

BANK SECRECY ACT AND  
ANTI-MONEY LAUNDERING  
COMPLIANCE MANUAL

**Policies and Procedures**

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## OVERVIEW

This manual states the policies and procedures implemented by Xpress Money Services Inc. ("Xpress Money") to detect and prevent money laundering activity.

Money laundering is the attempt to conceal or disguise the nature, location, source, ownership or control of money. This definition is simple and covers a wide range of activity. The definition mentions both the source of money and ownership of money. A person may wish to hide their ownership of money whether or not the money or the ownership interest is illegal or involved in illegal activity. This definition does not limit itself to cash or currency. Any type of funds can be laundered, including wire transfers, payments into or out of consignment accounts, the receipt of bank checks, personal checks, money orders, travelers checks or payments made by international drafts.

Money laundering can be a complex process. It involves three different, and sometimes overlapping, stages:

Placement involves physically placing illegally obtained money into the financial system or the retail economy. Money is most vulnerable to detection and seizure during placement.

Layering involves separating the illegally obtained money from its criminal source by layering it through a series of financial transactions, which makes it difficult to trace the money back to its original source.

Integration involves moving the proceeds into a seemingly legitimate form. Integration may include the purchase of automobiles, businesses, real estate, etc.

An important factor connecting the three stages of this process is the "paper trail" generated by financial transactions. Criminals try to avoid leaving this "paper trail" by illegally avoiding reporting and recordkeeping requirements.

The anti-money laundering laws of the United States apply with equal force to any transaction conducted anywhere in the world if the transaction involves conduct by a US citizen or conduct occurring in part in the United States and the transaction or a series of related transactions involves funds or monetary instruments of a value exceeding \$10,000.

Xpress Money will not knowingly allow its facilities to be used for the laundering of funds. Penalties for money laundering are very severe including civil and criminal fines, imprisonment and forfeiture. Xpress Money's existence as a business could be placed in jeopardy if money laundering activities were to occur. Therefore, all Xpress Money employees and agents dealing in any manner with any customers, their transactions or their records concerning same, must

have a clear understanding of the requirements of this manual. All such Xpress Money employees and agents must read this manual in its entirety.

Xpress Money has appointed Ms. Marie Lahoud as its AML Compliance Officer whose primary duty is to ensure the effective implementation and enforcement of the policies set forth in this manual. Xpress Money will conduct periodic training programs on Xpress Money's anti-money laundering policies and procedures. Xpress Money will also conduct random independent audits to verify compliance with the policies and procedures set forth herein.

Xpress Money intends to maintain the highest possible compliance with all anti-money laundering laws and regulations, including compliance with all currency reporting and record keeping laws as well as recognizing and reporting suspicious transactions when required.

Xpress Money's board of directors is fully committed to complete compliance with all anti-money laundering laws and regulations and expects and will require a similar level of commitment from all of its officers, employees, agents and representatives.

## THE BANK SECRECY ACT

The Bank Secrecy Act, 31 U.S.C. §5311 et. seq. ("BSA"), in general, requires large currency transactions to be documented and reported. Please find attached as Exhibit A, a copy of the Bank Secrecy Act and its implementing regulations which include all relevant amendments and regulations enacted and required by the USA Patriot Act. The Financial Crimes Enforcement Network ("FinCEN"), a bureau of the U.S. Department of Treasury, administers and issues regulations pursuant to the BSA. Through certain BSA reporting and recordkeeping requirements, paper trails of transactions are created that FinCEN and other law enforcement agencies can use in criminal, tax and regulatory investigations.

### A. Currency Reporting Requirements

The basic BSA currency reporting rule requires a financial institution to file a Currency Transaction Report ("CTR") for any transaction involving an amount of currency of more than \$10,000, inclusive of the service fees and/or other charges if any. Please find attached at Exhibit B, a copy of the CTR form required to be filed by this regulation. Transactions for, or on behalf, of the same customers, occurring at different branches or locations on the same day must be aggregated for purposes of calculating the \$10,000 threshold. Multiple transactions in any form, at any branch or agent location, must be aggregated and a CTR filed if such aggregate amount exceeds \$10,000 during any business day or over a weekend or holiday. Transactions not involving cash or currency (currency is defined as "the coin and paper money of the United States or of any other country that is designated as legal tender") are not affected by this regulation, for example, checks, drafts, wire transfers or other similar instruments, do not involve the physical transfer of cash or currency.

If Xpress Money notices that multiple transactions have been made by or on behalf of the same person, the multiple transactions shall be treated as a single transaction. Xpress Money is said to have knowledge of multiple transactions under the following circumstances:

- ~ if any Xpress Money employee witnesses any customer making the multiple transactions
- ~ if any person tells any employee that any customer has effected multiple transactions
- ~ if any employee knows any given transaction is part of a multiple transaction
- ~ if any employee knows any customer is conducting a transaction for another party which the employee knows has already conducted another transaction, or
- ~ if any employee, in reviewing Xpress Money's daily transaction records, notices that any single customer had currency transactions at two or more different times during the day.

Any multiple transactions undertaken by a same person shall be aggregated and treated as a single transaction for the BSA's CTR reporting requirement.

Before concluding any transaction for which a CTR must be filed, Xpress Money shall verify and record the name and address of the individual presenting the transaction, as well as record the identity, account number, and the social security or taxpayer identification number, if any, of any person or entity on whose behalf such transaction is to be effected. Verification of the identity of an individual who indicates that he or she is an alien or is not a resident of the United States must be made by passport, alien identification card, or other official document evidencing nationality or residence. Verification in any other case shall be made by examination of a document that is normally acceptable within the banking community as a means of identification when cashing checks for non depositors (e.g., a driver's license or credit card). In each instance, the specific identifying information (i.e., account number of the credit card, driver's license number, etc.) used in verifying the identity of the customer shall be recorded on the report, and the mere notation of "known customer" on the report is prohibited.

Xpress Money shall file a CTR for each currency transaction or aggregation of multiple transactions conducted by or on behalf of the same customer on the same day if these transactions involves in aggregate, cash amounts exceeding \$10,000, inclusive of the service fees and/or other charges if any. The CTR shall be filed with the IRS Detroit Computing Center by the fifteenth (15<sup>th</sup>) calendar day after the day of the transaction to the below appended address.

**IRS Detroit Computing Center**

**Attn: CTR**

**P.O. Box 33604**

**Detroit, MI 48232-5604**

Xpress Money shall also maintain a file of all CTR's filed for a period of not less than five (5) years from the date of each transaction.

## **B. Record Keeping Requirements for Funds Transfers**

Xpress Money shall maintain detailed records of all funds transmittals of \$3,000 or more, that Xpress Money sends or receives on behalf of its customers. When Xpress Money accepts \$3,000 or more from a customer for any transmittal order, Xpress Money shall obtain and retain either the original or a microfilm or other copy or electronic record of the following details related to the transmittal order:

1. Name and address of the customer
2. Date of Birth details,
3. Occupation
4. Amount of the order
5. Any payment instructions received from the customer
6. The recipient's identity and relationship with the Customer
7. Social Security number
8. Xpress Money Send and Receive form completed by the customer when placing the order with the following mandatory information:
  - i. Name
  - ii. Address
  - iii. DOB
  - iv. Type of ID document
  - v. ID document number and name of issuer
  - vi. Account Number ( for Receive Form)
9. If received with the order, recipient's name, address, recipient's account number and any other specific identifying information concerning recipient

Prior to accepting any such order, Xpress Money shall verify the person's identity by reviewing an appropriate identification document such as:

- i. Driver's License
- ii. Passport
- iii. Military ID
- iv. Alien ID
- v. Mexican Consulate issued Matriculate card
- vi. Taxpayer identification number of the transmitter (TIN)
- vii. Valid record issued by provincial/Federal/Territorial governments

By obtaining and reviewing any of the above appropriate identification documents the following information shall be retained:

1. Name and address
2. Type of identifying document
3. Number of the identifying document

4. Taxpayer identification number of the transmitter (or if TIN not provided then alien identification number, passport number and country of issue or a note in the record as to the lack of any such information)
5. A copy of the identifying document provided

If Xpress Money has knowledge that any customer placing an order is not the transmitter, but is acting on behalf of someone else who is the real transmitter, Xpress Money shall obtain and retain the transmitter's taxpayer identification number of the transmitter (or if TIN not provided then alien identification number, passport number and country of issue or a note in the record as to the lack of any such information). In addition, if payment is not made by cash payment (i.e., payment is made by check, wire transfer or other instrument), then Xpress Money shall obtain and retain a copy of the method of payment for the order.

**C. Identification Requirements for Sale of Monetary Instruments (if applicable)**

Where Xpress Money sells a check, draft, money order or traveler's check, or any combination thereof, for cash or currency in amounts from \$3,000 to \$10,000 to the same customer on the same day, Xpress Money shall obtain and retain the following information regarding the customer:

1. Name and address
2. Type of ID provided, ID#, and ID issuer
3. Social security or EIN (alien identification number)
4. Date of birth
5. Date of purchase
6. Type of instrument
7. Serial number of the instrument
8. Amount of instrument
9. Receiver's/Sender's name and occupation, and any other information provided about them.

Xpress Money shall also verify the name and address provided by the customer by comparing the information given to a normally acceptable identification document containing the name and address provided and record all specific identifying information contained in such identification document. Multiple transactions by or on behalf of the same customer occurring on the same day must be aggregated and if such multiple transactions exceed \$3,000, the record keeping requirement must be complied with. Xpress Money does not regularly engage in the business of selling checks, drafts, money orders or traveler's checks.

**D. Reports of Transportation of Currency or Monetary Instruments**

Any person who physically carries or mails or ships more than \$10,000 in currency or any other monetary instrument across the U.S. border must file a Currency and Monetary Instrument Report (CMIR). Please find attached at Exhibit C, a copy of the CMIR form. The CMIR must be filed within fifteen (15) days after receipt of the currency or money instruments with the Commissioner of Customs. Monetary instruments subject to this requirement include but are not limited to currency, traveler's checks, endorsed checks, checks payable to fictitious payees and signed blank checks. Xpress Money does not regularly engage in the business of physical transportation of currency or monetary instruments.

E. Record Keeping Requirements for Transactions of More than \$10,000 with Foreign Persons

Xpress Money shall retain a record of each advice, request or instruction received or given regarding any transaction resulting in or intended to result in the transfer of currency or other monetary instruments, funds, checks or credits of more than \$10,000, to or from any person, account or place outside the United States. Xpress Money's computer record keeping system maintains and retains this information for a period of not less than five (5) years from the date of such transaction.

F. Structuring

Any attempt to evade any of the rules and regulations set forth above by breaking up large sums of money into smaller amounts is illegal and is known as "structuring". Money transmitters are often the target of structuring because they are incorrectly perceived as being less stringent and knowledgeable than commercial banks. The anti-structuring law provides that no person shall, for the purpose of evading the reporting requirements of the BSA, cause or attempt to cause a financial institution to fail to file a CTR, cause or attempt to cause a financial institution to file a CTR that contains a material omission or misstatement, or structure, attempt to structure, assist in structuring or attempt to assist in structuring any transaction with a financial institution.

Xpress Money and its agents receive large sums of cash on a daily basis, and hence, all Xpress Money employees and agents must be ever vigilant and alert to the possibility that customers may be structuring transactions to evade or attempt to evade the currency reporting or record keeping requirements of the BSA. All Xpress Money employees and agents must pay particularly close attention to any customer who regularly conducts large transactions in amounts below the \$10,000 and \$3,000 thresholds, and especially if this regular activity does not appear to have any legitimate business purpose.

G. Foreign Agent and Foreign Counterparty Compliance

Xpress Money has adequate and appropriate policies, procedures and controls in place to commensurate with the risks of money laundering and the financing of terrorism posed by Xpress Money's relationships with its foreign agents or foreign counterparties (hereinafter

“foreign counterparties” or “foreign counterparty”). Some possible risks associated with foreign counterparties include but are not limited to:

- ~ The location and jurisdiction of organization, chartering or licensing, including the extent to which the relevant jurisdiction is internationally recognized as presenting a greater risk for money laundering or terrorist financing.
- ~ The ownership of the foreign counterparty, including whether the owner or owners are known, upon reasonable inquiry, to be associated with criminal conduct or terrorism. For example, have the individuals been designated by Treasury’s Office of Foreign Assets Control as Specially Designated Nationals or Blocked Persons.
- ~ The extent to which the foreign counterparty is subject to anti-money laundering requirements in its jurisdiction and whether it has complied with these requirements.
- ~ Information known or readily available about the foreign counterparty’s anti-money laundering record, including public information in industry guides, periodicals and major publications.
- ~ The nature of the foreign counterparty’s business, the markets it serves, and the extent to which its business and the markets it serves present an increased risk for money laundering or terrorist financing.
- ~ The types of products and services to be provided by or to the foreign counterparty.
- ~ The nature and duration of the relationship with the foreign counterparty.

Accordingly, Xpress Money shall also conduct due diligence on all potential and existing foreign counterparties with which Xpress Money conducts business. This due diligence will ensure the foreign counterparties are not complicit in illegal activity involving Xpress Money’s products or services and that, they have in place appropriate anti-money laundering controls to guard against possible abuse. Accordingly, all foreign counterparties will be required to:

1. Identify all owners.
2. Submit to periodic and ongoing reviews and evaluations of their operations including actions taken in relation to implementation of policies, procedures and controls to help assure Xpress Money’s products and services are not subject to abuse.
3. Submit to risk-based monitoring and review of transactions from, to, or through the United States involving Xpress Money’s products and services.
4. Provide ongoing and immediate updates of any changes to the foreign counterparty’s ownership structure, business, or the regulatory scrutiny to which it is subject in its home country.
5. Allow Xpress Money to identify, through the monitoring and review of transactions, and, where appropriate, report as suspicious, all suspicious activity, including but not limited to: instances of unusual wire activity, bulk sales or purchases of sequentially numbered instruments, multiple purchases or sales that appear to be structured, and illegible or missing customer information.
6. Allow Xpress Money to verify that the foreign counterparty is effectively implementing an anti-money laundering program and review and correct any and all difficulties or problems related thereto.

In addition to the foregoing, Xpress Money will also review foreign counterparty activity involving Xpress Money's products or services for signs of 1) structuring or unnecessarily complex transmissions through multiple jurisdictions that may be indicative of layering, or 2) attempts to evade the identification, reporting or other requirements, whether imposed by the Bank Secrecy Act, Xpress Money's own internal compliance program or other applicable law.

Through the implementation of these procedures and controls, Xpress Money will identify unreasonable risks of money laundering or terrorist financing posed by foreign counterparties and take necessary corrective action. Such corrective action will depend on the severity of the risk and the foreign counterparties response to Xpress Money's requests for changes in policies, procedures or activities designed to eliminate, or reduce to a reasonable level, such risk. If unreasonable risks are not addressed in a timely and acceptable manner, or if a foreign counterparty demonstrates systemic, willful or repeated lapses in compliance, then aggressive corrective action will be implemented immediately, including but not limited to termination of the relationship.

#### H. BSA Penalties

The BSA and its regulations have both civil and criminal penalties for violations of their provisions. Civil fines and forfeitures in amounts exceeding \$1,000,000 are not uncommon. One particularly hazardous provision arguably permits forfeiture of the entire amount structured even though the amount seized has no relation to the amount structured. Imprisonment and criminal convictions are imposed against businesses and employees as well.

#### I. Federal Registration/Agent List

The BSA regulations require Money Service Businesses (MSB) to register with FinCEN by the end of the 180 day period beginning on the day after the date it was established. Xpress Money is required to renew its registration every two years by December 31 at the end of the two-calendar year period following its initial registration, or every time its agents increase by 50%.

Xpress Money shall also prepare and maintain a list of its agents. The list shall be revised on January 1<sup>st</sup> of every year for the immediate preceding twelve (12) months. The list shall contain the following information about Xpress Money's agents:

1. Name, address and telephone number;
2. Service the agent provides (i.e. check cashing, money transmission, etc.)
3. Listing of the months in the preceding 12 months where the agent's gross transaction amount exceeds \$100,000;
4. Name and address of any depository institution where agent maintains a transaction account for all or part of the funds received for services issued by Xpress Money;
5. The year the agent first became an agent;

6. Number of branches and subagents the agent has.

A copy of the initial list and each revised list has to be retained for a period of five (5) years. This list is not filed with the federal registration form. Upon request, Xpress Money shall make the list available to (1) FinCEN or its designee, and (2) IRS, in the performance of its examination function.

J. MSB Anti-Money Laundering Program

Each MSB is required by law to have an effective anti-money laundering (AML) compliance program. Each program must be commensurate with the risks posed by the location, size, nature and volume of the financial services provided by the MSB. An effective program is one designed to prevent the MSB from being used to facilitate money laundering.

Each AML compliance program must be in writing and available for inspection by FINCEN upon request. The program must:

1. Incorporate policies, procedures and internal controls reasonably designed to assure compliance with the BSA including but not limited to verifying customer identification, filing reports, creating and retaining records and responding to law enforcement requests;
2. Designate a compliance officer responsible for day-to-day compliance with the BSA and the compliance program;
3. Provide education and/or training of appropriate personnel; and
4. Provide for independent review to monitor and maintain an adequate program.

Xpress Money agents are required to develop and implement their own AML compliance program. While Xpress Money may assist its agents in developing this program, each agent is responsible for ensuring an effective program is implemented, that adequately addresses the risks presented by each agent's particular business.

K. Agent Due Diligence

Xpress Money will conduct due diligence on any and all businesses desiring to become an agent of Xpress Money. This due diligence will consist of Xpress Money requiring or obtaining the following from each prospective agent:

1. Xpress Money Agent Application which will require: Full name and address of business, Tax identification number, telephone and fax numbers, social security numbers of owners, two personal references, one banking and one business reference, information on prior agent relationships with other money transmitters.

2. Copy of valid state issued identification for each owner.
3. Copy of lease for business location.
4. Copy of certificate of incorporation or other proof of legal status.
5. OFAC check on each owner.
6. Credit report on each owner.
7. Criminal record check on each owner.

L. Risk Assessment

Xpress Money's Compliance Officer shall perform and document an initial Risk Assessment to adequately address the risks presented by Xpress Money's proposed business including but not limited to risks associated with Xpress Money's products, services, customers, agent relationships, operations, geographic locations and employees. The Risk Assessment should identify Xpress Money's risk exposure and develop appropriate policies, procedures and processes to monitor, mitigate and control these risks. The Compliance Officer will periodically update the Risk Assessment as needed but not less than once per year.

**THE MONEY LAUNDERING CONTROL ACT  
AND THE WILFUL BLINDNESS DOCTRINE**

Congress passed the Money Laundering Control Act (MLCA) in 1986 to assist prosecutors attempting to enforce the BSA, its regulations and other money laundering offenses. The MLCA provides that it is illegal for any person or corporation to conduct or attempt to conduct a financial transaction while knowing that the property involved represents the proceeds of any form of unlawful activity if the person conducts the transaction:

1. with the intent to promote the carrying on of the unlawful activity,
2. with the intent to violate certain Internal Revenue laws,
3. knowing the transaction is designed to conceal or disguise the nature, location, source, ownership or control of the proceeds of the unlawful activity, or
4. knowing the transaction is designed in whole or in part to avoid a transaction reporting requirement under state or federal law.

In order to violate this statute, a person does not need to know which unlawful activity is occurring, all that needs to be known is that the transaction is promoting an unlawful activity or is meant to conceal an unlawful activity. While a person must know the unlawful activity is occurring or being concealed, a person cannot purposefully avoid knowing. The law is violated where a person is willfully blind to the unlawful activity or concealment thereof. Thus, if you

are suspicious about a customer or a transaction, and you intentionally fail to inquire about a suspicious transaction, the MLCA will likely have been violated by your willful blindness.

Therefore any employee, agent or subagents of Xpress Money who is suspicious about any transaction involving Xpress Money's products or services, must immediately report the transaction to your supervisor before completing, and if possible, before accepting, the transaction.

### **THE OFFICE OF FOREIGN ASSET CONTROL (OFAC)**

The Office of Foreign Assets Control (OFAC) is an office of the U.S. Department of the Treasury. OFAC is empowered by the President to administer and enforce the U.S. government's sanction programs. These programs include both country sanctions and sanctions placed on individuals and entities who are placed on the Specially Designated Nationals and Blocked Persons ("SDN") list.

To ensure that illicit transactions involving targeted countries and SDNs are not processed, Xpress Money has developed and will maintain an OFAC compliance program to flag questionable transactions for review. Under that program, Xpress Money will:

- Designate the Anti-Money Laundering and Compliance Officer as the person responsible for day-to-day OFAC compliance.
- Use software that cross-references the names and addresses of senders and recipients against OFAC's "Special Designated Nationals" ("SDN") list before the transaction is conducted. The software shall allow for automatic updates of OFAC's SDN list.
- Disseminate through its branches and agents the list of countries, persons, and entities whose assets OFAC requires to be blocked.
- Require that correspondent payers ensure that no OFAC-listed country, entity or individual is serviced through Xpress Money.

If Xpress Money's software system detects a name appearing on the SDN List, then the transaction referencing such name will be immediately held for further review. Xpress Money officers will review any transactions on which administrative holds are placed to ensure the name is a match and then contact OFAC's compliance hotline at (800) 540-6322 to confirm the name and any identifying information is a match and that the funds relating to the transaction should be blocked. Upon confirmation of a matching name, Xpress Money will immediately block the funds and transfer same to a special blocked interest-bearing account in a domestic

bank. If the match concerns a Specially Designated Terrorist, OFAC's compliance hotline will be advised immediately of the blocking and the details of the transaction. The blocked account will be an account opened by Xpress Money and labeled as a blocked account established in the name of, or containing a means of clearly identifying the interest of, the individual or entity subject to blocking.

Xpress Money will file a report of blocking with OFAC within ten business days from the date the property becomes blocked. Xpress Money will file annual reports of all blocked property being held by September 30th of each year. The annual report of blocked property will be filed using the official OFAC Form TDF 90-22.50. If Xpress Money rejects requested transfers because a designated person or country would have an interest in the transaction before receiving funds or holding property relating to the transaction, then within ten business days of rejection, Xpress Money will report the rejection to OFAC.

### **SUSPICIOUS TRANSACTIONS**

Under the Bank Secrecy Act, Xpress Money, as well as its agents, shall report suspicious transactions to the Department of the Treasury. Xpress Money shall report any transaction involving or aggregating at least \$2,000, whenever it knows, suspects or has reason to suspect that the transaction (or pattern of transactions to which the transaction is a part):

- ~ involves funds derived from illegal activity or is intended or conducted in order to hide or disguise funds or assets derived from illegal activity (including, without limitation, the ownership, nature, source, location, or control of such funds or assets) as part of a plan to violate or evade any federal law or regulation or to avoid any transaction reporting requirement under federal law or regulation;
- ~ is designed, whether through structuring or other means, to evade any requirements of the Bank Secrecy Act and the Regulations promulgated thereunder; or
- ~ serves no business or apparent lawful purpose, and the reporting Money Transmitter knows of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction.

Deciding whether to Report a transaction as suspicious will turn on the facts and circumstances relating to each transaction. However, the following types of transactions tend to be indicative of serving no business or apparent lawful purpose:

- ~ the contemporaneous purchase of multiple remittances to the same beneficiary or city by the same purchaser;
- ~ the purchase of multiple instruments or remittances in the same or similar amounts by the same person;

- ~ a large volume of transactions, sequential invoices, or both, directed to one correspondent from one agent (operating either through a single or multiple offices) on a single day;
- ~ patterns of remittances to the same city or correspondent purchased at approximately the same time;
- ~ the deposit of large numbers of instruments, especially sequentially-numbered instruments, into or through the same or related bank or other financial institution accounts;
- ~ patterns of instruments or remittances purchased just below the dollar thresholds for particular Bank Secrecy Act reporting or record keeping requirements;
- ~ presentation for redemption or encashment of third-party endorsed instruments, or of blocks of instruments purchased by the party seeking redemption, in either case in sums outside of normal commercial or personal usage;
- ~ significant changes or fluctuations in volume at one or more of the business' agents or branches;
- ~ significant variations in the size of the average remittance at a business' agents or branches; or
- ~ multiple senders of remittances using the same recipient's last name, address, or telephone number.

For transactions identified by issuers of money orders or traveler's checks from a review of clearance records or other similar records of instruments that have been sold or processed, the threshold of \$5,000 applies for the reporting of suspicious activity.

Whenever Xpress Money, or one of its agents, detects a Suspicious Transaction, it has thirty (30) calendar days to file a Money Services Business - Suspicious Activity Report ("SAR-MSB") with the Detroit Computing Center, wherein it must set forth the facts constituting the basis for filing the SAR-MSB. It is critical that the information Xpress Money or one of its agents provides in a SAR form is as accurate and complete as possible. Therefore the following steps will be followed by Xpress Money or one of its agents when filling out a SAR form:

- Describe, as fully as possible, why the activity or transaction is unusual for the customer, taking into consideration the types of products and services offered by Xpress Money and the nature and typical activities of similar customers;
- Accurately and completely explain the nature and circumstances of suspicious activity;
- Follow the SAR form instructions on how to correctly complete fields of critical value (these sections are typically marked with an asterisk);
- Properly input the filer's Employer Identification Number (EIN) as well as the filer's telephone number and the telephone number of the location where the suspicious transaction was conducted;
- Ensure that the method used to identify the subject is as complete as possible and includes both the number and issuer of the identification card or documents; and
- Correctly characterize the suspicious activity.

Please find attached at Exhibit D, a copy of the SAR-MSB form. In situations involving possible links to terrorist activity against the United States, Xpress Money and its agents, in addition to filing the SAR-MSB must immediately call the Financial Institutions Hotline, toll-free at 1-866-556-3974. In other situations involving suspected violations, such as ongoing money-laundering schemes, requiring immediate attention, Xpress Money and its agents must notify an appropriate law enforcement agency in addition to filing the SAR-MSB. In addition to filing the SAR-MSB, Xpress Money is also required to maintain documentation of the facts which support the filing of the SAR-MSB, which must be appropriately identified as such and accessible to the authorities upon demand, for a period of five (5) years following the report of the Suspicious Transaction. Xpress Money must, upon request, make all supporting documents available to FinCEN or any other appropriate law enforcement or supervisory agency.

Xpress Money, its directors, officers, employees, and agents are forbidden from notifying any person involved in the transaction that the transaction has been reported.

#### **“KNOW YOUR CUSTOMER” POLICY**

While familiarity with this manual and the attached laws and regulations is a crucial component to effective compliance with the government’s anti-money laundering program, preventing money laundering can only be accomplished if Xpress Money and its agents institute measures to “Know” its customers. Although there is no official “Know Your Customer” statute or regulation, it is Xpress Money’s policy that it is absolutely necessary for Xpress Money and its agents to take all reasonable steps to understand how the facts and circumstances of each transaction relate to the particular customer executing the transaction. This is accomplished by:

- ~ accurately identifying Xpress Money’s customers through the effective gathering of information;
- ~ understanding the normal and expected transactions typically conducted by those customers; and
- ~ consequently, identifying those transactions conducted by Xpress Money’s customers that are suspicious in nature.

In other words, Xpress Money and its agents shall not only understand the various Rules and Regulations designed to combat money laundering, but Xpress Money and its agents shall also be able to evaluate the facts and circumstances surrounding each customer and transaction, so that it can make an informed decision as to whether a transaction is suspicious and is therefore required to be reported to the government.

Xpress Money already has several mechanisms in place for developing a clear and concise understanding of its customers so that it may be able to detect suspicious and illicit activity. For example, the Identification Requirements for Sale of Monetary Instruments, as well as the Record Keeping Requirements for Funds Transfers provide sources of information from which Xpress Money can better know its customers.

Clearly in most instances Xpress Money handles remittances from customers who are transmitting small dollar amounts, and who often do so only sporadically. Nonetheless, in order to complete a transaction, all customers, regardless of the frequency of transmissions or the amounts transmitted, are required to provide Xpress Money with the name, address and telephone number of both the sender and beneficiary of each transaction. Xpress Money and its agents must make sure that this information is completed accurately. By doing so, Xpress Money creates an information resource for detecting suspicious activity if these customers should begin to use Xpress Money's services more frequently, and make remittances in greater amounts, so as to suggest Suspicious Activity.

The most important aspect of Xpress Money's Know Your Customer policy is that Xpress Money and its agents are forbidden from acting as a mere conduit for the funds that it receives for transfer abroad. Xpress Money and its agents are charged with the responsibility of being aware of both the nature of its customers, as well as the various types of transactions that Xpress Money's customers execute. By adhering to this policy, Xpress Money will greatly reduce its chances of being found responsible for violations of the laws and regulations governing money laundering.

## IMPLEMENTATION

Xpress Money has appointed Ms. Marie Lahoud as its compliance officer whose primary duty is to ensure the effective implementation and enforcement of the policies set forth in Xpress Money's Anti-Money Laundering Compliance Manual. It will be the compliance officer's responsibility to supervise all aspects of Xpress Money's anti-money laundering compliance and to further:

- ~ Implementing this AML Compliance Program
- ~ Ensuring ongoing compliance with Federal and state specific AML regulations
- ~ Conduct weekly examinations of all transactions which fall within the scope of the compliance manual;
- ~ Ensure the proper reporting and filing of Currency Transaction Reports, Currency and Monetary Instrument Reports and Suspicious Activity Reports;
- ~ Ensure random independent audits are performed to verify compliance with the policies and procedures set forth herein;
- ~ Reviewing and updating the AML Compliance Program as necessary due to changes in laws or regulations and ensuring that all affected employees have been advised of these changes

- ~ Ensure that all Xpress Money employees undergo anti-money laundering compliance training programs.
- ~ Ensuring all training is documented, including the date of the training, name of the trainer/trainee and topics discussed.
- ~ Ensuring all employees are trained on AML compliance requirements before conducting MSB transactions
- ~ Cooperating with law enforcement and Xpress Money on AML reviews, audits and investigations.

The compliance officer is also required to be available to answer any questions regarding potential money laundering and suspicious transactions, and is the person to whom all such questions and any money laundering related problems should be directed.

It is extremely important to understand that although Xpress Money has a compliance officer who is "in-charge" of Xpress Money's anti money-laundering compliance, the compliance officer is not the only person responsible for ensuring that Xpress Money effectively detects and reports instances of money laundering or potential money laundering. Rather, the compliance officer should be thought of as Xpress Money's "last line of defense" who is available to answer questions, provide guidance and supervise Xpress Money's anti-money laundering compliance system. Under no circumstances should the compliance officer be thought of as being solely responsible for addressing money laundering issues. For this reason all Xpress Money officers, directors, employees and agents of Xpress Money, must not only read and be familiar with the provisions of this manual but must also undergo periodic Anti-Money Laundering training programs, at the direction of the compliance officer. Furthermore, it is Xpress Money's policy that it is incumbent upon everyone associated with Xpress Money to take responsibility for, and to actively partake in, Xpress Money's anti-money laundering compliance program.