

## Anti-Money Laundering Policy

This document presents the comprehensive policy and unwavering commitment of LABARATORY OF SEVEN POSSIBILITIES, UAB (hereinafter referred to as "LSP") to effectively identify and proactively prevent any occurrences of money laundering or terrorism financing within the diverse range of products and services offered to its Users.

### DEFINITION

The term "Money Laundering" refers to engaging in any transaction with the intention of concealing or disguising the nature or source of funds obtained from illegal activities, such as fraud, corruption, organized crime, or terrorism, among others. The specific offenses that serve as the basis for money laundering are defined by the laws of each country. The money laundering process typically involves three distinct stages:

- Depositing physical cash into both traditional banks and non-bank financial institutions, including currency exchanges. Another method involves converting cash into various financial instruments, such as traveler's checks or payment orders. Additionally, launderers may opt to use cash for purchasing high-value goods that can be easily resold. In order to legitimize the funds, money launderers often aim to deposit cash into banks located in countries with less stringent financial market regulations. They then proceed to transfer these funds to banks operating within more regulated environments, effectively "cleaning" the money. Another technique employed by launderers is known as "smurfing," which entails making numerous small cash deposits instead of a single large deposit. This strategy is used to evade local regulatory reporting requirements that are typically applicable to cash transactions;
- Employing a complex web of financial transactions (including multiple transfers of funds between financial institutions, premature surrender of annuities without considering penalties, cash-backed loans, and LCs with falsified invoices/bills of lading) to deliberately obscure the source of illicit funds, disrupt any traceable trail, and ensure anonymity. Money launderers aim to manipulate the movement of funds, altering both their form and location, with the intention of complicating the task of law enforcement authorities in tracing illicit funds commonly referred to as "dirty" money;
- Reintroducing illicitly obtained funds into the economy in a manner that allows them to seamlessly re-enter the financial system as seemingly lawful assets.

This Policy is reinforced by a comprehensive set of programs that encompass the implementation of the following key areas:

- Embracing a risk-based approach to ensure effective detection and prevention
- Enforcing a robust Know Your Client (KYC) Policy and conducting thorough Customer Due Diligence
- Vigilantly monitoring customer activities
- Maintaining meticulous accounting practices

## **IMPLEMENTATION OF RISK-BASED APPROACH**

By diligently identifying the risks associated with money laundering in relation to both customers and transactions, LSP is able to assess and implement appropriate measures that effectively control and mitigate these risks in a proportionate manner. This proactive approach enables LSP to safeguard its operations and ensure the integrity of its financial services. Used risk criteria are following:

### **COUNTRY RISK**

When considered alongside various other risk indicators, this information proves valuable in assessing potential risks associated with money laundering. Factors that contribute to a determination of heightened risk in a particular country may include:

- Countries that are subject to sanctions, embargoes, or similar measures.
- Countries that have been identified by the Financial Action Task Force ("FATF") as non-cooperative in combating money laundering, or have been identified by reputable sources as lacking adequate laws and regulations pertaining to money laundering.
- Countries that have been identified by credible sources as providing financial support or assistance to terrorist activities.

### **CONSUMER RISK**

While there is no universally agreed-upon definition of high-risk customers, certain customer characteristics have been identified as potentially indicative of increased money laundering risks. These characteristics include, but are not limited to:

- Manufacturers involved in the production of armaments
- Businesses that primarily deal with large amounts of cash
- Charities and other "non-profit" organizations operating outside of regulatory oversight.

## **SERVICE RISK**

When assessing the risks of money laundering associated with various services, it is crucial to consider factors such as services that have been identified by regulators, governmental authorities, or other reputable sources as potentially posing a high risk for money laundering activities.

## **KYC AND CUSTOMER DUE DILIGENCE**

LSP is an innovative online payment service gateway that facilitates business relationships in a virtual environment. Unlike traditional face-to-face interactions, LSP relies on advanced electronic data brokers to ensure customer identification. These brokers seamlessly integrate with our in-house checks, such as flagging duplicate accounts and confirming ownership of bank accounts, to provide robust identity verification. This enables us to ascertain the true identity of customers while gathering comprehensive background information to better understand their business and its purpose.

To further enhance our risk management practices, LSP employs a Risk Based Approach, wherein we assess the potential money laundering risk associated with each customer. Based on this assessment, we determine the extent of additional customer information required, which is diligently documented for record-keeping and compliance purposes.

Moreover, LSP is committed to identifying whether a customer is acting on behalf of another individual or legal entity, such as a trustee, nominee, or professional intermediary. In such instances, it is imperative that we receive satisfactory evidence of identity from these intermediaries, as well as a clear understanding of the trust arrangements in place. This ensures that we maintain the highest level of security and integrity when serving our customers and their respective interests.

## **MONITORING OF ACTIVITY**

In addition to performing initial customer due diligence, LSP has established a proactive approach to monitoring customer behavior in order to detect any potentially fraudulent or suspicious activity. This monitoring system combines automated checks with manual reviews conducted by the LSP Team and external service providers, ensuring a comprehensive analysis of transactions. To enhance the efficiency of this process, customer accounts are assigned specific status fields that indicate their profile within the system, enabling automated monitoring to be more effective.

In line with regulatory requirements, LSP has implemented a robust and legally compliant process for reporting suspicious activity. This process empowers all staff members to report

any suspicions or reasonable grounds for suspecting money laundering or terrorist financing to the Money Laundering Reporting Officer (MLRO). The reporting process consists of three key stages:

1. **Vigilant Monitoring:** It is essential for all personnel to remain diligent in their monitoring activities, actively looking out for any unusual or suspicious transactions or behaviors.
2. **Legal Compliance:** All reports of suspicious transactions or activity must adhere to the applicable laws and regulations of the jurisdiction in which LSP operates, ensuring transparency and legitimacy in the reporting process.
3. **Regular Reporting:** The MLRO must be informed on a monthly basis of all identified suspicious transactions or activities, further reinforcing the commitment towards combating money laundering and terrorist financing.

By implementing these comprehensive measures, LSP aims to maintain a vigilant stance against illicit financial activities while ensuring compliance with legal obligations.

It is essential to maintain detailed records of every document collected fulfill customer identification requirements in accordance with the KYC policy. Additionally, all transaction data and relevant information concerning money laundering issues must be meticulously recorded as per the prevailing anti-money laundering laws and regulations. This encompasses holding files containing suspicious activity reports, thorough documentation of AML account monitoring, and so forth. These records must be diligently preserved for a minimum duration of 5 years to ensure compliance.

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