



Money Service Business (MSB) Account Agreement

Use of Account

This is an agreement between State Bank of Texas (“SBT”) or (“bank”) and the Money Service Business (“MSB Customer”): check cashers, currency exchangers or *casa de cambios*, and money transmitters. As the MSB customer, you agree to use the account solely for its normal, customary lawful business purposes and comply with all federal, state, and local licensing requirements.

All MSB Customers must be formed and organized in the United States. Currently, SBT does not open business accounts for foreign-based MSB Customers (meaning organized outside of the United States) who are seeking a banking relationship in the United States for the sole purpose of establishing a branch or agent location. A foreign-based MSB Customer must have a location in the United States that has been operational for a minimum of two years and is able to meet the bank’s minimum requirements to be considered for account approval.

An MSB Customer whose primary business is check cashing or offers as an additional service may cash the following check types: payroll, government, social security checks, checks payable to businesses, and tax refund checks for established known customers, and other checks typically cashed by the general public.

As a money transmitter you may operate as a provider for domestic or international funds transfers (wires) or on a transactional basis as an agent for a domestic based (formed and incorporated within the U.S) money transmitter. You agree that all outgoing wire requests consist of individual consumer transactions. Money transmitters who process transactions for business customers must receive prior approval to process this type of transaction.

As a currency exchange you may engage in the “buy” and “sell” of foreign currency for United States dollars. You agree that all exchanges are conducted for individual consumers. Currency exchangers who provide currency services for wholesale and other money service businesses must receive prior approval to process these types of transactions.

As an MSB Customer you may offer other services or products to the general public, including but not limited to lottery sales, money order sales, bill-payment, Lone Star, EBT or other public assistance services, utility payments, grocery items, gasoline, liquor, jewelry, limited U.S. Postal Services, cash advances under MasterCard and Visa guidelines; however, the funds from these services may not be comingled or deposited into the MSB account. A separate business account must be opened.

You are to notify the appropriate account manager or the Compliance Officer of any changes to your business, including but not limited to change in ownership, sale of business, branch locations opened or closed, sale of business, agent status, new services offered, change in business model, or location of remote deposit capture (RDC) machine.

Qualifications to Open an MSB Account:

Generally, SBT will open a business checking account for MSB Customers who have a home office or a branch location within the Dallas-Fort Worth (DFW) Metroplex, Chicago Land, the Houston-Woodlands-Sugarland market area, or any physical branch location within the 50 states. **All** request to open an MSB checking account is subject to approval. All applicants will be required to complete a copy of the bank's MSB Application & Questionnaire, other related internal documents and the following:

- Provide a copy of the most recent three (3) months of bank statements and/or analysis statements for all open accounts at other financial institutions related to check cashing, money transmission, or currency exchange. If an account has closed within the last 30 days, provide bank statements for the prior three (3) months.
- Provide contact information for current MSB banking relationship(s): financial institution's name, contact officer's name and title, contact phone number, and email address. A business card is acceptable. Complete and sign the *Authorization to Disclose Confidential Financial Information*.
- Provide a copy of the most recent two (2) years of personal tax returns filed with the IRS for all partners, directors, or members of the business. Please include all schedules and supporting attachments, as applicable.
- Provide a copy of the most recent two (2) years of business tax returns filed with the IRS. Please include all schedules and supporting attachments. If the customer has not filed the business tax return for the most current year, then provide a copy of the most recent CPA prepared cash flow statement, balance sheet, and income statement.
- Provide all business documents related to the business, including, but not limited to: Assumed Name Certificate, Certificate of Formation/Articles of Incorporation, or Certificate of Filing.
- Provide a copy of the most recent independent audit completed, including the most recent audit conducted by State, FinCEN, or similar regulatory agency.
- If more than one location, provide a list of all branch and agent locations. Complete the *Branch and Agent Due Diligence Form* for each location. Do **not** complete this form for Correspondent Paying Agent locations.
- Provide a copy of the Money Service Business registration with FinCEN.
- Provide a copy of local and/or State currency exchange or money transmission license, if applicable.
- If you permit a customer to originate a transaction through a phone application or website using a unique username and password, provide a copy of the policy and procedures used to govern this service, a copy of the authorization form (if applicable), and a copy of the most current *Web Application Security Assessment & Vulnerability Test Report*.
- Provide a signed copy of the business AML Program Policy. For **check cashers**, the AML Policy or separate written procedures should clearly describe the business check cashing AML compliance program, including types of checks cashed, check limits, identification requirements, and all FinCEN requirements. Documentation, i.e., signage may be used to document check cashing fees and requires.

For **money transmitters**, the AML Policy or separate written procedures should clearly describe the business money transmission AML compliance program, transmission limits, geographic locations served, OFAC requirements, identification requirements, and agent due diligence, including onboarding and monitoring.

For **currency exchangers** (casa de cambios), the AML Policy or separate written procedures should clearly describe the currency exchange AML compliance program, buy and sell transactions, transaction limits, identification requirements, and types of customers, i.e. individual, wholesale, or other MSB customers.

“Canned” or AML template policies are not acceptable.

- For **check cashers**, if check cashing software is used to verify and retain customer information, provide a system-generated transaction report for the last two months of all cashed checks to include customer’s name, maker’s name, check number, date, check amount, and fees, as applicable.
- For **money transmitters**, provide a copy of the forms or other similar documents used to onboard an agent or client.
- For **money transmitters**, provide a copy of the agreement between you and all current foreign paying agent relationships. Complete and sign the *Foreign Correspondent Paying Agent Due Diligence Questionnaire*.
- For **money transmitters**, for the most recent three months, provide a detailed report of transactions for each branch or agent location reflecting the transaction ID #, transaction date, transaction amount, sender’s name, sender’s address, beneficiary’s name, payout country, and any additional information as required by your customer due diligence requirements. Please provide a separate report for each month and each location.
- For **currency exchangers**, provide a copy of the forms or other similar documents used to onboard a wholesale customer or money service business, as applicable.
- For **currency exchangers**, for the most recent three months, provide a detail report of transactions for each branch location reflecting the transaction ID #, transaction date, amount of currency received, type of currency received, amount of currency given, type of currency given, exchange rate, whether transaction was a “buy” or “sell,” (if software identifies), and any additional information as required by your customer due diligence requirements. Please provide a separate report for each month and each location.
- If the MSB Customer maintains an ATM at its location(s) but it is not the ATM owner and only leasing or renting the space, then a copy of the lease agreement between the MSB customer and the ATM owner must be provided.
- Complete and sign the *Business Information Application and Questionnaire*. Provide a legible copy of the current driver’s license or state identification card for the control person, authorized signers, and beneficial owners.
- Complete the *List of Financial Institutions Form*. Provide the name of all financial institutions in which you currently have a banking relationship or have closed an account within the most recent six (6) months.
- Complete and return a signed copy of *MSB Account Agreement Acknowledgement* page.

A security deposit in the form of a Certificate of Deposit, Savings Account, or Real Estate is **required** to open a Money Service Business account. The amount and type of security deposit will be based upon the length of time the customer has been in business, experience of its owners and managers, average transaction amount, average collected balance and perceived risk. All collateral will remain on reserve or a lien for one year after account closure regardless of the reason for the closure.

All MSB Customers are required to have an independent periodic audit conducted every 12 – 15 months.

MSB Customers are not permitted to conduct any account transactions until an onsite visit has been conducted. Onsite visits will usually be conducted within 10 days of receiving all signed account documents, opening deposit, and required security deposit(s).

Check Cashers

SBT will only accept checks for deposit from the MSB Customer legal entity that was used to open the account. Additionally, for the first 90 days the new account is open, you must transact business **only** at the branch location where the account was opened. If for any legitimate reason, one branch refuses to accept an item(s) for deposit, you **should not attempt** to get the item(s) accepted at a different branch.

If you have any account-related questions, you should contact the branch manager at the location where the new account was opened. Out-of-area customers should contact the account manager assigned to you. Managers are generally available Mon – Friday between 9:00 a.m. and 5:00 p.m. CST.

Deposited Items

All deposited items may be subject to an exception hold during the first 30 days the account is open. Single deposited checks payable for more than \$5,000 may be subject to an exception hold time anytime during the account relationship. An exception hold means that the funds for the deposited item may not be available for immediate withdrawal until 7 business days following the day of deposit. Any account that has a returned check with the reason code “refer-to-maker,” “closed account,” or similar code within the first 90 days will be subject to account closure.

Check cashing customers may request to operate on an uncollected funds basis. If you desire to draw on an uncollected funds basis, an additional Certificate of Deposit (CD) must be opened at State Bank of Texas and remain open on reserve for one year after account closure, regardless of the reason for the closure.

SBT reserves the right to restrict the types of checks it will accept for deposit. If you utilize the bank’s Remote Deposit Capture (RDC) services, please refer to your RDC Agreement for additional check endorsement requirements. The bank will not accept any check that it deems as an unnecessary risk.

General Examples of Unacceptable Checks for all Check Cashers:

- Non-Treasury tax refund checks.
- Tax refund checks deposited 45 days after the date of origination.
- Certain tax refund checks without an authorization code and driver’s license number.
- Money Orders drawn in the account holders’ name or business name.
- Checks payable to vendors but endorsed by the business or individual writing the check.

- Checks that are drawn on areas outside of the bank’s normal trade area (North Central Texas, Gulf Central Texas, or Chicago Land).
- Checks made payable to vendors but written and endorsed by the same person.
- Money orders with no payees.

Upon approval of your MSB account, you will be informed of your check-cashing classification: low volume check casher or higher volume check casher.

Requirements for Low Volume Check Cashers:

- Checks greater than \$5,000 must be deposited separately. These checks may not be included with your “normal” deposit.
- Checks greater than \$10,000 must receive approval and may be subject to an exception hold. Please review the bank’s Funds Availability Policy for additional details.
- You may deposit only one check between \$5,000 and \$10,000 per person, per week.
- At the time of deposit, for checks between \$5,000 and \$10,000 payable to an individual or sole proprietor, a copy of the Assumed Name Certificate (dba) and acceptable ID must be provided to the bank, as applicable.
- At the time of deposit, for checks between \$5,000 and \$10,000 payable to an LLC or Corporation, a copy of the business documents and acceptable ID must be provided to the bank. If there are several “owners” or Directors, then a corporate/LLC resolution acknowledged by an Officer/Manager and the Secretary of the corporation must be provided, with appropriate IDs for identification.

Customers utilizing RDC services will be provided with the email address to submit payee information.

Failure to provide the required identification by 4:00 P.M. **will** result in the deposited item’s removal from the deposit. Repeat violations of this requirement may result in temporary suspension of RDC services.

Additional Requirements for Higher Volume Check Cashers:

- Checks greater than \$5,000 must be deposited separately. These checks may not be included with your “normal” deposit.
- Checks greater than \$50,000 must receive approval and may be subject to an exception hold. Please review to the bank’s Funds Availability Policy for additional details.
- You may deposit only one \$50,000 check or greater per person, per week.
- At the time of deposit, for checks greater than \$5,000 payable to an individual or sole proprietor, a copy of the Assumed Name Certificate (dba) and acceptable ID must be provided to the bank, as applicable.
- At the time of deposit, for checks greater than \$5,000 payable to an LLC or Corporation, a copy of the business documents and acceptable ID must be provided to the bank. If there are several “owners” or Directors, then a corporate/LLC resolution acknowledged by an Officer/Manager and the Secretary must be provided, with appropriate IDs for identification.

Customers utilizing RDC services will be provided with the email address to submit payee information.

Failure to provide the required identification by 4:00 P.M. **will** result in the deposited item's removal from the deposit. Repeat violations of this requirement may result in temporary suspension of RDC services.

Money Transmitters

All money transmitters will have a preapproved outgoing wire limit. If a wire request is rejected because it exceeds its approved wire limit, the MSB customer should contact its account manager and explain the reason for the increased wire amount and provide supporting documentation. At any time should an MSB Customer attempt to lower or structure the wire request to avoid approval or detection. Any MSB customer who is found to be engaging in this type of behavior is subject to account closure.

For **each** outgoing wire request, supporting documentation must be uploaded in the file format supported by the bank.

At this time SBT does not allow for incoming money transfers from foreign MSB agents or nested relationships. A nested relationship is conducting international funds transfers for third parties via wire transfers or ACH through an SBT account to another foreign MSB agent.

Over the last few years the popularity of mobile and web applications has increased because of ease of use, lower cost alternatives, and opportunity to reach a larger market; however, with these benefits also comes a chance of increased fraud. All money transmitters who originate transactions through a mobile application or website using a unique username and provide must comply with the NACHA Operating Rules for Web debit entries. Money transmitters who offer this service will be expected to conduct a Web application Security Assessment & Vulnerability at least annually and provide a copy of the final report to the bank.

All money transmitter accounts require the purchase of a money transfer bond in an amount equal to the average transfer amount initiated, but not less than \$150,000. The sole use and benefit of the bond is for the recovery or damages by State Bank of Texas as a result of the money transmitter's activities. The bond should clearly identify the obligations of the money transmitter to not commit any wrongful act, default omission, fraud, or misrepresentation and perform all obligations and undertakings honestly, fairly, and equitably when engaging in the business of a money transmitter.

If you have any account-related questions, you should contact the account manager assigned to you. Managers are generally available Mon – Friday between 9:00 a.m. and 5:00 p.m. CST.

Currency Exchangers or Casa de Cambio

All currency exchangers have a preapproved outgoing wire or internal transfer limit. If a wire request is rejected because it exceeds its approved wire limit, the MSB customer should contact its account manager and explain the reason for the increased wire amount and provide supporting documentation. At any time should an MSB Customer attempt to lower or structure the wire request to avoid approval or detection. Any MSB customer who is found to be engaging in this type of behavior is subject to account closure.

For **each** outgoing wire request, a copy of the invoice or purchase order is to be provided.

Currency exchange customers are required to disclose any relationships or transactions with wholesale customers or other Money Service Business customers. If you are approved to engage in these types of transactions you will be expected to implement Know Your Customer “KYC” and Enhanced Due Diligence “EDD” procedures, including ongoing monitoring. Any MSB customer who fails to disclose this type of relationship is subject to account closure.

If you have any account-related questions, you should contact the account manager assigned to you. Managers are generally available Mon – Friday between 9:00 a.m. and 5:00 p.m. CST.

Prohibited MSB Activities

The following activities, services, or behavior are prohibited and may subject your account to closure:

- Failure to renew FinCEN MSB registration.
- Failure to renew any state or local licensing requirements.
- Engaging in a “nested relationship” by allowing a foreign money transmitter to indirectly wire funds to another foreign money transmitter by utilizing your checking account.
- Broker, dealer, administrator or hosted wallet provider for cryptocurrency, virtual currency, convertible virtual currencies (CVC), bitcoin, or similar products.
- Internet gambling.
- Cell phone sales.
- Sale of prepaid access cards (including closed loop prepaid access) to funds that exceed \$10,000 to any person for one day.
- Mobile check cashing service. All MSB customers must have a physical, store-front location unless prior approval.
- Depositing checks received through a third-party. All checks presented for deposit must be cashed in person, meaning in the presence of an MSB Customer’s agent.
- Repeat or flagrant disregard of the bank’s MSB Account Agreement.
- Knowingly engaging in fraudulent activity or misrepresenting information.
- Utilizing the account to engage in money laundering, criminal activity, terrorist activity, or human trafficking.

Account Fees & Other Expenses

As an MSB Customer, your account will be service charged on a monthly analysis basis and subject to a compliance monitoring fee. The account will earn a credit based on the average collected balance that is maintained in the account. The fees and charges for this account may be offset with this earnings credit. MSB Customers that do not use SBT as their primary source for change orders (receiving cash) or customers utilizing vault and/or armored service may be subject to higher fees. For a complete list of fees, please refer to the bank’s Fee Schedule. **Note:** Fees are subject to change without prior notice.

SBT is committed to establishing a long-term relationship with its MSB Customers and conducts an extensive review to ensure a successful relationship. To eliminate customers who are “shopping” and not committed to opening an account, effective May 1, 2020, SBT will charge an application fee for all customers requesting to open an MSB account. Acceptable payment methods are ACH, wire, or check.

Periodic MSB Customer Review

By maintaining an account at SBT, documentation related to continued MSB eligibility will be requested on a periodic basis. Requests may include copies of independent audits, transaction reports, due diligence forms, invoices, etc. The timeframe to provide the documents will be given at the time of the request. Account services may be restricted if the documentation is not provided within the required timeframe.

In addition, we reserve the right to conduct onsite visits at a schedule determined by us, but not less than annually. For each onsite, you will be charged reasonable airfare, hotel, meal, and car rental, as applicable. You will be invoiced within 15 days and the account will be debited within 30 days of the onsite visit.

If at any time we believe that your account activity is inconsistent with the safe and sound practices of SBT your account relationship will be terminated. If we choose to terminate your account, we will provide you with written notice.

MSB Account Agreement Acknowledgement

I acknowledge that I have received a copy of State Bank of Texas MSB Account Agreement document. This agreement is effective the date is approved for account services.

If I have any questions regarding any part of this agreement, I will contact the branch manager at the location in which I opened this account, the account manager assigned to my account, or the bank's Compliance Officer at 972-252-6000.

Business Name

Printed Name of Person Opening Account

Signature

Date