Multi-State Money Transmitter Examinations

FREQUENTLY ASKED QUESTIONS

1. What is the expected timeframe of the exam process, from beginning to end?
   - In general, targeted goals for the exam process are as follows (subject to change depending on individual issues arising during the exam process):
     - Receipt of an entry letter and request list at least 60 days prior to the onsite visit
     - A due date for all initial request list items 30 days or more after receipt of the entry letter
     - Onsite exam for one to two weeks
     - Report of examination (ROE) issued approximately 60 days after the onsite exam
     - A response to the ROE is due within 30 days after receiving the report

2. Can a licensee limit the number of states and examiners taking part in the joint examination?
   - The lead state examiner-in-charge (EIC) considers issues such as the size of the company, space available and prior examination experience with the licensee when planning the joint examination. Licensees are encouraged to communicate any concerns regarding the number of states and examiners that will be participating in the joint examination when the EIC makes the initial contact to schedule the examination.

3. What is the scope (area of review) of the joint examination?
   - Compliance with state specific laws, such as requirements for:
     - minimum net worth
     - financial safety and soundness
     - permissible investments
     - bonding/security requirements
     - periodic reporting (permissible investments/volume)
     - consumer notices and disclosures
     - changes in ownership or senior management
     - regulatory actions notifications (e.g. consent orders, settlement agreements, etc.)
     - delegates/agents: agreements, onboarding and ongoing monitoring procedures
   - Compliance with federal laws
     - Title 31, Code of Federal Regulations (CFR), Chapter X (BSA/AML)
     - USA Patriot Act, Title 12, CFR, Part 500 (OFAC)
     - Gramm-Leach-Bliley Act (15 USC §§ 6801, 6802 and 6803)
     - Title 12, CFR, § 1005.31 (Remittance Rule)
     - Interpretive guidance from FinCEN (e.g. FIR 2004-1)
   - Information technology systems and security (per FFIEC IT Handbook)
   - Disaster Recovery/Business Continuity Planning and Testing (FFIEC IT Handbook)

4. Do I need to submit the requested pre-examination items to every state taking part in the multi-state exam?
   - No, the general exam process is to provide the requested pre-exam items to only the designated lead state, which will then ensure all participating states receive copies or access to the items.
5. Who do I submit the required examination report response to?
   - The typical exam process is to provide the requested final report of examination response to each of the participating states for each of their review.

6. What can we expect if we operate through agents (also known as “authorized delegates”)?
   - Examiners usually visit a sampling of agents prior to the onsite examination. Various areas are reviewed, including:
     o records retention
     o compliance with the licensee’s operating procedures
     o BSA knowledge and training of the employees
     o Government reporting (SARs and CTRs)
     o proper state-specific disclosures, notices and agreements
     o compliance with the state and federal receipt disclosure requirements (Remittance Rule)
     o methods of reporting and communication with the licensee
   - Agent visit findings are compiled and discussed with the licensee during the onsite examination.

7. How can licensees ensure a more efficient exam process?
   - Licensees can better ensure a more efficient exam process by:
     o Providing complete pre-exam information by the requested due date
     o Having all remaining requested items available immediately upon arrival of examiners onsite
     o Having senior management and key personnel available onsite to respond to examiner questions
     o Ensuring examiners have onsite access to specific contacts in the areas of compliance, accounting, information technology, and any other relevant areas
     o Providing adequate work space for the examiners including access to internet, printers, copy machines, and telephones as needed

8. What are commonly seen but avoidable circumstances that may impede the work of examiners?
   - Some commonly seen generally avoidable circumstances that can impede the examiners work are:
     o Failing to have all requested items onsite upon arrival of examiners
     o Failing to clarify any misunderstandings of request items prior to the onsite exam
     o Failing to adequately track and respond to additional onsite requests in a timely manner
     o The absence or unavailability onsite of senior management or key personnel
     o Inadequately documented agent files (supporting onboarding and ongoing BSA monitoring and training)

9. What efficiencies are gained by the multi-state process?
   - Some of the efficiencies that are potentially gained through the multi-state examination process include:
     o Reducing the need for multiple individual state examinations
     o Reducing redundancies in examination item requests
     o The ability to leverage each other’s review and findings in the overlapping and common areas of review
10. How does the examination billing work?
   - Each state will handle billing separately following the conclusion of the onsite examination per their independent processes. Additional questions regarding billing can be addressed with each participating state as needed.

11. What other resources are available that provide information about the regulation of money transmitters by states?
   - **MTRA Website Resources (www.mtraweb.org)**
       - Both agreements provide for cooperation, coordination and the sharing of confidential regulatory information among member states
     - State regulator contact list for general questions on money transmission
     - State banking department links
     - Other association and agency links (FinCEN, CFPB, CSBS, etc.)
     - Industry guidance on money transmission to foreign countries
     - Information on the Multi-State MSB Examination Taskforce (members, operating procedures, Protocol for Performing Multistate Examinations, annual reports, etc.)