

# Anti-Money Laundering Policy & Procedures

Please sign and send via email to [support@vertifx.com](mailto:support@vertifx.com)

## U.S. PASSPORT HOLDERS & U.S. CITIZENS

VERTIFX.COM, LLC does not allow U.S. Citizens or U.S. Passport holders to open live account and/or to trade foreign currency markets on Vertifx.com platforms.

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## ANTI-MONEY LAUNDERING DEFINITION

Some Financial institutions are required to implement an anti-money laundering program. At a minimum, this program must include internal policies, procedures and controls to deter, detect, and report suspicious activity; a designated compliance officer; and an internal audit to test compliance. To the extent required VERTIFX.COM, LLC has implemented such a program. Money Laundering is the involvement in any transaction or series of transactions that seek to conceal or disguise the nature of source of proceeds derived from illegal activities, including drug trafficking, terrorism, organized crime, fraud, and many other crimes.

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## POLICY STATEMENT

Although VertiFX LLC is a corporation formed in the [Charlestown, Nevis], in addition to any local jurisdictional AML and legal requirements, VERTIFX.COM, LLC is committed, to the extent possible, to following the laws and regulations of the United States which will be used as a guideline for VERTIFX.COM, LLC's AML Program. VERTIFX.COM, LLC expects that its employees, or the employees of one of its affiliates, will conduct themselves in accordance with the highest ethical standards, and that they shall not knowingly provide advice or assistance to, or open accounts for, individuals who attempt to violate or avoid money-laundering laws.

Important: Money Laundering laws apply not only to criminals who try to launder ill-gotten gains, but also to financial institutions and their employees who participate in those transactions if the employees know that the property is criminally derived. "Knowledge" includes the concepts of "willful blindness" and "conscious avoidance of knowledge". Employees who are suspicious of illegal activity and yet who do not report that activity may be considered under the law to have the requisite "knowledge."

Failure to adhere to this Policy may subject VERTIFX.COM, LLC or its affiliate's employees to disciplinary action up to, and including, termination of employment. Violations of money laundering laws also may subject individuals to imprisonment of up to twenty (20) years and, together with [name of SYOB], to fines of up to \$1 million, forfeiture of assets, and other serious punishment.

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## SENIOR MANAGEMENT

- Receive reports of suspicious activity from firm personnel
- Coordinate required AML reviews/meetings with appropriate staff
- Gather all relevant business information to evaluate and investigate suspicious activity
- Determine whether the activity warrants reporting to senior management
- Design and implement training programs as required by this policy

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## CUSTOMER IDENTIFICATION PROGRAM / KNOW YOUR CLIENT

An effective anti-money laundering compliance program must include "know your customer" procedures. Information must be provided to learn the true identity of the customer, the nature of the customer's business, and the intended purpose of the customer's transactions.

As broker, VERTIFX.COM, LLC shall be responsible for:

- Providing the account application
- Conducting AML and KYC procedures
- Clearing and monitoring of all trades
- Being the custodian of the accounts, funds and paperwork.

Each trading account applicant must first be approved and accepted by the broker before funding the trading account and trading.

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## OFAC

All individuals and entities will be checked against applicable lists of sanctioned countries published by the Office of Foreign Assets Control (OFAC) and periodically rechecked against updated lists. If a customer is from a country on the list, [name of SYOB] will contact OFAC to determine the extent of the sanctions.

All new customers' names will be compared to the list of Specially Designated Nationals (SDN) and Blocked Persons, also found at the OFAC website, by the new accounts supervisor. If a customer's name appears on the list, [name of SYOB] will contact OFAC immediately. When the OFAC lists are updated, VERTIFX.COM, LLC will review the existing client base to determine if any current customers are from a country on the sanctioned countries list or if any customer's name appears on the SDN list. The broker's senior management will be notified immediately of any suspicious activity; Federal Law enforcement will be contacted if a match is found.

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## IDENTITY

For each new customer, who is an individual, VERTIFX.COM, LLC will collect:

- The customer's name
- Date of birth
- Residential or business address
- Proof of address such as utility bill, etc
- Tax payer identification card number
- Passport number and country of issuance
- Unexpired government identification card number showing nationality or residence, and photo id.

For each new customer which is an entity, VERTIFX.COM, LLC will collect:

- The customer's business name
- Principal place of business
- Proof of business address such as utility bill, etc.
- Government issued identification or tax number
- Other government issued documentation certifying the existence of the business or enterprise such as certified articles of incorporation, a government issued business license, a partnership agreement or a trust instrument

VERTIFX.COM, LLC will not accept an account without the required identification information. If the entity is a trust or similar, personal identification information as outlined in the previous paragraph will be needed for the account controller.

In the event a customer does not present a valid government ID; or the firm is not familiar with the documents the customer provides; or the customer opens the account without appearing in person; and any other circumstances that increase the risk that VERTIFX.COM, LLC will not be able to verify the true identity of the customer through documents an account will not be opened.

An SAR will be filed as per instructions on page 9 under the SAR section.

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## BUSINESS

VERTIFX.COM, LLC will be verifying all information given pertaining to business and source of income of a customer. VERTIFX.COM, LLC will not be opening correspondent accounts. If a customer opens an account directly with the broker, and it is found out to be a correspondent account, VERTIFX.COM, LLC will close the account immediately.

VERTIFX.COM, LLC does not open private banking accounts.

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## PURPOSE

VERTIFX.COM, LLC will be verifying all information given pertaining to the purpose of the trading account.

Although not all inclusive, some examples of behavior that should cause concern at the account opening stage are:

- A customer exhibits an unusual level of concern for secrecy, particularly with regarding to the customer's identity, type of business or sources of assets;
- A corporate customer lacks general knowledge of its own industry.
- A customer is unconcerned with risks, commissions or other costs associated with trading.
- A customer appears to be acting as an agent for another entity or individual but is evasive about the identity of the other entity.
- A customer is from a country identified as a haven for bank secrecy, money laundering, or narcotics production.

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## SUSPICIOUS TRANSACTIONS

Suspicious transactions are those that have no business or apparent lawful purpose, are unusual for the customer, or lack any reasonable explanation.

A few examples of "red flags" are:

- A customer engages in extensive, sudden or unexplained wire activity (especially wire transfers involving countries with bank secrecy laws);
- A customer makes a funds deposit followed by a request that the money be wired out, (in and out).
- For no apparent reason, a customer has multiple accounts under single name or multiple names, with a large number of inter-account transfers.

For all VERTIFX.COM, LLC accounts, a determination of whether any transaction or series of transactions is suspicious will depend on the customer and the particular transaction(s) compared with the customer's normal business activity. All accounts will be monitored for suspicious activity every 30 days.

VERTIFX.COM, LLC does not accept third party funds. Also, incoming and outgoing bank wires must be to the same banking institution having the customer's name on the account.

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## CUSTOMER IDENTIFICATION PROGRAM

Financial Services Companies must ascertain the identity of their customers, learn the nature of the customer's business and learn the intended purpose of customers' transactions.

The Company's anti-money laundering procedures mandate that individuals and entities that refuse to provide information verifying their identities, will not be permitted to open accounts at VERTIFX.COM, LLC.

All new accounts will be sent to the Irvine office to be approved by "COMPLIANCE". "COMPLIANCE" will ensure that the new account form is complete. "COMPLIANCE" will review all new accounts for financial credit worthiness and trading suitability purposes. However, he will also review for anti-money laundering purposes. "COMPLIANCE" will check to ensure that identifying information is listed for all individuals named on the new account form and that none of the individuals named on OFAC or any other watch lists are opened at the Company.

The stated purpose of customers in placing funds with VERTIFX.COM, LLC is set forth in the VERTIFX.COM, LLC customer agreement, to wit: speculation in foreign currencies. Any conduct or account activity that is inconsistent with trading foreign currencies with a goal of profiting thereby, must be considered suspicious activity and reported immediately to "COMPLIANCE" who will evaluate the situation and determine whether to take further action consistent with these procedures.

The process of "knowing one's customer," through the NFA's Customer Identification Program, is not concluded once the initial account opening information has been obtained. Even after the account is established, in the normal course of the relationship, the Company must continue to build upon the information initially provided by the customer and update their records accordingly.

The Company may consider the following factors, among others, in assessing the risks of violating Anti-Money Laundering Policies posed by particular customers or transactions:

- Whether the customer is an individual, an intermediary, public, private, domestic or foreign corporation, a financial or non-financial institution, or regulated person or entity;
- Whether the customer has been an existing customer for a significant period of time;
- How the customer became a customer of the Company;
- Whether the business of the customer or the particular type of account, is the type more likely to be involved in illicit activity (e.g., cash intensive businesses);
- Whether the customer's home country is listed on FATF's list of non-cooperative countries or OFAC's list of sanctioned countries or is otherwise subject to adequate anti-money laundering controls in its home jurisdiction; and
- Whether the customer resides in, is incorporated in or operates from a jurisdiction with bank secrecy laws, or one that has otherwise been identified as an area worthy of enhanced scrutiny.

If it is determined to accept a foreign customer account where the country of residence is listed on FATF's list of non-cooperative countries or OFAC's list of sanctioned countries, additional monitoring of the customer's trading and cash activity will be conducted by "COMPLIANCE". He will review, in detail, all transactions and cash activity by examining the monthly account statements to ensure that none of the "red flags" set forth in the **Wire Activity** and **Management Review** Sections below should be raised.

Subject to the Company's own assessment of any additional due diligence necessary to assess risk, the following procedures are ordinarily appropriate for the following types of accounts:



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### **US Individual Accounts**

For accounts opened by an individual, the Company will obtain the following information at the commencement of the business relationship:

- The name, address and social security number of the customer(s);
- A copy of the customer's driver's license or passport;
- The customer's date of birth and social security number;
- The customer's investment experience and objectives, if applicable;
- The customer's net worth and annual income; and
- The customer's occupation and employment data, such as the employer's address (generally understood to be the customer's source of income).

### **Customers Applying for Tax ID Number**

No account will be accepted that is in the process of applying for a taxpayer ID number. Customer must already have a Tax ID number.

### **Non-US Individual Accounts**

In addition to the information obtained for individual accounts, the Company will obtain and record a current passport number or other valid government identification number and obtain all necessary U.S. tax forms, for non-resident alien ("NRA") accounts (W-9). Additional due diligence may be warranted depending on a number of factors, including the country of origin of the NRA.

### **Domestic Operating or Commercial Entities**

As part of the requirement to open account, the Company will obtain information sufficient to ascertain the identity of the corporate or business entity opening the account and the authority of the business representative to act on the corporation's or entity's behalf. This information will also be checked against existing OFAC lists and current databases. The type of documentation obtained by Company may vary depending upon the nature of the corporate or business entity. Accounts that lack this information may not be permitted to continue to do business with the Company. Below is the basic information VERTIFX.COM, LLC requires:

- Unexpired photo id of all directors
- Taxpayer identification number;
- Articles of Incorporation
- Bylaws stating that they can trade Forex and that the officer trading has the authority to trade in the company's behalf.
- Business Registration for current address

### **Domestic Trusts**

The Company will identify the principal ownership of a trust. Identities will be checked against OFAC lists and current databases. In addition, the Company will obtain information regarding the authorized activity of the trust and the persons authorized to act on behalf of the trust. Accounts that do not provide this information on a timely basis will be forbidden to conduct business with the Company.

### **Omnibus Accounts**

If such an account is presented to Company management, the Company will first investigate the Financial Institutions to ascertain whether it has adequate anti-money laundering procedures in place to comply with the current regulations and the policies of VERTIFX.COM, LLC.

### **Commodity Pools**

The Company will demand the names, addresses, dates of birth and social security numbers of all commodity pool participants. Identities will be checked against OFAC lists and current databases. In addition, the Company will obtain information regarding the authorized activity of the pool and the persons authorized to act on behalf of the pool. Commodity Pool Accounts that do not provide this information on a timely basis will be forbidden to conduct business with the Company.



### **Foreign Operating Commercial Entities**

Commercial entities will be expected to produce forms indicating the identity of persons authorized to place orders on behalf of the commercial entity. "COMPLIANCE" will review these documents to ensure completeness. The names of the commercial entity and the authorized principals will be compared against the OFAC list and a current database.

Consistent with the provisions of the PATRIOT ACT relating to prohibited foreign shell banks, the Company may not establish, maintain, administer or manage an account in the United States for, or on behalf of a prohibited foreign shell bank. The Patriot Act also requires the Company to take reasonable steps to ensure that correspondent accounts are not used indirectly to provide banking services to foreign shell banks.

### **Personal Investment Corporations or Personal Holding Company**

Accounts must identify the principal beneficial owner(s) of offshore corporate accounts where such owners are personal investment corporations or personal holding companies. The names of the holding company and the principal owner will be compared against the OFAC list and a current database.

### **Offshore Trusts**

Accounts must identify the principal ownership of a trust established in a foreign jurisdiction. The Company will ask for information about the trust and its participants in order to conduct additional due diligence for trusts established in jurisdictions which lack regulatory oversight over trust formation. Although the documentation may vary, the Company must obtain sufficient documentation regarding the principal ownership of the account. Additional due diligence may also be warranted depending on a number of factors, including the location of the offshore entity and the location of the principal owner(s). The names of all entities will be compared against the OFAC list and current database.

Accounts will not be opened for "foreign shell banks." A foreign shell bank is defined as a foreign bank that does not have a physical presence (such as headquarters building, staff of employees, etc.) in any country. Pursuant to Section 313 of the USA PATRIOT Act: "this prohibition does not apply if the foreign bank is an affiliate of a depository institution, credit union, or foreign bank that maintains a physical presence in the United States or a foreign country as applicable and is subject to the supervision by a banking authority in the foreign country regulating such affiliated depository institution, credit union or foreign bank. An "affiliate" is a foreign bank that is controlled by or is under common control with a depository institution, credit union or foreign bank."

All employees should be alert for any situations that may be "indicators" for potential money laundering activities.

- Customer exhibits an unusual concern regarding the Company's compliance with government reporting requirements, particularly with respect to his or her identity, type of business and assets, or is reluctant or refuses to reveal any information concerning business activities, or furnishes unusual or suspect identification or business documents.
- Customer wishes to engage in transactions that lack business sense, apparent investment strategy, or are inconsistent with the customer stated business or strategy.
- Customer has a questionable background or is the subject of news reports indicating possible criminal, civil or regulatory violations.
- Customer has difficulty describing the nature of his business or lacks general knowledge of his or her industry.

Employees who become aware of any such situations when accounts are being opened, should promptly notify "COMPLIANCE" of the potential suspicious activity. "COMPLIANCE" will make the decision if the account should be opened as is, request additional information, reject the account and/or report the activity to the Company's DSRO or FinCen.



### **Intermediary Accounts**

VERTIFX.COM, LLC will accept business only from intermediaries whom we are confident are regulated and registered by a local exchange/authority with AML policies, and that a complete, in-house review of those policies shows compliance, compatibility and enforcement in line with the policies followed by VERTIFX.COM, LLC and the NFA. This will include risk-based analysis of the money laundering risks posed by the particular intermediary and their reputation in the industry. The policy's implementation will be reviewed and audited as part of the ongoing relationship on a not less than annual basis and more often if suspicious activity occurs. This process will include reviewing the entities own internal review notes, changes, audits and follow through.

In the case of U. S. based intermediaries that are also NFA registrants, the same procedures will be followed. We will do our own client verifications and activity monitoring as stated in this document as rigorously for Introducing Brokers as for our immediate clients since we share direct responsibility with them for its accuracy and have access to these clients documents. Since it is unlikely that our International carrying brokers which have the direct relationship with the customer will want to disclose their client's identities they must assume the responsibility for verifying the accuracy of the client information. This puts a greater emphasis on the risk-based analysis of the money laundering potential and the reputation of both the entity and the regulatory agency they are registered with in their area in our initial decision whether or not to do business with the particular company. If intermediary's policies and/or enforcement are inconsistent with VERTIFX.COM, LLC and the NFA, the intermediary will not be accepted.

If after suspicious activity has been reported to any of the above entities, the response of the intermediary is not in line with their own or VERTIFX.COM, LLC policies, the relationship with them will be terminated.

### **Rejected Accounts**

No account will be allowed to trade until all account documents have been received and processed. If we are unable to verify the identity of the individual or entity, the account will be rejected. If it becomes apparent after an account has been funded that the sources provided were fraudulent or the circumstances have changed and cannot be verified, all trades will be closed and the account closed immediately.

### **Other events which can cause an account to be rejected include:**

- Previous violations or sanctions by the NFA or CFTC
- Account funded by someone other than the account holder
- Client attempts to fund the account with cash.
- The country of origin is on the OFAC list
- The applicant is included in the OFAC/FINCEN list of SDN blocked persons and entities

### **Money Flow Policies:**

Clients will deposit their funds directly into VERTIFX.COM, LLC brokerage bank account. VERTIFX.COM, LLC will then establish a personal account for the client. Withdrawals will be made directly from their personal account at the VERTIFX.COM, LLC.

VERTIFX.COM, LLC does not accept third party funds. All deposits and withdrawals must be from and to the same bank account.

VERTIFX.COM, LLC will monitor all accounts for suspicious activity. Anything causing concern must be reported to senior management within one business day.

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## MONEY FLOW POLICIES

To the extent required and/or permitted by law, VERTIFX.COM, LLC may file a SAR-SF for a transaction or series of transactions that are conducted, attempted by, at or through the firm, involving an aggregate of at least \$5,000 in funds or other assets (not limited to currency), and the firm knows, suspects, or has reason to suspect that the transaction or pattern of transactions involves funds that come from illegal activity or are a part of a transaction designed to conceal that the funds are from illegal activity; and are designed, such as through structuring, to evade the reporting requirements of the BSA; and do not appear to serve any business or apparent lawful purpose; and use the firm to facilitate a criminal transaction. The SAR-SF will be filed with FinCEN within 30 days after VERTIFX.COM, LLC becomes aware of a suspicious transaction or if identity is unknown, an additional 30 days. If filed, a copy of the SAR-SF and any supporting documentation that assisted in the decision to file a SAR-SF will be maintained in the AML Compliance. The documentation will be kept in a file per each SAR, as well as scanned and maintained in a data file by the compliance officer.

UNDER NO CIRCUMSTANCES MAY SUCH INDIVIDUAL BE INFORMED THAT A SAR HAS BEEN CONSIDERED OR FILED.

VERTIFX.COM, LLC is prohibited from notifying any person involved in the transaction that the transaction has been reported. Also, any person who has been subpoenaed or otherwise requested to disclose a SAR-SF or the information contained in a SAR-SF must decline to produce the SAR-SF and must notify FinCEN that such a request was made, except where disclosure is requested by FinCEN, law enforcement, or a regulatory authority.

VERTIFX.COM, LLC will require verification that any requests for SAR supporting documentation come from a representative of FinCEN or an appropriate law enforcement or supervisory agency. Acceptable verification could include calling the phone number given, checking on-line, or reviewing the letterhead.

VERTIFX.COM, LLC will require a written request from any law enforcement agency requesting that the firm keep a particular account open. A copy of this request will be maintained for five years after the request has expired.

VERTIFX.COM, LLC will, from time to time, monitor FinCEN's website for information on foreign jurisdictions, institutions, classes of transactions, or types of accounts that have been designated as a primary money laundering concern and any special measures that have been imposed. If any special measures have been imposed, VERTIFX.COM, LLC will follow through with those measures.

To the extent required by law VERTIFX.COM, LLC may monitor and review FATF's NCCT list. If a customer comes from a country on the list, additional due diligence may be taken. If the customer has not opened an account, the account will not be opened until due diligence has been completed.

To the extent required by law VERTIFX.COM, LLC may monitor and review lists of known or suspected terrorists or terrorist organizations issued by a Federal government agency and designated as such by Treasury. If a customer is found to be on any of these lists, the account will either be closed immediately or not allowed to open.

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## DESIGNATED COMPLIANCE OFFICER

Gary Taylor is the firm's Compliance Officer, and will be responsible for all AML matters.

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## QUALIFIED STAFF

All employees are required to be fingerprinted. All employees involved in the handling of customer money will be subject to background/credit checks before they are allowed duties that involve customer money or securities.

Employee training regarding the firm's AML policies and procedures will occur upon hiring and follow-up training will take place not less than once a year.

VERTIFX.COM, LLC will maintain a record that identifies all employees that have received AML training, the dates of the training, and materials covered.

The only employees exempted from this training will be those with no customer contact and no handling of customer funds. Marketing and public relations employees will normally fall into this exempt category.

Updates and changes to the firm's policies/procedures will be provided in writing.

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## RECORD KEEPING

Records may be maintained in either electronic or hard copy for a length of time required by law. The records to be kept include: all identifying information obtained from the customer, a copy of any document that was used to verify identity, a description of any non-documentary verification methods or additional methods used to verify, and a description of how VERTIFX.COM, LLC resolved all substantive discrepancies noted.

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## INDEPENDENT AUDIT

If necessary, an annual audit will be conducted of VERTIFX.COM, LLC's money laundering compliance program. The audit will test all areas to ensure that personnel understand and are complying with the anti-money laundering policies and procedures, and that these policies and procedures are adequate. The results of this audit will then be documented and reviewed by Senior Management.

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**ATTESTATION AND ACCEPTANCE**

I have carefully reviewed the VERTIFX.COM, LLC Anti-Money Laundering Policies and Procedures contained herein and accept these as firm policy.

**Please Initial**

\_\_\_\_\_  
Full Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

