Introduction

The Multi-State MSB Examination Taskforce (MMET) is the state representative body charged with coordinating and facilitating multi-state supervision of money services businesses (MSBs). In 2013, the states implemented the Nationwide Cooperative Agreement for MSB Supervision and its companion Protocol for Performing Multi-State Examinations by establishing the MMET. The agreement and protocol was a collaborative endeavor between the Conference of State Bank Supervisors (CSBS) and the Money Transmitter Regulators Association (MTRA), to promote a nationwide framework for cooperation and coordination among MSB State Regulators.

Under the agreement, the coordinated goals of the Participating State Regulators are:

- to protect consumers;
- to ensure the safety and soundness of MMSBs;
- to deter money laundering and fraud;
- to supervise and examine in a seamless, flexible and risk-focused manner;
- to minimize regulatory burden and expense; and
- to foster consistency, coordination and communication.

By the end of 2013, 44 state regulatory agencies, including D.C. and Puerto Rico, had signed the agreement and protocol, and set in motion a yearlong endeavor to initiate the MMET.

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1 For the purposes of the agreement and protocol, MSB includes currency dealers or exchangers, issuers of traveler’s checks, money orders, prepaid access and/or stored value, sellers or redeemers of traveler’s checks, money orders, prepaid access and/or stored value and money transmitters.
Multi-State MSB Examination Taskforce (MMET)

The MMET consists of representatives of 10 Participating State Regulators, five of which are appointed by CSBS and five of which are appointed by the MTRA. The MMET’s role of coordinating supervisory efforts is meant to assist state regulators in fulfilling their own regulatory responsibilities. In coordinating supervisory processes, the MMET is responsible for:

- Determining the risk profile of an MSB operating in multiple states;
- Facilitating and maintaining joint examination schedules;
- Assisting in the establishment of examination teams in consultation with participating state regulators;
- Coordinating the collection of consumer complaints and working to ensure that such activity is given due consideration when drafting and scoping the examination plan;
- Facilitating the exchange of information between the joint examination state regulators and the concurrent examination states; and
- Supporting communications and facilitating development and implementation of joint or concurrent actions.

The MMET elected North Carolina Commissioner of Banks Ray Grace as its inaugural chair, with Karen Heede of the Virginia Bureau of Financial Institutions, the vice-chair. The MMET states and their representatives are:

- California Department of Business Oversight - Robert Venchiarutti
- Florida Office of Financial Regulation – Greg Oaks
- New York State Department of Financial Services – Dale La Shomb
- North Carolina Office of the Commissioner of Banks – Ray Grace
- Ohio Division of Financial Institutions – John Bishop
- Pennsylvania Department of Banking and Securities – Keith Watkins
- Texas Department of Banking – Jesse Saucillo
- Virginia Bureau of Financial Institutions – Karen Heede
- Washington Department of Financial Institutions – Adam Johnson
- Wyoming Division of Banking – Ryan Seals

The MMET held its first annual meeting in Austin, TX in April and met six more times during 2013 to establish its operating procedures, work groups and policies for conducting multi-state examination supervision.

During 2013, the MMET accomplished the following:

- Developed and approved Operating Procedures to guide the MMET.
- The MMSB Identification Committee provided recommendations to the MMET on companies that should be given priority for multi-state examinations and determined that risk factors such as number of states licensed in, size, scope of operations, volume of business conducted, ratings, enforcement actions, and history of complaints be utilized for scheduling joint and coordinated examinations.
• Identified IT training needs as crucial for MSB Examiners.
• Developed a survey to gather information for the enhanced coordination of Money Services Businesses examinations. As of today over 85% of states have provided information that will assist in the coordination.
• MMET examinations would initially focus on entities that were licensed in 20 or more states.

2013 Examinations

The MTRA Examination Committee coordinated the scheduling of 55 joint and four concurrent examinations in 2013. Twenty three states participated in the joint examinations and ten states acted as lead states.

2013 Training

A senior examiner school was developed and conducted by MTRA in Austin, Texas in April, with 46 examiners attending. The school focused on the risks and examination steps for prepaid card programs, foreign currency trading firms, and information technology.

MTRA conducted an examiner school at the September 2013 annual meeting in New Orleans, Louisiana. There were 49 state agency representatives that attended the school. Prepaid access, information technology, and joint examination procedures in conjunction with a new version of the examination work program were discussed. A consultant provided a review of Anti-Money Laundering Risk Assessment essentials.

Additionally CSBS conducted two Bank Secrecy Act and Anti-Money Laundering (BSA/AML) Examiner Classes in August and September 2013 that were attended by 11 non-bank examiners and 59 bank examiners. The class provided an overview of various products as well as BSA and OFAC requirements for prepaid access and money transmitters.

At the end of 2013, the MMET initiated the development of an Information Technology Examiner Course (ITEC) to provide timely and relevant training on IT concepts, risk assessments and examination processes.

Coordination with Federal Agencies

State Regulators who examine and license MSBs coordinate with the Internal Revenue Service (IRS) and the Financial Crimes Enforcement Network (FinCEN) utilizing information sharing agreements. Going forward, the MMET is expected to have a key role in coordinated supervision with the Consumer Financial Protection Bureau (CFPB).
Contact Information

MMET Chairman
Ray Grace, Commissioner
North Carolina Office of the Commissioner of Banks
4309 Mail Service Center
Raleigh, NC 27699
919.733.3016

MMET Vice Chair
Karen Heede, Examination Manager
Virginia Bureau of Financial Institutions
P.O. Box 640
Richmond, VA 23218
karen.heede@scc.virginia.gov
804.371.9372