Fired Compliance Officer Sues MoneyGram Claiming Retaliation for Citing Violations

Lozada claims he was fired after six months on the job after he repeatedly brought up compliance failures that allegedly violated the company's 2012 deferred prosecution agreement with the Department of Justice and a 2009 order by the Federal Trade Commission.

By Sue Reisinger | January 28, 2019 at 06:11 PM

Juan Lozada/courtesy photo

Texas lawyer Juan Lozada, a former compliance officer at MoneyGram International Inc. in Dallas, has filed a retaliation and wrongful termination suit against the company.

Lozada claims he was fired after six months on the job after he repeatedly brought up compliance failures that allegedly violated the company's 2012 deferred prosecution agreement with the Department of Justice and a 2009 order by the Federal Trade Commission. That DOJ agreement included criminal charges that MoneyGram knowingly aided and abetted wire fraud and willfully failed to implement an effective anti-money laundering program.

The company's outside counsel, John Barcus, of counsel in the Dallas office of Ogletree, Deakins, Nash, Smoak & Stewart, said, "MoneyGram denies the allegations in the [Lozada] complaint, all of which are false and easily disproven. MoneyGram is confident that it will prevail."

Barcus said Lozada "worked in MoneyGram's compliance department for less than one year before he was terminated for poor job performance. His termination had nothing to do with the activities he claims to have engaged in."

Barcus also said Lozada was bringing "the same baseless allegations" in yet another forum.

Lozada first filed a retaliation complaint last March 5 with the U.S. Department of Labor. After a dismissal and an appeal, a hearing on the complaint was scheduled this month before an administrative law judge.

Lozada's attorney, Steve Kardell of Kardell Law Group in Dallas, said he decided to terminate the hearing in favor of filing a suit Jan. 23 in the U.S. District Court in Texarkana alleging the same issues.

Attorney Steve Kardell in Dallas, Texas. Photo by Mark Graham.

Kardell explained that after the original complaint was filed with the Labor Department in March, federal prosecutors on Nov. 8 found that MoneyGram had violated the FTC order and the DPA, just as Lozada had claimed. The DOJ then reached a renewed DPA and the company was ordered to pay a $125 million penalty.

“A lot of things Juan identified to his supervisors and then in his complaint were later cited when prosecutors extended MoneyGram’s deferred prosecution agreement and fined the company,” Kardell said.

The lawsuit specifically accuses the money transfer company of violating the retaliation provisions of the Sarbanes-Oxley Act of 2002.

Kardell explained, “In most such cases, there is an issue of whether the employee had a reasonable belief about what was going on. In this case the government backs up every incident Juan cited.”

The suit also names as defendants Lozada’s supervisor, Juan Manuel Gonzales, and Christopher Ponder, head of human resources for the compliance department. Lozada joined MoneyGram in October 2016 as a manager in its compliance unit, and was not a member of its legal department.

Kardell said the DPA, which included the law firm Freshfields Bruckhaus Deringer as a monitor scrutinizing MoneyGram, was close to expiring in mid-2017 when Lozada was complaining about the compliance failures. “The atmosphere was ‘don’t make any waves,’” Kardell said.

Or, as the lawsuit puts it: The FTC order and the DPA “were hanging like a Sword of Damocles” over MoneyGram at the time.

As a result, Kardell said, the company did not react positively to Lozada’s complaints about compliance violations. So Lozada put his complaints in writing to the monitor. Then he was fired.

Lozada told Corporate Counsel, “My six-month experience at MoneyGram was a nightmare, with every one of my suggestions, made in good faith, derided and dismissed, along with attacks on my character. The government’s decision to extend the DPA and fine MoneyGram an additional $125 million is some consolation for what I had to go through. I look forward to a final, just resolution of my case.”

The suit accuses the company of “willful violation” of compliance provisions in the government agreements. It seeks back pay for Lozada, reinstatement to his job or pay in lieu of reinstatement, special damages for noneconomic harm such as impairment of reputation, plus attorney fees and costs.