

**Liberal Money Express (Pvt.) Ltd.
Kathmandu, Nepal.**

**Anti-Money Laundering Policy
2006**

Anti-Money Laundering Policy Liberal Money Express Pvt. Ltd.

The board of directors at Liberal Money Express Pvt. Ltd. (LME) is committed to combat money laundering. Management will actively search for suspicious activity. When it is discovered, a senior officer will review it and make a recommendation as to whether a Suspicious Activity Report (SAR) should be filed.

The assigned officer will have ten (10) business days to conduct the review and make his recommendation. All recommendations will be made in writing and forwarded to the Secrecy Officer (SO). The SO is responsible for reviewing the investigating officer's recommendation, and determining if an SAR should be filed.

The SO will file the SAR with the appropriate legal and regulatory authorities. All supporting evidence for the SAR will be maintained for a minimum of five (5) years, and will be securely stored. The SO will report to the board of directors the number of SARs filed each month, along with a brief summary as to dollar amount of the suspicious activities and why they were deemed that way.

Money Laundering - Defined

LME has two definitions for money laundering:

- 1) To remit illegally obtained or earned funds into the country
- 2) To hide funds that has been lawfully obtained or earned

With the increase of Nepalese migrant workers world wide, remittance to Nepal has been increasing day by day. In the last few years, remittance has played a vital role in the country's economy. Unless and until remittance is properly disseminated through banking channels, the country could loose a vital source of foreign currency. Therefore, LME must be diligent in detecting and reporting suspicious activity.

Suspicious Activity - Defined

It is impossible for the directorate to define all activity that would qualify as suspicious. However, the following guidelines quantify the types of suspicious activities that LME will monitor for.

Suspicious Activity – Remittance

1. Two or more remittance in a month for the same beneficiary.
2. Single remittance amounting to USD 8000 or more.
3. Single remitter remitting to more than one beneficiary.

4. Single remitter remitting to different beneficiary having different surname.
5. Single remitter remitting to different accounts maintained with the same or different commercial banks.
6. Uneven or incremental remittance from the same remitter over a period of time.
7. Remittance of over USD 8,000 to any account or over USD 5000 as cash payment advice.
8. Remittance of more than \$10,000 in a month to single or multiple beneficiaries

Provided that LME does not accept remittance for commercial purposes, it does not need to be monitored.

Enhanced Due Diligence for New Remitters

One of the best ways for LME to avoid being an unknowing accomplice to money launders is to properly identify new customers, when their first remittance occurs. Accordingly, the minimum identification requirements for initiating a new transfer request would be:

1. One of the following forms of identification with a picture
 - 1) ID card issued from source country indicating that the person is eligible to work
 - 2) Passport copy and earning certificate
 - 3) Company ID card indicating the status of the worker
2. If none of the above is available, the remittance can still be initiated if the remitter provides a salary certificate from the company or a bank statement showing his/her salary transfer details.

Enhanced Due Diligence – Other Factors

1. New remitters are expected to live or work in the same city as the remitting agency is located.
2. New remitters requesting for USD 5000 or more transfer will be asked to substantiate the legitimacy of the funds. If the customer can't provide sufficient proof (e.g., a payroll stub, a withdrawal receipt from another bank), the transfer will not be accepted.

3. Remittance shall be accepted by remitting agents only from Nepalese nationals.
4. Remittance shall only be accepted for beneficiary within Nepal and should be a Nepalese citizen.
5. Other nationality requesting for remittance through LME to Nepal or to non-Nepalese beneficiary, shall provide sufficient proof and justification for just remittance, i.e. student studying in Nepal, family member on visit or other legitimate justifications.

Procedures for Detecting Money Laundering

LME has an online remittance system — NepalRemit™ — which is enabled to detect most instances of money laundering. The SO will print and maintain reports produced by the system to substantiate his opinion that specific activity is, or is not, suspicious.

In addition to using the NepalRemit™ for all its remittance transactions, all employees will receive training once a year on how to identify money laundering operations. New employees will have to go through the Anti-Money Laundering Policy of LME. As a part of the training, each staff will be provided with booklet that identifies ways to detect and prevent money laundering. The booklet shall be updated and shall be provided to LME's international remittance agents. LME shall also incorporate its agents Anti Money Laundering Policy, if such is not covered by its own.

Identification of High-Risk Remitters

Certain types of transactions are more likely to be involved with money laundering. Accordingly, all transactions that are classified as one of the following will receive increased scrutiny from the SO.

1. High volume Remitters - background of remitter/beneficiary shall be checked
2. Multiple Remittance of same amount with different remitters
3. Remittance from/to non-Nepalese citizens
4. Remittance to foreign visitors
5. Remittance that does not match the personality of beneficiary

Procedures for Monitoring Compliance with this Policy

A minimum of once a year, internal auditor or an independent third-party auditor will review the SO's suspicious activity file. The auditor will ensure that all identified suspicious activity was reviewed and appropriately handled. The auditor will also use NepalRemit™ to search for suspicious activity that the SO may have missed.

Security Officer Training

The Security Officer will be allowed to attend training classes as per the requirements and new policies declared by the government. Further, SO shall be given ample time to coordinate and follow up with other Anti-Money Laundering compliance officers of other financial institutes.

The Security Officer will also be allowed to subscribe to a newsletter relating to Anti-Money Laundering Policies.

Suspicious Activity Tracking Report

To: (remitting agent's name goes here):

The following customer has been identified by LME's compliance system as possibly being involved in money laundering.

Customer name: _____.

Customer Member No: _____.

Transfer Reference No: _____.

As the customer has been remitting funds from your company, this form must be completed and returned to the bank's Security Officer by :.....

Please answer the following questions for this customer. If necessary, you may contact the customer. However, under no circumstances should you tell the customer his or her transaction(s) are being investigated for money laundering.

1. Does the client hold a valid resident permit or work permit in the country ?
2. How long has the client been in the country ?
3. Is there any reason that you think the remittance being made by this particular client does not fall under money laundering ?
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.....
4. Does your observation and talking with the remitter justify that the remitter would have a legal source of income that could justify the amount being remitted ? If Yes, please specify.
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5. Please attach a written summary that explains why you feel that an SAR should or should not be filed for this customer.

Note: please be advised that "willful blindness" by a bank officer of money laundering activities can be considered as a crime under Anti-Money Laundering Law of many countries.