

MSB Industry: Formation of MSB Coalition and Bank Discontinuance Update

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Bank Discontinuance

- **Begins Pre-9/11**
- **Citibank Purchase of Banamex in Mexico**
- **\$300(+/-) billion remittance industry attracts banks**
- **Federal regulator risk classification of MSBs**



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Recent Trends

- **Bank of America announces closing of Western Union and MoneyGram accounts**
- **Chase, Citibank, Wachovia, Washington Mutual, NorthFork have explicit policies of not servicing MT accounts**
- **National City, Wells Fargo and Commerce remain in the industry**



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Banking Alternatives: Credit Unions

- **May of 2005 Bethex opens first MT account**
- **November of 2005 Joy Cousminer wins Wegner Award for Individual Achievement**
- **Today services over 20 MTs in NY/NJ area**
- **November of 2005 ABA sues NCUA over FOM**
- **March of 2007 Chair JoAnn Johnson testifies before Congress on ban**
- **Paragon and Actors FCU active players (NY/NJ)**



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Banks Not Servicing Poor

- **September of 2007 Rep. Anthony Weiner reveals study**
- **Of 338 branches opened in NYC since 2000, only 9 were in poorest communities**
- **In Murray Hill there is 1 branch for every 284 residents; in the Tremont section of the Bronx there is 1 bank for every 68,048 residents**
- **No branches have opened in the Tremont section of the Bronx since 2000**



Self-Help

- **Currently applications or organizing efforts to create MSB-friendly de novo charters in New York, Maryland, Florida and Nevada**
- **Efforts led by MSB owners and investors**
- **Compliance issues addressed**
- **FDIC approval required**



MSB Coalition Legislation

- Support of Rep. Charles Rangel
- Effectively addresses “*not de facto regulators*” language in FinCEN guidance
- Relieves banks of spending time and money
- Does NOT relieve banks of monitoring accounts



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Thank You!

Oscar A. Herasme, Esq., CAMS
President and General Counsel
External Compliance Officer, Inc.
Two Executive Drive, Suite 521
Fort Lee, NJ 07024
(201) 592-0303
oherasme@ecoinc.net

