

APPENDIX 2. ANTI-MONEY LAUNDERING AND ID THEFT REFERENCE MATERIALS

There are several warning signs, or “red flags,” associated with the sale and reload of NetSpend products. These characteristics and behaviors could be indicators of identity theft or other illegal activity.

You should be familiar with these warning signs, as well as the extensive list of red flags identified by the Federal Trade Commission (the “FTC”) for identity theft. **More information may be found at <http://www.business.ftc.gov/documents/bus23-fighting-identity-theft-red-flags-rule-how-guide-business>.**

WHETHER YOU OBSERVE JUST ONE OR A COMBINATION OF MANY RED FLAGS, IT MAY REQUIRE THE OBSERVANCE OF JUST ONE RED FLAG TO WARRANT FURTHER INVESTIGATION.

Be on the lookout for customers who:

- (a) Are in a hurry or seem nervous or evasive
- (b) Offer bribes, tips, or other gratuities
- (c) Provide inconsistent information
- (d) Are reluctant to provide identification or information
- (e) Change their mind multiple times during the course of a transaction
- (f) Use unusual or suspicious identification documents that cannot be readily verified
- (g) Admit to criminal activity
- (h) Cash a large number of third-party checks, then load proceeds onto a NetSpend product
- (i) Use multiple IDs on different occasions (e.g., name, address and/or identification number on IDs are different)
- (j) Go to different tellers or locations and perform multiple transactions

Other examples of unusual or suspicious customer activity include:

- (a) Withdrawals of cash from a NetSpend Prepaid Card, followed by the purchase of money orders, traveler’s checks, or other monetary instruments
- (b) Transactions are conducted at a particular retail location on a regular basis, but customer seems neither to reside nor work in the retail location’s service area
- (c) Use of musty bills with an unusual, chemical-like odor
- (d) Frequent high-dollar loads consisting of small-dollar denominations
- (e) Frequent loads with currency wrapped in currency straps or in rubber bands that appear disorganized and do not balance when counted