

# **ANTI MONEY LAUNDERING/KNOW YOUR CUSTOMER POLICY**

## **1. Company Policy**

It is the policy of Paytosave Limited, (Solidbit Ecosystem <https://solidbit.io/> ) company registration number: 227963, incorporated under the Laws of Seychelles, legal address: Suite 1, Second Floor, Sound & Vision House, Francis Rachel Street, Victoria, Mahe, Seychelles (hereinafter – referred to as “Company”, “we”, “us”, “our” ) to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities by complying with all applicable requirements under the applicable EU AML directives, laws and regulations.

Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the proceeds appear to have derived from legitimate origins or constitute legitimate assets. Generally, money laundering occurs in three stages. Cash first enters the financial system at the "placement" stage, where the cash generated from criminal activities is converted into monetary instruments, such as money orders or traveler's checks, or deposited into accounts at financial institutions. At the "layering" stage, the funds are transferred or moved into other accounts or other financial institutions to further separate the money from its criminal origin. At the "integration" stage, the funds are reintroduced into the economy and used to purchase legitimate assets or to fund other criminal activities or legitimate businesses.

Terrorist financing may not involve the proceeds of criminal conduct, but rather an attempt to conceal either the origin of the funds or their intended use, which could be for criminal purposes. Legitimate sources of funds are a key difference between terrorist financiers and traditional criminal organizations. In addition to charitable donations, legitimate sources include foreign government sponsors, business ownership and personal employment. Although the motivation differs between traditional money launderers and terrorist financiers, the actual methods used to fund terrorist operations can be the same as or similar to methods used by other criminals to launder funds. Funding for terrorist attacks does not always require large sums of money and the associated transactions may not be complex.

Our AML policies, procedures and internal controls are designed to ensure compliance with all applicable BSA regulations and will be reviewed and updated on a regular basis to ensure appropriate policies, procedures and internal controls are in place to account for both changes in regulations and changes in our business.

## **2. Customer Identification Program**

We do not open or maintain “customer accounts” within the meaning of 31 CFR 103.122(a)(1)(i), in that we do not establish formal relationships with “customers” for the purpose of effecting transactions in securities. If in the future the Company elects to open customer accounts or to establish formal relationships with customers for the purpose of effecting transactions in securities, we will first establish, document and ensure the implementation of appropriate CIP procedures.

We will collect information to determine whether any entity opening an account would be excluded as a “customer,” pursuant to the exceptions outlined in 31 CFR 103.122(a)(4)(ii) (*e.g.*, documentation of a company’s listing information, licensing or registration of a financial institution in the U.S, and status or verification of the authenticity of a government agency or department).

### **a. Required Customer Information**

*Prior* to opening an account, AML Compliance Person will collect the following information for all accounts, if applicable, for any person, entity or organization that is opening a new account and whose name is on the account:

- (1) the name;
- (2) date of birth (for an individual);
- (3) an address, which will be a residential or business street address (for an individual), an Army Post Office (APO) or Fleet Post Office (FPO) box number, or residential or business street address of next of kin or another contact individual (for an individual who does not have a residential or business street address), or a principal place of business, local office, or other physical location (for a person other than an individual); and
- (4) an identification number, which will be a taxpayer identification number (for U.S. persons), or one or more of the following: a taxpayer identification number, passport number and country of issuance, alien identification card number, or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or other similar safeguard (for non-U.S. persons).

When opening an account for a foreign business or enterprise that does not have an identification number, we will request alternative government-issued documentation certifying the existence of the business or enterprise.

### **b. Customers Who Refuse to Provide Information**

If a potential or existing customer either refuses to provide the information described above when requested, or appears to have intentionally provided misleading information, our Company will not open a new account and, after considering the risks involved, consider

closing any existing account. In either case, our AML Compliance Person will be notified so that we can determine whether we should report the situation to government authorities.

**c. Verifying Information**

Based on the risk, and to the extent reasonable and practicable, we will ensure that we have a reasonable belief that we know the true identity of our customers by using risk-based procedures to verify and document the accuracy of the information we get about our customers. AML Compliance Person will analyze the information we obtain to determine whether the information is sufficient to form a reasonable belief that we know the true identity of the customer (*e.g.*, whether the information is logical or contains inconsistencies).

We will verify customer identity through documentary means, non-documentary means or both. We will use documents to verify customer identity when appropriate documents are available. In light of the increased instances of identity fraud, we will supplement the use of documentary evidence by using the non-documentary means described below whenever necessary. We may also use non-documentary means, if we are still uncertain about whether we know the true identity of the customer. In verifying the information, we will consider whether the identifying information that we receive, such as the customer's name, street address, zip code, telephone number (if provided), date of birth and Social Security number, allow us to determine that we have a reasonable belief that we know the true identity of the customer (*e.g.*, whether the information is logical or contains inconsistencies).

Appropriate documents for verifying the identity of customers include the following:

- For an individual, an unexpired government-issued identification evidencing nationality or residence and bearing a photograph or similar safeguard, such as a driver's license or passport; and
- For a person other than an individual, documents showing the existence of the entity, such as certified articles of incorporation, a government-issued business license, a partnership agreement or a trust instrument.

We understand that we are not required to take steps to determine whether the document that the customer has provided to us for identity verification has been validly issued and that we may rely on a government-issued identification as verification of a customer's identity. If, however, we note that the document shows some obvious form of fraud, we must consider that factor in determining whether we can form a reasonable belief that we know the customer's true identity.

We will use the following non-documentary methods of verifying identity:

- Independently verifying the customer's identity through the comparison of information provided by the customer with information obtained from a consumer reporting agency, public database or other source;
- Checking references with other financial institutions; or
- Obtaining a financial statement.

We will use non-documentary methods of verification when:

- (1) the customer is unable to present an unexpired government-issued identification document with a photograph or other similar safeguard;
- (2) the Company is unfamiliar with the documents the customer presents for identification verification;
- (3) the customer and Company do not have face-to-face contact; and
- (4) there are other circumstances that increase the risk that the Company will be unable to verify the true identity of the customer through documentary means.

We will verify the information within a reasonable time before or after the account is opened. Depending on the nature of the account and requested transactions, we may refuse to complete a transaction before we have verified the information, or in some instances when we need more time, we may, pending verification, restrict the types of transactions or dollar amount of transactions. If we find suspicious information that indicates possible money laundering, terrorist financing activity, or other suspicious activity, we will, after internal consultation with the Company's AML Compliance Person, file a SAR-SF in accordance with applicable laws and regulations.

We recognize that the risk that we may not know the customer's true identity may be heightened for certain types of accounts, such as an account opened in the name of a corporation, partnership or trust that is created or conducts substantial business in a jurisdiction that has been designated by the U.S. as a primary money laundering jurisdiction, a terrorist concern, or has been designated as a non-cooperative country or territory. We will identify customers that pose a heightened risk of not being properly identified. We will also take the following additional measures that may be used to obtain information about the identity of the individuals associated with the customer when standard documentary methods prove to be insufficient.

#### **d. Lack of Verification**

When we cannot form a reasonable belief that we know the true identity of a customer, we will do the following: (1) not open an account; (2) impose terms under which a customer may conduct transactions while we attempt to verify the customer's identity; (3) close an account after attempts to verify customer's identity fail; and (4) determine whether it is necessary to file a SAR-SF in accordance with applicable laws and regulations.

**e. Recordkeeping**

We will document our verification, including all identifying information provided by a customer, the methods used and results of verification, and the resolution of any discrepancies identified in the verification process. We will keep records containing a description of any document that we relied on to verify a customer's identity, noting the type of document, any identification number contained in the document, the place of issuance, and if any, the date of issuance and expiration date. With respect to non-documentary verification, we will retain documents that describe the methods and the results of any measures we took to verify the identity of a customer. We will also keep records containing a description of the resolution of each substantive discrepancy discovered when verifying the identifying information obtained. We will retain records of all identification information for five years after the account has been closed; we will retain records made about verification of the customer's identity for five years after the record is made.

**f. Comparison with Government-Provided Lists of Terrorists**

At such time as we receive notice that a federal government agency has issued a list of known or suspected terrorists and identified the list as a list for CIP purposes, we will, within a reasonable period of time after an account is opened (or earlier, if required by another federal law or regulation or federal directive issued in connection with an applicable list), determine whether a customer appears on any such list of known or suspected terrorists or terrorist organizations issued by any federal government agency and designated as such by Treasury in consultation with the federal functional regulators. We will follow all federal directives issued in connection with such lists.

We will continue to comply separately with OFAC rules prohibiting transactions with certain foreign countries or their nationals.

**g. Notice to Customers**

We will provide notice to customers that the Company is requesting information from them to verify their identities, as required by federal law.

**Important Information About Procedures for Opening a New Account**

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

**What this means for you: When you open an account, we will ask for your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.**

### **3. General Customer Due Diligence**

It is important to our AML and SAR-SF reporting program that we obtain sufficient information about each customer to allow us to evaluate the risk presented by that customer and to detect and report suspicious activity. When we open an account for a customer, the due diligence we perform may be in addition to customer information obtained for purposes of our CIP.

We will take steps to obtain sufficient customer information to comply with our suspicious activity reporting requirements. Such information should include

- the customer's business;
- the customer's anticipated account activity (both volume and type);
- the source of the customer's funds.

For accounts that we have deemed to be higher risk, we will obtain the following information:

- the purpose of the account;
- the source of funds and wealth;
- the beneficial owners of the accounts;
- the customer's (or beneficial owner's) occupation or type of business;
- financial statements;
- banking references;
- domicile (where the customer's business is organized);
- description of customer's primary trade area and whether international transactions are expected to be routine;
- description of the business operations and anticipated volume of trading;
- explanations for any changes in account activity.

### **4. Due Diligence and Enhanced Due Diligence Requirements for Correspondent Accounts of Foreign Financial Institutions**

#### **a. Due Diligence for Correspondent Accounts of Foreign Financial Institutions**

We will conduct an inquiry to determine whether a foreign financial institution has a correspondent account established, maintained, administered or managed by the Company.

If we have correspondent accounts for foreign financial institutions, we will assess the money laundering risk posed, based on a consideration of relevant risk factors. We can

apply all or a subset of these risk factors depending on the nature of the foreign financial institutions and the relative money laundering risk posed by such institutions.

The relevant risk factors can include:

- the nature of the foreign financial institution's business and the markets it serves;
- the type, purpose and anticipated activity of such correspondent account;
- the nature and duration of the Company's relationship with the foreign financial institution and its affiliates;
- the anti-money laundering and supervisory regime of the jurisdiction that issued the foreign financial institution's charter or license and, to the extent reasonably available, the jurisdiction in which any company that is an owner of the foreign financial institution is incorporated or chartered; and
- information known or reasonably available to the covered financial institution about the foreign financial institution's anti-money laundering record.

In addition, our due diligence program will consider additional factors that have not been enumerated above when assessing foreign financial institutions that pose a higher risk of money laundering.

We will apply our risk-based due diligence procedures and controls to each financial foreign institution correspondent account on an ongoing basis. This includes periodically reviewing the activity of each foreign financial institution correspondent sufficient to ensure whether the nature and volume of account activity is generally consistent with the information regarding the purpose and expected account activity and to ensure that the Company can adequately identify suspicious transactions. Ordinarily, we will not conduct this periodic review by scrutinizing every transaction taking place within the account. One procedure we may use instead is to use any account profiles for our correspondent accounts (to the extent we maintain these) that we ordinarily use to anticipate how the account might be used and the expected volume of activity to help establish baselines for detecting unusual activity.

#### **b. Enhanced Due Diligence**

We will assess any correspondent accounts for foreign financial institutions to determine whether they are correspondent accounts that have been established, maintained, administered or managed for any foreign bank that operates under:

- (1) an offshore banking license;
- (2) a banking license issued by a foreign country that has been designated as non-cooperative with international anti-money laundering principles or procedures by

- an intergovernmental group or organization of which the United States is a member and with which designation the U.S. representative to the group or organization concurs; or
- (3) a banking license issued by a foreign country that has been designated by the Secretary of the Treasury as warranting special measures due to money laundering concerns.

If we determine that we have any correspondent accounts for these specified foreign banks, we will perform enhanced due diligence on these correspondent accounts. The enhanced due diligence that we will perform for each correspondent account will include, at a minimum, procedures to take reasonable steps to:

- (1) conduct enhanced scrutiny of the correspondent account to guard against money laundering and to identify and report any suspicious transactions. Such scrutiny will not only reflect the risk assessment that is described in Section 8.a. above, but will also include procedures to, as appropriate:
  - (i) obtain (*e.g.*, using a questionnaire) and consider information related to the foreign bank's AML program to assess the extent to which the foreign bank's correspondent account may expose us to any risk of money laundering;
  - (ii) monitor transactions to, from or through the correspondent account in a manner reasonably designed to detect money laundering and suspicious activity (this monitoring may be conducted manually or electronically and may be done on an individual account basis or by product activity); and
  - (iii) obtain information from the foreign bank about the identity of any person with authority to direct transactions through any correspondent account that is a payable-through account (a correspondent account maintained for a foreign bank through which the foreign bank permits its customer to engage, either directly or through a subaccount, in banking activities) and the sources and beneficial owners of funds or other assets in the payable-through account.
- (2) determine whether the foreign bank maintains correspondent accounts for other foreign banks that enable those other foreign banks to gain access to the correspondent account under review and, if so, to take reasonable steps to obtain information to assess and mitigate the money laundering risks associated with such accounts, including, as appropriate, the identity of those other foreign banks; and
- (3) if the foreign bank's shares are not publicly traded, determine the identity of each owner and the nature and extent of each owner's ownership interest.

We understand that for purposes of determining a private foreign bank's ownership, an "owner" is any person who directly or indirectly owns, controls or has the power to vote 10 percent or more of any class of securities of a foreign bank. We also understand that members of the same family shall be considered to be one person.

**c. Special Procedures When Due Diligence or Enhanced Due Diligence Cannot Be Performed**

In the event there are circumstances in which we cannot perform appropriate due diligence with respect to a correspondent account, we will determine, at a minimum, whether to refuse to open the account, suspend transaction activity, file a SAR-SF, close the correspondent account and/or take other appropriate action.

**5. Monitoring Accounts for Suspicious Activity**

We will monitor account activity for unusual size, volume, pattern or type of transactions, taking into account risk factors and red flags that are appropriate to our business. (Red flags are identified in Section 11.b. below.) Monitoring will be conducted through the automated monitoring. The AML Compliance Person or his or her designee will be responsible for this monitoring, will review any activity that our monitoring system detects, will determine whether any additional steps are required, will document when and how this monitoring is carried out, and will report suspicious activities to the appropriate authorities.

**a. Red Flags**

Red flags that signal possible money laundering or terrorist financing include, but are not limited to:

**Customers – Insufficient or Suspicious Information**

- Provides unusual or suspicious identification documents that cannot be readily verified.
- Reluctant to provide complete information about nature and purpose of business, prior banking relationships, anticipated account activity, officers and directors or business location.
- Refuses to identify a legitimate source for funds or information is false, misleading or substantially incorrect.
- Background is questionable or differs from expectations based on business activities.
- Customer with no discernable reason for using the Company's service.

### **Efforts to Avoid Reporting and Recordkeeping**

- Reluctant to provide information needed to file reports or fails to proceed with transaction.
- Tries to persuade an employee not to file required reports or not to maintain required records.
- “Structures” deposits, withdrawals or purchase of monetary instruments below a certain amount to avoid reporting or recordkeeping requirements.
- Unusual concern with the Company’s compliance with government reporting requirements and Company’s AML policies.

### **Certain Funds Transfer Activities**

- Wire transfers to/from financial secrecy havens or high-risk geographic location without an apparent business reason.
- Many small, incoming wire transfers or deposits made using checks and money orders. Almost immediately withdrawn or wired out in manner inconsistent with customer’s business or history. May indicate a Ponzi scheme.
- Wire activity that is unexplained, repetitive, unusually large or shows unusual patterns or with no apparent business purpose.

### **Certain Securities Transactions**

- Customer engages in prearranged or other non-competitive trading, including wash or cross trades of illiquid securities.
- Two or more accounts trade an illiquid stock suddenly and simultaneously.
- Customer journals securities between unrelated accounts for no apparent business reason.
- Customer has opened multiple accounts with the same beneficial owners or controlling parties for no apparent business reason.
- Customer transactions include a pattern of receiving stock in physical form or the incoming transfer of shares, selling the position and wiring out proceeds.
- Customer’s trading patterns suggest that he or she may have inside information.

### **Activity Inconsistent With Business**

- Transactions patterns show a sudden change inconsistent with normal activities.
- Unusual transfers of funds or journal entries among accounts without any apparent business purpose.
- Maintains multiple accounts, or maintains accounts in the names of family members or corporate entities with no apparent business or other purpose.
- Appears to be acting as an agent for an undisclosed principal, but is reluctant to provide information.

### **Other Suspicious Customer Activity**

- Unexplained high level of account activity with very low levels of securities transactions.
- Funds deposits for purchase of a long-term investment followed shortly by a request to liquidate the position and transfer the proceeds out of the account.
- Law enforcement subpoenas.
- Large numbers of securities transactions across a number of jurisdictions.
- Buying and selling securities with no purpose or in unusual circumstances (*e.g.*, churning at customer's request).
- Payment by third-party check or money transfer without an apparent connection to the customer.
- Payments to third-party without apparent connection to customer.
- No concern regarding the cost of transactions or fees (*i.e.*, surrender fees, higher than necessary commissions, etc.).

#### **c. Responding to Red Flags and Suspicious Activity**

When an employee of the Company detects any red flag, or other activity that may be suspicious, he or she will notify the AML Compliance Person. Under the direction of the AML Compliance Person, the Company will determine whether or not and how to further investigate the matter. This may include gathering additional information internally or from third-party sources, contacting the government, freezing the account and/or filing a SAR-SF.

## **6. Confidential Reporting of AML Non-Compliance**

Employees will promptly report any potential violations of the Company's AML compliance program to the AML Compliance Person, unless the violations implicate the AML Compliance Person, in which case the employee shall report to the AML Compliance Person. Such reports will be confidential, and the employee will suffer no retaliation for making them.

## **7. Additional Risk Areas**

The Company has reviewed all areas of its business to identify potential money laundering risks that may not be covered in the procedures described above.