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Arizona Attorney General's News Release on Multi-State Settlement

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PHOENIX, Feb 11, 2010 (BUSINESS WIRE) -- Arizona Attorney General Terry Goddard and Western Union Financial Services, Inc. today announced a ground-breaking, $94 million settlement agreement which will provide substantial new resources for law enforcement authorities in the four Southwest border states to combat illegal activity along the entire U.S.-Mexico border.

Under the agreement, Western Union will pay $21 million to the State of Arizona and contribute $50 million to the Center for State Enforcement of Antitrust and Consumer Protection Laws, Inc., a not-for-profit organization whose mission is to enhance effective law enforcement through State Attorneys General. The company also will commit $19 million over the next several years to strengthen its own anti-money laundering effort and will provide $4 million to support an independent monitoring program.

The $50 million will be available through a grant process for law enforcement agencies throughout the U.S.-Mexican border to fund money laundering, human trafficking, drug smuggling and arms trafficking investigations and prosecutions. The funds also will support law enforcement training efforts in the United States and in Mexico to help reduce money laundering. Grant applications will be evaluated by representatives of the Attorney General's Offices of Arizona, California, New Mexico, and Texas; and representatives from the Arizona Department of Public Safety; the Arizona Department of Financial Institutions, and the Phoenix Police Department.

"Bringing the four Southwest border states together and providing the money and information available in this agreement is a major step in our ability to crack down on drug cartels and organized border crime," Goddard said. "Attacking the flow of illicit funds from the United States to smuggling cartels in Mexico is fundamental to our goal of crushing the cartels. The money and information made available from this settlement will offer invaluable tools to federal law enforcement on both sides of the border."

"Today's announcement reflects Western Union's commitment to promoting mutual solutions to these border issues, said David Schlapbach, Executive Vice President and General Counsel of Western Union. "Assisting law enforcement in its efforts to combat illegal activity serves the public interest on both sides of the border and helps protect those who use our services."

The settlement resolves all outstanding issues between Western Union and the State of Arizona. Over the past decade, consumer-to-consumer money transfers have become more prevalent. While most transactions are legitimate, some services provided by money transmitters have been abused by people involved in illegal activity. Western Union and Arizona have differed over the appropriate ways to prevent such abuses. These differences have led to various court cases and regulatory actions and assertions by Arizona authorities that Western Union was not doing enough to detect and prevent the abuse of its services. The agreement announced today settles these differences.

As part of the settlement with Arizona, Western Union has agreed to:

*Enhance its anti-money laundering program in the Southwest Border Area, which is expected to involve the expenditure of an additional $19 million over the next several years.

*The appointment of an independent monitor by the Maricopa County Superior Court to oversee Western Union's anti-money laundering efforts in the Southwest Border Area over the next two-and-a-half to three-and-a-half years, funded with $4 million paid by Western Union.

*A payment of $21 million to reimburse the Arizona Attorney General's Office, the Arizona Department of Public Safety and the Phoenix Police Department for the expenses they incurred in investigating activity by Western Union and its agents.

The disputes being settled today relate to activity that occurred between 2003 and 2007. Attorney General Goddard has acknowledged that Western Union's anti-money laundering effort is more robust today than in the past and that Western Union has devoted considerable effort to addressing money laundering concerns in the Southwest Border Area.

"Western Union has made significant improvements in its anti-money laundering program over the years and continues to do so," Schlapbach said. "Although we believe our anti-money laundering program is the best in the industry, we are committed to working cooperatively with Arizona to further enhance our program to deal with the unique problems associated with criminal activity along the Southwest border."

"Today's agreement is an example of how the private sector and law enforcement can overcome their past differences and work in good faith to accomplish a common goal," Goddard added.

Western Union disclosed that it was accruing for the anticipated settlement during the company's quarterly earnings announcement on Oct. 20, 2009. Today, Goddard and Western Union are announcing the details of the agreement.

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SOURCE: Western Union

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