The term “wire transfer” is used to refer to various types of systems to transfer money electronically. As8

A traditional wire transfer goes from one bank or credit union account to another using a network such as Fedwire, SWIFT, or the Clearing House Interbank Payments System (CHIPS). A wire transfer uses a different system than the ACH system and generally is not covered by the Electronic Funds Transfer Act (EFTA) but is often covered by UCC Article 4A.

The term “wire transfer” is also used loosely to describe the transfer of money by nonbank money service businesses (MSBs, also called money transmitters) such as Western Union and Money Gram. The money can be transferred through various channels that may or may not involve use of a bank-to-bank wire transfer at some point during the process. These types of wire transfers, however, typically do not involve transfers from one bank account to another and may start and/or end with cash.

Most wire transfers from nonbank providers are not covered under the EFTA’s general provisions. However, if the transfer is international, it is covered under the EFTA’s provisions for international remittances. State laws governing the licensing of MSBs, as well as other state and federal laws, may also cover both domestic and international money transfers by MSBs.

Certain MSBs are covered by the federal Bank Secrecy Act and anti-money laundering rules. Like financial institutions, MSBs have been the subject of enforcement activity when they fail to comply with their duties and facilitate fraudulent or illegal payments.

Footnotes


89 [88] See § 5.1.6 [2], infra.

90 [89] See § 5.1.5.3.4 [3], infra.


92 [91] See § 6.5.2 [5], infra.

93 [92] See § 6.6.4 [6], infra.

94 [93] See § 6.6 [7], infra.

95 [94] See § 6.5.3 [8], infra.

96 [95] See Fin. Crimes Enforcement Network (FinCEN), Am I an MSB? [9], available at www.fincen.gov/am-i-msb; Fin. Crimes Enforcement Network (FinCEN), BSA Requirements for MSBs [10], available at www.fincen.gov/bsa-requirements-msbs; § 1.4.2 [11], supra.

97 [96] See Press Release, Fed. Trade Comm’n, Western Union Admits Anti-Money Laundering Violations and Settles Consumer Fraud Charges, Forfeits $586 Million in Settlement with FTC and Justice Department [12] (Jan. 19, 2017), available at www.justice.gov (fraudsters induced consumers to go to Western Union offices to send money by falsely promising victims large cash prizes, lottery winnings, fictitious loans, or other payments; falsely offering various high-
ticket items for sale over the internet at deeply discounted prices; falsely promising employment opportunities as ‘secret shoppers’ who would be paid to evaluate retail stores; or falsely posing as the victim’s relative and claiming to be in trouble and in urgent need of money”; between 2004 and 2012, fraudsters engaged in scheme to defraud consumers through Western Union money transfer system; Western Union aided and abetted scheme by failing to suspend and/or terminate complicit Western Union agents and by allowing them to continue to process fraud-induced monetary transactions).

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