



## NC Office of the Commissioner of Banks

Location: 316 W. Edenton Street, Raleigh, NC 27603

Mail Address: 4309 Mail Service Center, Raleigh, NC 27699-4309

Telephone: 919/733-3016 Fax: 919/733-6918 Internet: [www.nccob.org](http://www.nccob.org)

### Application for Check-Cashing Business License

#### *General Information and Instructions*

The attached application is provided to apply for a license under the terms of the North Carolina Check-Cashing Act (N.C.G.S. § 53-275 et seq, Article 22). A “**check-cashing service**” is defined as any person or entity engaged in the business of cashing checks, drafts, or money orders for a fee, service charge, or other consideration.

Please review the application carefully and give full and complete responses to each question. If a particular item does not apply, enter “None” or “NA.” Incomplete responses or applications submitted without the required fee, or supporting documentation, will be returned to the applicant. All information must be **typed or printed legibly in ink**.

This form is not intended to limit the presentation of the proposal, and the applicant may submit any additional information it considers pertinent. When space allowed is insufficient, a separate page should be used. Additional information and documents must be filed on **8½” x 11”** paper.

The applicant must submit the following:

- A completed Application for North Carolina Check-Cashing Business License.
- **\$750.00** check or money order made payable to: **Department of Commerce / Banking Commission**. Fee is non-refundable and consists of a \$250 application fee, plus a \$500 investigation fee pursuant to N.C.G.S. § 53-278(c).
- The application must be signed in the presence of a **notary public**.
- Each location cashing checks must be licensed, and the license is required to be conspicuously posted at each licensed location in North Carolina.
- **Licenses expire September 30<sup>th</sup> of each year.**
- North Carolina law requires each licensee to maintain books, accounts and records that will allow our office to determine if the licensee is complying with the provisions of the North Carolina Check-Cashers Act. Maintenance of an adequate transaction journal shall include the transaction date, customer name, type of check cashed, check amount, and fee charged.
- Each licensee is required to file an annual report during the annual renewal period from July - September of each year using the form provided on our website at <https://www.nccob.org/Public/financialinstitutions/cf/cfforms.aspx>.



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## Application for Check-Cashing Business License

Have you read and do you understand the [N.C. Check Cashers Act](#) AND [04 NCAC 03L](#)? YES  NO

### I. APPLICANT INFORMATION

1. Applicant's organization type: (check one)  
 sole proprietorship     partnership     limited liability company     corporation

If Sole Proprietorship, use your name: \_\_\_\_\_

- If Sole Proprietorship, fill out the attached Verification of Lawful Presence Affidavit, which must be notarized.

If Partnership, use names in partnership: \_\_\_\_\_

If Limited Liability Company or Corporation, use name registered with the Secretary of State:  
 \_\_\_\_\_

- 1a. DBA (if applicable): \_\_\_\_\_

**Note: If the applicant is doing business under an assumed name (DBA), it must attach a copy of its Certificate of Assumed Name bearing the dated filing stamp of the Register of Deeds office of the County in which the business is located.**

2. Physical address of office to be licensed (where checks will be cashed):  
 \_\_\_\_\_  
 City, State, Zip Code: \_\_\_\_\_

- 2a. Administrative office address, if applicable (**office only—no check-cashing activity conducted here**):  
 \_\_\_\_\_  
 City, State, Zip Code: \_\_\_\_\_

- 2b. Mailing Address, if different from above: \_\_\_\_\_  
 City, State, Zip Code: \_\_\_\_\_

- 2c. Business Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_  
 Email Address (required): \_\_\_\_\_

- 2d. Address where books and records will be kept (number and street):  
 \_\_\_\_\_  
 City, State, Zip Code: \_\_\_\_\_

3. Name of person who will be managing the check-cashing business: \_\_\_\_\_
4. Applicant's Headquarters Address, **if outside of North Carolina**: \_\_\_\_\_  
 City, State, Zip Code: \_\_\_\_\_  
 Mailing Address, if different from above: \_\_\_\_\_  
 Business Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_
5. Contact person regarding this application: \_\_\_\_\_ Title: \_\_\_\_\_  
 Business Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_  
 Email Address (required): \_\_\_\_\_
- 5a. List name **and** email address of person who will be the (if applicable):  
 Chief Executive Officer: \_\_\_\_\_  
 Licensing Contact: \_\_\_\_\_  
 Examination Contact: \_\_\_\_\_  
 Billing/Assessment Contact: \_\_\_\_\_  
 Legal Department Contact: \_\_\_\_\_  
 Government Relations Contact: \_\_\_\_\_
6. Federal Employer Identification Number: \_\_\_\_\_

## II. BUSINESS STRUCTURE

### **PARTNERSHIPS (To be completed by those operating as a partnership)**

7. On a separate sheet, list the name, residence address and business phone number of each partner, as shown below.

Name: \_\_\_\_\_  
 Residence Address (number and street): \_\_\_\_\_  
 City, State, Zip Code: \_\_\_\_\_  
 Business Phone: \_\_\_\_\_

**Attach a copy of your partnership agreement.**

### **CORPORATIONS (To be completed by those operating as a corporation)**

8. Name of corporation: \_\_\_\_\_  
 Principal Address: (Number and Street): \_\_\_\_\_  
 City, State, Zip Code: \_\_\_\_\_  
 Corporation organized under the laws of what State? \_\_\_\_\_  
 Date of Incorporation: \_\_\_\_\_  
 Date authorized in North Carolina, if foreign corporation: \_\_\_\_\_  
 Name of North Carolina Registered Agent: \_\_\_\_\_  
 Address (number and street): \_\_\_\_\_  
 City, State, Zip Code: \_\_\_\_\_

**Attach a copy of the front page only of your articles of incorporation bearing the North Carolina Secretary of State's dated filing stamp or a Certificate of Existence from the North Carolina Secretary of State. Foreign (out-of-state) corporations must attach a copy of the Certificate of Authority to do business in North Carolina from the North Carolina Secretary of State.**

- 8a. On a separate sheet, list principal officers and directors with title, residence address and business phone number, as shown below. Also, list principal shareholders (owners of 10% or more of the corporate stock).

Name of officer, director, principal shareholder: \_\_\_\_\_

Title: \_\_\_\_\_

Residence Address (number and street): \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_

Business Phone: \_\_\_\_\_

**LIMITED LIABILITY COMPANY (To be completed by those operating as a limited liability company)**

9. Name of Limited Liability Company: \_\_\_\_\_

Principal Address: (number and street): \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_

Organized under the laws of what State? \_\_\_\_\_

Date of Organization: \_\_\_\_\_

Date authorized in North Carolina, if a foreign limited liability company: \_\_\_\_\_

Name of North Carolina Registered Agent: \_\_\_\_\_

Address (number and street): \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_

**Attach a copy of the front page only of your articles of organization bearing the North Carolina Secretary of State's dated filing stamp or a Certificate of Existence from the North Carolina Secretary of State. Foreign (out-of-state) limited liability companies must attach a copy of the Certificate of Authority to do business in North Carolina from the North Carolina Secretary of State.**

- 9a. On a separate sheet, list the members and managers of the limited liability company with title, residence address, email address and business phone number, as shown below.

Name of member or manager: \_\_\_\_\_ Title: \_\_\_\_\_

Address (Number and Street): \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_

Business Phone: \_\_\_\_\_

Email Address: \_\_\_\_\_

10. **Each sole proprietor and each person listed in response to items #1, #7, #8a and #9a must complete an AUTHORIZATION TO RELEASE INFORMATION form. Please duplicate additional pages as needed. Completion of the AUTHORIZATION TO RELEASE INFORMATION is not required of directors and officers of a corporation that are registered with the United States Securities and Exchange Commission. Please furnish instead the corporation's FORM 10- K report.**

**III. GENERAL INFORMATION**

**FINCEN REGISTRATION**

11. If you cash a check in an amount greater than \$1,000 on any day in one or more transactions, including for goods and/or services, you are considered a check casher and must comply with [Bank Secrecy Act](#) (BSA) regulations applicable to check cashers including registration, recordkeeping, reporting, and anti-money laundering compliance program requirements. Please complete your registration as a money services business at [https://www.fincen.gov/financial\\_institutions/msb/](https://www.fincen.gov/financial_institutions/msb/). Provide a copy of your FinCEN registration.

**BANK SECRECY ACT/ANTI-MONEY LAUNDERING (BSA/AML) PROGRAM**

12. Provide a copy of your current BSA/AML Program related to your company’s Check Cashing activity, including detailed policies and procedures, as required by FinCEN, under 31 CFT 1022, for money service businesses. See attached Code of Federal Regulations 31 CFR 1022.210 – Anti-money laundering programs for money services business and AML Program Guidance.

**OTHER BUSINESS ACTIVITY**

13. Provide a description of other business activity at the same location(s) as check-cashing. Attach a separate sheet if needed.

13a. Does the applicant hold a Money Transmitter license in North Carolina?      **YES**       **NO**   
If yes, please provide your North Carolina License number. \_\_\_\_\_

13b. Is the applicant an authorized delegate for a licensed Money Transmitter?      **YES**       **NO**   
If yes, please provide a list of all licensed Money Transmitters on whose behalf you are authorized to sell.

\_\_\_\_\_  
\_\_\_\_\_

**PROFESSIONAL AND EDUCATIONAL BACKGROUND**

14. Provide a brief summary of the professional and educational background and experience of the applicant's owner, its directors, principal officers and managers. Resumes are acceptable. Attach a separate sheet if needed.

**IV. LIQUID ASSETS**

15. General Statute § 53-279(a) requires every licensee and applicant to have and maintain liquid assets of at least \$50,000 per licensee. List the amount of the applicant's current liquid assets as indicated below:

Cash on hand.....\$ \_\_\_\_\_  
Cash in banks..... \_\_\_\_\_  
Money Market Accounts..... \_\_\_\_\_  
Undeposited checks..... \_\_\_\_\_  
TOTAL LIQUID ASSETS.....\$ \_\_\_\_\_

Include a full copy of your most recent bank statement stating your current balance, along with a copy of your previous year-end Income Statement. Account must be in the name of the check-cashing business. Refer to N.C.G.S. § 53-282(a): The books, accounts, and records shall be maintained separate from any other business in which the person is engaged, and shall be retained for a period prescribed by the Commissioner. A person required to be licensed under this Article, that derives less than twenty percent (20%) of the person's annual gross revenues from check cashing, shall not be required to maintain separate accounts and records.

**V. PERSONAL QUESTIONNAIRE**

16. Please answer the following questions. ***If your answer to any of the questions is "yes," attach a full, written explanation.*** Please include names, dates, court name and address, case number, judgment amounts, etc.

- a. Have any civil judgments been entered against the applicant, its members, officers, directors, or principals within the past 10 years?  Yes  No
- b. Has the applicant, its members, officers, directors, or principals been convicted of any felony?  Yes  No
- c. Has the applicant, its members, officers, directors, or principals been convicted of any misdemeanor involving theft, fraud or dishonesty?  Yes  No
- d. Has the applicant, its members, officers, directors or principals been the subject of any enforcement proceeding by any agency or department of the State of North Carolina or any other state or the federal government involving the revocation or suspension of any business license?  Yes  No
- e. Has the applicant, its members, officers, directors, or principals ever been the subject of a bankruptcy, assignment for the benefit of creditors, receivership, conservatorship, or any similar proceeding?  Yes  No

**VI. CHECK-CASHING BRANCH INFORMATION**

17. Number of check-cashing branch locations: \_\_\_\_\_

17a. List the address of each check-cashing branch location, phone number, fax number, and name of the manager.  
Make copies if additional space is required.

Address (number and street): \_\_\_\_\_  
City, State, Zip Code: \_\_\_\_\_ County: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
Manager: \_\_\_\_\_

Address (number and street): \_\_\_\_\_  
City, State, Zip Code: \_\_\_\_\_ County: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
Manager: \_\_\_\_\_

Address (number and street): \_\_\_\_\_  
City, State, Zip Code: \_\_\_\_\_ County: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
Manager: \_\_\_\_\_

Address (number and street): \_\_\_\_\_  
City, State, Zip Code: \_\_\_\_\_ County: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
Manager: \_\_\_\_\_

Address (number and street): \_\_\_\_\_  
City, State, Zip Code: \_\_\_\_\_ County: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
Manager: \_\_\_\_\_

**Please check that all pages and attachments are fully completed and properly signed.**

VII. APPLICANT AGREEMENT AND CERTIFICATION

**To be signed and affirmed in the presence of a Notary Public. This document is not complete unless notarized (a notary seal is required).**

Name of Company (type or print): \_\_\_\_\_

Under the penalties of perjury, I affirm that I have examined this application and any accompanying information, and to the best of my knowledge and belief it is true, correct and complete. I understand that false statements made under oath in this application may result in the denial, suspension or revocation of a check-cashing license.

I/we am/are authorized to make and sign this statement on behalf of the applicant.

Date: \_\_\_\_\_ Signature: \_\_\_\_\_

Name (type or print): \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_ COUNTY, STATE OF \_\_\_\_\_

Affirmed and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_

by \_\_\_\_\_.

(name of principal)

(SEAL)

\_\_\_\_\_  
Notary Public

My Commission expires: \_\_\_\_\_



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**AUTHORIZATION TO RELEASE INFORMATION**

The following information is furnished by the undersigned to the North Carolina Office of the Commissioner of Banks (NCCOB) in conjunction with and is made a part of the application of

\_\_\_\_\_ (print or type the full legal name of the applicant)

for licensure as a check cashing business, pursuant to Article 22 of Chapter 53 of the General Statutes of North Carolina. By my signature, I give my consent to the NCCOB to conduct a financial and business responsibility background check, including but not limited to, the obtaining of credit bureau reports, criminal records, and other information as deemed necessary by the NCCOB. It is further understood and affirmed that any response to an inquiry made by the NCCOB with respect to me is provided solely as a matter of courtesy and that any person, organization or governmental entity providing such response shall not be liable for the content or use of such information except in the event of gross or willful negligence.

**YOU MUST SIGN AND DATE THIS FORM. This form will be returned if it is not signed and dated. Please duplicate this form as needed.**

1. Full Name: \_\_\_\_\_  
(first) (middle) (last)

2. Title: \_\_\_\_\_

3. Social Security Number (last 4 digits): \_\_\_\_\_

4. Date of Birth: \_\_\_\_\_

5. Current Residential Address (number and street): \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ County: \_\_\_\_\_

Year: \_\_\_\_\_ \ \_\_\_\_\_  
from to

1. Business Phone: \_\_\_\_\_

2. E-Mail Address: \_\_\_\_\_

**SIGNATURE:** \_\_\_\_\_ **DATE:** \_\_\_\_\_



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**NOTICE OF CHECK-CASHING FEES**

**To Be Filed with the North Carolina Office of the Commissioner of Banks**

North Carolina General Statute § 53-280(c) requires that a licensee conspicuously post in every business location a notice stating the fees charged for its check-cashing services. The standards for such notice are set forth in the NC Administrative Code, Title 4, Subchapter 3L.0403. Please include on the notice the fee charged for Returned Checks (see Uniform Commercial Code § 25-3-506). A licensee must file a copy of this notice with the NC Commissioner of Banks on 8½ x 11 inch paper.

Please provide the following information regarding your check-cashing business and attach a scaled duplicate of your posted fees.

Name of Company: \_\_\_\_\_  
DBA (if applicable): \_\_\_\_\_

1. Does the Applicant cash payroll checks, personal checks, government checks or money order?  Yes  No  
If the answer is **yes**, please state on your attachment the fees charged for each category of check.
2. Are the fees listed under #1 above the same at all branch locations?  Yes  No  
If the answer is **no**, please explain below or on a separate sheet.

3. On behalf of the Applicant identified above, I certify that this information is correct.  
 Name (type or print): \_\_\_\_\_ Title: \_\_\_\_\_  
 Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
 Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

**(All attachments must be on 8½" x 11" paper)**



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## VERIFICATION OF LAWFUL PRESENCE CITIZENSHIP AFFIDAVIT

By executing this affidavit under oath, as an Applicant, Licensee or Registrant, as referenced in N.C.G.S. § 53-278(b) from the North Carolina Commissioner of Banks, the undersigned verifies one of the following with respect to my application for a public benefit: (Check **only one** of the following)

- 1)  I am a **United States Citizen**.
- 2)  I am a **legal permanent resident** of the United States.
- 3)  I am a **qualified alien** or **non-immigrant** under the Federal Immigration and Nationality Act with a federally issued alien number. My **alien number**, issued by the Department of Homeland Security or other federal immigration agency, is: \_\_\_\_\_. I understand I am also required to provide a Foreign Passport and an I-94, or an Employment Authorization Document with a photograph.

The undersigned also hereby verifies that he or she is 18 years of age or older and have provided at least one secure and verifiable document, as required by N.C.G.S. § 53-278, with this affidavit. The secure and verifiable document provided with this affidavit can best be classified as:

➤ (Check **only one** of the following and submit a **legible** copy with affidavit). Color copies preferred. Qualified Aliens or Non-Immigrants must provide documents from Box 1 or Box 7.

1 <input type="checkbox"/>	A <b>United States passport</b> , United States passport card or a passport issued by a foreign government <b>with</b> a valid U.S. Homeland Security Form I-94, I-94A or I-94W or other federal document specifying proof of lawful presence
2 <input type="checkbox"/>	A United States <b>military identification</b> card
3 <input type="checkbox"/>	A <b>driver's license*</b> issued by one of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Commonwealth of the Northern Marianas Islands, the U.S. Virgin Island, American Samoa, the Swain Islands or a driver's license issued by a Canadian government authority
4 <input type="checkbox"/>	An <b>identification card*</b> issued by one of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Commonwealth of the Northern Marianas Islands, the U.S. Virgin Island, American Samoa, or the Swain Islands
5 <input type="checkbox"/>	A <b>tribal identification card*</b> of a federally recognized Native American tribe, ( <a href="http://www.bia.gov">www.bia.gov</a> )
6 <input type="checkbox"/>	A United States <b>Permanent Resident Card</b> or <b>Alien Registration</b> Receipt Card
7 <input type="checkbox"/>	An <b>Employment Authorization Document</b> that contains a photograph of the bearer
8 <input type="checkbox"/>	A <b>Merchant Mariner</b> Document or Merchant Mariner Credential issued by the U.S. Coast Guard
9 <input type="checkbox"/>	A Free and Secure Trade ( <b>FAST</b> ) card, a <b>NEXUS</b> card or A Secure Electronic Network for Travelers Rapid Inspection ( <b>SENTRI</b> ) card
10 <input type="checkbox"/>	A <b>Certificate of Citizenship</b> (Form N-560 or Form N-561) or <b>Certificate of Naturalization</b> (Form N-550 or Form N-570) issued by the U.S. Department of Citizenship and Immigration Services (USCIS)
11 <input type="checkbox"/>	<b>Certification of Report of Birth</b> (Form DS-1350), <b>Certification of Birth Abroad</b> (Form FS-545) or <b>Consular Report of Birth Abroad</b> (Form FS-240) issued by the U.S. Department of State
12 <input type="checkbox"/>	An original or <b>certified copy of a birth certificate</b> issued by a State, county, municipal authority, or territory of the United States bearing an official seal

*\*provided that it contains a photograph of the bearer or lists sufficient identifying information regarding the bearer, such as name, date of birth, gender, height, eye color, and address to enable the identification of the bearer.*

In making the above representation under oath, I understand that any person who knowingly and willfully makes a false, fictitious, or fraudulent statement or representation in an affidavit shall be guilty of a violation under N.C.G.S. § 53-278(b) and face criminal penalties as allowed by such criminal statute.

SUBSCRIBED AND SWORN  
BEFORE ME ON THIS THE

\_\_\_\_\_ DAY OF \_\_\_\_\_, 20 \_\_\_\_\_

NOTARY PUBLIC

My Commission Expires:

(Affix seal or stamp hereto)

Executed in \_\_\_\_\_ (City), \_\_\_\_\_ (State)

\_\_\_\_\_  
Signature of Affiant(s)

\_\_\_\_\_  
Signature of Affiant(s)

\_\_\_\_\_  
Printed Name of Affiant(s)

\_\_\_\_\_  
Printed Name of Affiant(s)

# CODE OF FEDERAL REGULATIONS

## TITLE 31 – Money & Finance: Treasury

### SUBTITLE – Regulations Relating to Money and Finance

#### CHAPTER X – Financial Crimes Enforcement Network, Department of the Treasury

##### PART 1022 – Rules for Money Services Businesses

#### **1022.210 Anti-money laundering programs for money services businesses.**

- (a) Each money services business, as defined by § 1010.100(ff) of this Chapter, shall develop, implement, and maintain an effective anti-money laundering program. An effective anti-money laundering program is one that is reasonably designed to prevent the money services business from being used to facilitate money laundering and the financing of terrorist activities.
- (b) The program shall be commensurate with the risks posed by the location and size of, and the nature and volume of the financial services provided by, the money services business.
- (c) The program shall be in writing, and a money services business shall make copies of the anti-money laundering program available for inspection to the Department of the Treasury upon request.
- (d) At a minimum, the program shall:
  - (1) Incorporate policies, procedures, and internal controls reasonably designed to assure compliance with this chapter.
    - (i) Policies, procedures, and internal controls developed and implemented under this section shall include provisions for complying with the requirements of this chapter including, to the extent applicable to the money services business, requirements for:
      - (A) Verifying customer identification;
      - (B) Filing reports;
      - (C) Creating and retaining records; and
      - (D) Responding to law enforcement requests.
    - (ii) Money services businesses that have automated data processing systems should integrate their compliance procedures with such systems.
    - (iii) A person that is a money services business solely because it is an agent for another money services business as set forth in § 1022.380(a)(2), and the money services business for which it serves as agent, may by agreement allocate between them responsibility for development of policies, procedures, and internal controls required by this paragraph (d)(1). Each money services business shall remain solely responsible for implementation of the requirements set forth in this section, and nothing in this paragraph (d)(1) relieves any money services business from its obligation to establish and maintain an effective anti-money laundering program.
  - (2) Designate a person to assure day to day compliance with the program and this chapter. The responsibilities of such person shall include assuring that:
    - (i) The money services business properly files reports, and creates and retains records, in accordance with applicable requirements of this chapter;
    - (ii) The compliance program is updated as necessary to reflect current requirements of this chapter, and related guidance issued by the Department of the Treasury; and
    - (iii) The money services business provides appropriate training and education in accordance with paragraph (d)(3) of this section.
  - (3) Provide education and/or training of appropriate personnel concerning their responsibilities under the program, including training in the detection of suspicious transactions to the extent that the money services business is required to report such transactions under this chapter.
  - (4) Provide for independent review to monitor and maintain an adequate program. The scope and frequency of the review shall be commensurate with the risk of the financial services provided by the money services business. Such review may be conducted by an officer or employee of the money services business so long as the reviewer is not the person designated in paragraph (d)(2) of this section.
- (e) *Compliance date.* A money services business must develop and implement an anti-money laundering program that complies with the requirements of this section on or before the later of July 24, 2002, and the end of the 90-day period beginning on the day following the date the business is established.

## AML Program Guidance

(b) **\*\*DISCLAIMER\*\***

(c) The guidance provided in this document is not necessarily inclusive of all required elements of an effective AML program as prescribed in 31 CFR 1022.210 (formerly 31 CFR 103.125). Please refer to the Code of Federal Regulations as it applies to Anti-Money Laundering Programs for Money Services Businesses included with this guidance for specific federal requirements.

### (1) POLICIES AND PROCEDURES

#### (A) Verifying customer identification;

- What forms of special approval are required to cash certain checks or check amounts prior to cashing?
- When is customer ID required?
- What must be included on the customer ID to ensure authenticity (e.g. name, photograph, date of birth)?
- What are examples of acceptable forms of identification based on your business policies?
- What are your policies in regards to a customer who is unable to provide ID or if the ID does not match the customer or is fake?
- What are your check-cashing fees? Are there any exceptions to the standard fees charged (e.g. if the customer is a regular, do they receive a discounted fee?)
- What types of checks are accepted? Not accepted?
- What is the maximum check amount that you will cash?

#### (B) Filing reports;

##### **Currency Transaction Reports (CTR)**

- Will you conduct a check-cashing transaction or series of transactions over \$10,000 for any one person in one business day?
- Who is responsible for completing CTRs for transactions over \$10,000? What are the procedures for completing a CTR? What records are reviewed and how often are they reviewed to ensure that a CTR has been timely filed for all transactions over \$10,000?
- Where are will copies of the completed CTRs kept?

##### **Suspicious Activity Report (SAR)**

- Who is responsible for monitoring for suspicious activity conducted at your MSB?
- Who is responsible for completing and filing completed SAR-MSBs?
- What are the procedures for completing a SAR-MSB?
- Where will copies of completed SAR-MSBs be kept and for how long?

##### **Registration Of A Money Service Business (RMSB)**

- Who is responsible for filing the initial registration of a money service business?
- Who is responsible for ensuring that the renewal of this registration is filed in a timely manner?

#### (C) Creating and retaining records

- What information, if any, is required to be recorded on each check before it is accepted for cashing?
- What information is required to be recorded on the check-cashing log (*Transaction Date; Customer Name; Check Amount; Type of Check; and Fee Charged*)?
- How does licensee track multiple transactions totaling \$10,000 or more for the same individual in a given day? If a licensee has multiple branches, how does licensee track the transactions of the same individual going from branch to branch in a given day?
- What documents will you retain and for how long?
- Who is responsible for ensuring that the above documents are properly filed and retained for the period of time as required by state or federal regulations?

**(D) Responding to law enforcement requests.**

- Who is responsible for coordinating compliance examinations and responding to authorized requests from the government agency?
- Who is responsible for completing the pre-examination questionnaire and gathering requested documentation if necessary?
- Who is responsible for verifying that anyone requesting to view SARs or supporting documentation to a SAR is a representative from law enforcement or a state or federal agency? How will this verification be made?
- What documentation of verification will be maintained and who is responsible for documenting this information?

**(E) Miscellaneous policies and procedures (optional)**

- What are your accounting procedures prior to depositing checks?
- What are your procedures for depositing checks that you have cashed in your location? How often do you make deposits? What documentation of deposits made do you keep on file?
- What accounting records will be maintained and where will they be maintained? For how long will these records be retained?
- What are your procedures for supplying your check-cashing business with cash?
- When and how often will the designated person or persons supply the business location with cash?
- Where will the cash be kept during business hours? During non-business hours?
- If all of the cash is not kept in the register, where is it kept and who has access to this cash?
- How is cash accounted for to ensure your cash balance reconciles to your register balance?

**(2) COMPLIANCE OFFICER POSITION**

Please include all responsibilities of the Compliance Officer to ensure that:

- The licensee properly files reports, and creates and retains records in accordance with Chapter X of the BSA;
- The compliance program is up-to-date and accurate; and,
- Appropriate training and education in accordance with 31 CFR 1022.210(d)(3) is provided.

**(3) EMPLOYEE TRAINING**

- How often will training be provided?
- Which employees will receive this training?
- Within what time frame must a new employee be trained?
- How often will “refresher” training (e.g. updates to policies; new BSA regulations, etc.) be provided?
- Who will conduct the training? How will this person receive training?
- What materials will be covered in training?
- How will you document which employees have been trained and what training they received? Where will this documentation be maintained and for how long?

**(4) INDEPENDENT REVIEW**

*The purpose of the independent review is to monitor the adequacy of the AML program and ensure that it is functioning correctly. The following are guidelines for developing policies and procedures for the independent review function:*

- Who will be responsible for ensuring that an independent review of the AML program is conducted on a timely basis?
- How often is an independent review of the AML program conducted?
- Who performs the independent review?  
**\*\*\*Please note that the compliance officer or anyone who is a direct report to the compliance officer may not serve as the independent reviewer\*\*\***
- How is the independent review documented? Please note that the reviewer should document:
  - *the scope of the review,*
  - *procedures performed and transaction testing completed,*
  - *findings of the review and recommendations to management for corrective actions,*

- *deficiencies and weaknesses discovered during the review, and*
- *corrective actions taken by the licensee*
- How will you ensure that the reviewer records any corrective actions that are required?
- How long will you retain documentation of program reviews?
- The review should include testing of internal controls and transactional systems and procedures to identify problems and weaknesses.
- The review should cover all of the AML program requirements of the compliance officer
- The scope and frequency of the review will be based on a risk-assessment of the licensee
- Recommendations should be made to management for appropriate corrective actions

## CURRENCY TRANSACTION REPORTS

- If you conduct a check-cashing transaction or a series of check-cashing transactions in which the same customer receives more than \$10,000 in cash, you are required to file a currency transaction report (CTR).
- Per 31 CFR 1010.313, multiple currency transactions shall be treated as a single transaction if the financial institution has knowledge that they are by or on behalf of any person and result in either cash in or cash out totaling more than \$10,000 during any one business day. This is true even if these transactions are conducted at different branch locations
- Multiple transactions can be a result of either cash-in or cash-out transactions.
  - A **cash-in** transaction is one in which **the customer presents cash**
  - A **cash-out** transaction is one in which **the customer receives cash**
  - A CTR is only required if the aggregate cash-out amount exceeds \$10,000 or if the aggregate cash-in amount exceeds \$10,000.
- **Examples of cash-in and cash-out transactions when CTR should be filed:**
  - If, in one afternoon, a customer cashes checks totaling \$8,200 (cash-out) and also receives a wire transfer of cash of \$2,500 (also cash-out), aggregate cash-out amount is \$10,700.
  - A customer cashes two payroll checks totaling \$6,400 and one U.S. Treasury tax refund check totaling \$4,200. Total cash out to the customer is \$10,600.
- **Examples of cash-in and cash-out transactions when no CTR is necessary:**
  - A teller cashes a check for \$6,000 (a cash-out transaction), and that customer later sends a \$5,000 money transfer (a cash-in transaction).
  - A customer presents a \$10,100 check to be cashed. After a check-cashing fee of \$200 is charged, the customer receives \$9,900 in cash. Total cash-out does not exceed \$10,000.
- CTRs must be filed within 15 days following the day on which the reportable transaction occurred.
- A copy of each CTR filed must be retained by the MSB for a period of five years from the date of the report

## SUSPICIOUS ACTIVITY REPORTS

Reportable suspicious transactions are ones that involve \$2,000 or more and:

- Appear to involve funds derived from illegal activity or appear to serve no lawful or business purpose.
- Are intended or conducted in order to hide or disguise funds or assets derived from illegal activity
- Are designed to evade BSA reporting requirements, whether through structuring or other means
- Involve use of the MSB to facilitate criminal activity

Check-cashing businesses are not required to file SARs for suspicious check-cashing transactions; however, intentionally ignoring suspicious activity or “willful blindness” is a criminal offense and can involve fines as high as \$500,000 and time in prison.

SARs must be filed with FinCEN no later than 30 calendar days after the date of initial detection of the suspicious transaction.

Provide as much detail as possible in the narrative portion when filling out your SARM. It is always better to provide too much information than too little!

It is illegal for any MSB employee to inform a customer that they are being reported for suspicious activity. Personnel are prohibited from revealing the contents of a SAR, or even that one has been filed.

### **SUSPICIOUS ACTIVITY RED FLAGS INCLUDE:**

#### **★ Unusual characteristics or behaviors of customer:**

- A customer alters the transaction upon learning that they must show ID
- Two or more customers use similar IDs
- A customer conducts transactions just below relevant thresholds
- Two or more customers work together to break one transaction into two or more transactions in order to evade the BSA reporting or recordkeeping requirement
- A customer visits two or more locations or cashiers to cash checks in the same day in order to avoid receiving more than \$10,000 in cash at one time.
- A customer cashing multiple instruments that appear to have been purchased in a structured manner (e.g. each in an amount below \$3,000)
- An individual who is unwilling or unable to provide identification or information

#### **★ Customers who provide insufficient or suspicious information:**

- A customer who presents different identification or information each time a transaction is conducted
  - ✓ Different name or different spelling of name
  - ✓ Different address or different spelling or numeration in address
  - ✓ Different identification types
- A customer alters the spelling or order of their full name
- An individual who uses a legitimate ID that appears to have been altered.
- A customer uses a false ID or different IDs on different occasions.
- An identification document in which the description of the individual does not match the customer’s appearance (e.g. different age, height, eye color, sex).

#### **★ Activity not consistent with the customer’s business or occupation:**

- The amount of the payroll check presented by the customer is not commensurate with the individual’s stated occupation
- An individual or business customer cashes large numbers of third party checks.

#### **★ Structuring**

- Any conduct engaged in to evade a reporting or recordkeeping threshold and the corresponding BSA reporting or recordkeeping requirement.
- Breaking up a large transaction into two or more smaller transactions by one or more persons
- Structuring is a federal crime and MUST be reported!