. take effective action to control transactions with characteristics indicative of illegal gaming; and
 - e. implement effective policies, procedures, or internal controls to file Suspicious Activity Reports ("SARs") (i) identifying Western Union Agent owners, operators, or employees as suspicious actors; or (ii) when victims reported fraud to Western Union on transactions of \$2,000 or more.

All in violation of Title 31, United States Code, Sections 5318(h) and 5322(b) and Title 31, Code of Federal Regulations, Section 1022.210(a) (formerly Section 103.125(a)).

FORFEITURE NOTICE

1. As a result of committing wire fraud in Count One of this Information, the defendant, THE WESTERN UNION COMPANY, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461, any and all property, real and personal, constituting or derived from proceeds traceable, directly or indirectly as a result of the said offense, including, but not limited to, a money judgement of at least \$586,000,000.

SUBSTITUTE ASSET PROVISION

2. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be subdivided without difficulty,

it is the intent of the United States, pursuant to Title 21, United States Code, Section

853(p), to seek forfeiture of any other property of the defendant up to the value of the above forfeitable property.

Title 18, United States Code, Section 981; Title 21, United States Code, Section 853; and Title 28, United States Code, Section 2461.

Jan. 19, 2017
Date


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