



DEPARTMENT OF JUSTICE
Antitrust Division

THOMAS O. BARNETT
Assistant Attorney General

Main Justice Building
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530-0001
(202) 514-2401 / (202) 616-2645 (Fax)
E-mail: antitrust@usdoj.gov
Web site: <http://www.usdoj.gov/atr>

July 1, 2008

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Oscar A. Herasme, Esq.
President
External Compliance Officer, Inc.
2 Executive Drive
Suite 521
Fort Lee, NJ 07024

Dear Mr. Herasme:

This letter responds to your request for a business review letter pursuant to the Department of Justice's Business Review Procedure, 28 C.F.R. § 50.6. You have requested a statement of the Antitrust Division's current enforcement intention with respect to a proposal by External Compliance Officer, Inc. ("ECO") to collect information from and disseminate information to licensed money transmitters regarding termination of money transmitter agents and the reason for termination.

You represent that ECO is a privately-held New Jersey corporation providing anti-money laundering consulting services to financial institutions. You state that money transmission services are primarily used by immigrant families to send money to relatives in their country of origin. They are also used for transfers within the United States, such as by persons who do not have a checking account. Money transmitters offer money transfer services through contractually-authorized agent locations, typically local retailers or service providers. A consumer executes a money transfer by providing the agent with the money to be transferred, the desired destination and the identity of the intended recipient. After the agent notifies the money transmitter of the transaction, the money transmitter immediately instructs a correspondent at the destination to release the funds to the recipient. Currently there are approximately 600 licensed money transmitters in the United States and tens of thousands of agents.

You represent that money transmitters and their agents must comply with a variety of federal and state laws and regulations, including the U.S.A. PATRIOT Act, that prohibit money laundering and terrorist financing. To comply with these mandates, money transmitters are required to determine whether the prospective agent presents a risk for money laundering or

terrorist financing. ECO proposes to develop and operate a database to aid that evaluation by enabling a money transmitter to discover whether a prospective agent has been terminated by another money transmitter, and if so, the reason for the termination, including a failure to comply with anti-money laundering or anti-terrorist financing procedures. A money transmitter's participation in the database will be completely voluntary.

You represent that ECO plans to collect and disseminate the following information only:

- the agent name(s), address and phone number (including any company name under which the agent is doing business),
- the names of principals, including owners, executive officers, and managers,
- date of termination,
- the name of the reporting money transmitter,
- the general reason for termination, described as either compliance (for an agent's failure to comply with the reporting money transmitter's anti-money laundering and anti-terrorist financing procedures), non-payment, contractual, or other, and
- the current status of the agent, described as terminated, reinstated, judgement satisfied, etc.

You represent that ECO plans to compile the foregoing information in a database owned by ECO that would be text-searchable and accessible to ECO clients over the internet. Licensed money transmitters would be able to (1) enter the foregoing information into the database over the internet for any agent terminated by the money transmitter, and (2) search the database for the purpose of identifying agents terminated by another money transmitter and obtaining the foregoing information regarding such agents. ECO also represents that it would notify an agent in writing when the agent was added to the database and provide the agent with the agent's database record upon request.

Based on the information and representations you provided, and the information obtained during the Division's review, we conclude that the proposed information collection and dissemination activities are not likely to reduce competition and may serve to facilitate more efficient compliance with prohibitions against money laundering and terrorist financing. The information you have represented ECO will collect and the manner in which you have represented ECO will disseminate that information do not appear by themselves likely to aid collusion in the context of this industry or otherwise to harm competition among money transmitters. The agent notification procedure helps ensure that the termination information will be accurate.

Based on the information and representations you provided, the Department has no present intention to challenge ECO's proposal to collect and disseminate information regarding terminated money transmitter agents. This letter expresses the Department's current enforcement intention and is issued in reliance on the information and representations contained in ECO's written submissions and oral statements. In accordance with our normal practices, the Department reserves the right to bring any enforcement action in the future should the operation of the proposed database prove to be anticompetitive.

Oscar A. Herasme, Esq.

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This statement is made in accordance with the Department's Business Review Procedure 28 C.F.R. § 50.6. Pursuant to its terms, your business review request and this letter will be made publicly available immediately, and any supporting data will be made publicly available within 30 days of the date of this letter, unless you request that part of the material be withheld in accordance with Paragraph 10(c) of the Business Review Procedure.

Yours sincerely,

A handwritten signature in black ink, reading "Thomas O. Barnett". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

Thomas O. Barnett
Assistant Attorney General