

ANTI-MONEY LAUNDERING POLICY

Name of Organization	SWARGIYA KANHAI SHUKLA SAMAJIK SEWA SANSTHAN	Date of Issue	01.04.2022
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Secretary

1. Introduction

SWARGIYA KANHAI SHUKLA SAMAJIK SEWA SANSTHAN (SKSSSS), Hajipur, Vaishali, Bihar, (the “**Organization**”) aims at highest ethical and moral standards in the professional and personal life of all associates. Organization’s Anti-Money Laundering Policy (“**this Policy**”) aims to ensure that the organization operates with, and is in compliance with applicable laws, regulations, ethical business practices and is not being used as a conduit for suspicious or money laundering activities or for funding illegal activities.

2. Applicability

This Policy applies to all employees/staff on rolls of the Organization, volunteers, members of the Board of Trustees of the Organization (“**Associates**”) and should be read in conjunction with the existing applicable laws and guidelines, as issued by relevant statutory authorities from time to time.

3. Background

‘**Money Laundering**’ is processing of criminal proceeds i.e money generated from criminal acts including *inter alia* drug trafficking, terrorism, organized crime, fraud and many other crimes with the objective of hiding its source and rendering it in legally usable form. It is any act or attempted act (directly or indirectly and even by association and assistance in one-step or a series of transactions) to conceal or disguise the identity of illegally obtained proceeds so that they appear to have originated from legitimate sources. The process of money laundering involves creating a web of financial transactions so as to hide the origin of, and true nature of these funds.

Generally, the money laundering process involves three (3) stages:

- **Placement:** is the point where illegal funds first enter the financial system.
- **Layering:** after illegal funds have entered the financial system, layers are created by closing and opening accounts, purchasing and selling various financial products, transferring funds among financial institutions and across national borders. The criminal’s goal is to create layers of transactions to make it difficult to trace the illegal origin of the funds.
- **Integration:** occurs when the criminal believes that there are sufficient numbers of layers hiding the origin of the illegal funds to safely invest the funds or apply them towards purchasing valuable property in the legitimate economy.

As illegal funds move from the placement stage through the integration stage, they become increasingly harder to detect and trace back to the illegal source.

4. Money Laundering and NPOs

Nonprofit organizations (“NPOs”) play a vital role in the world economy and in many national economies and social systems. The Financial Action Task Force (“FATF”) recognizes the vital importance of NPOs in providing charitable services and the efforts of NPOs to promote transparency within their operations and to prevent terrorist financing abuse.

It is becoming necessary that all these NPO’s be monitored with respect to their source of funds, its utilization, for purposes for which they were formed and the persons who carry out these activities. FATF, the intergovernmental body, has therefore paid special attention to the NPO sector realizing the “grey areas” in NPOs, laid down Recommendation 8, “Combating abuse of Non Profit Organizations” (“Recommendation”).

Finance Intelligence Unit – India (“FIU IND”) has prescribed filing of a separate report for Reporting Entities (Banks, Insurance companies, Stock market intermediaries) for filing details of transactions carried out by NPO’s.

By way of the Gazette Notification dated 12th November 2009, applicability of the Prevention of Money Laundering Act, 2002 (“Act”) was enhanced to cover the NPO’s in India. NPO’s are required to adhere strictly to know-your-customer norms in case of any donations they receive, according to banking standards, and will have to regularly maintain detailed statements of their funds received and investments made.¹

5. Scope & Objective

The objective of this Policy framework is to:

- i. Create awareness and provide clarity on KYC standards and Anti-money laundering measures;
- ii. To have a proper Donor Due Diligence (DDD) process before registering them;
- iii. To monitor/maintain records of all transactions involving receipts of more than rupees ten lakh, or its equivalent in foreign currency;
- iv. To maintain records of cash donations received from the same donor or donors connected with each other within a given financial year;
- v. To monitor and report suspicious transactions;
- vi. To discourage and identify money laundering or Terrorist Financing activities;
- vii. To take adequate and appropriate measures to implement the Act;

¹With the amendments to Prevention of Money Laundering (PML) Rules, notified by the Government of India vide Notification No. 12 of 2013 dated August 27, 2013, in terms of amended Rule 3 the Banks should maintain proper record of all transactions involving receipts by non-profit organizations of value more than rupees ten lakh or its equivalent in foreign currency and to forward a report to FIU-IND of all such transactions in a prescribed format by the 15th of the succeeding month.

- viii. To ensure that the Organization is not involved in any transactions that are known or suspected to be means of laundering money. If any suspicious activity is noticed, Associates to promptly intimate the **Secretary/Treasurer of SKSSSS**.

6. Red-Flags

Recognizing transactions involving money laundering requires awareness of possible suspicious activity, which may arise at any time. Below is an indicative list of actions that Associates should be careful of. This list is not exhaustive, as every circumstance is not foreseeable:

- i. Donors/Users that are reluctant to provide complete information, or those that provide incomplete, suspicious information and/or are unwilling to comply with Organization's identification requirements;
- ii. Donors/Users that appear as agents or representatives for other individuals or organizations, but refuse to provide complete information about such individuals or organizations;
- iii. Any person, including an Associate, that is concerned about or insists on avoiding any reporting requirements required by law or refuses to maintain records mandated by law;
- iv. High volume payments made in cash or cash equivalents only (such as money orders, traveler's cheques, internet currencies or prepaid cash cards);
- v. Donations of large amounts that appear to be out of place or inconsistent with normal donation patterns, in the absence of any legitimate purpose for such donation. For instance, particular Donor donates a substantially high amount in 2021, as compared to past 5 years while the project and purpose remained same;
- vi. Requests for payments to be made in unrelated countries or to unrelated third parties;
- vii. Multiple partial payments from various parties on behalf of a single user and/or multiple partial payments from various locations;
- viii. Donors/Users making payments in one form, then requesting refunds in other forms (for example, making payments by credit card, but requesting refunds in cash or by wire transfers);
- ix. Donors/Users making contributions, followed by immediate requests to wire out or transfer the funds to a third party or firm, without connected purposes;
- x. Users requesting for donations to be paid in cash or wired to a third party or firm, without connected purposes;
- xi. A donor makes a large contribution which does not seem to be commensurate with the donor's known background or income;
- xii. Unusual or substantial one-off donations or a series of small donations or interest free loans from sources that the Organization cannot identify or check;
- xiii. A donation that appears to be funded by someone other than the donor (eg. Donation is made by a cheque drawn on an account in the name of someone who is not a donor;

- xiv. Conditions are attached to a donation which would mean that Organization is being used as a vehicle for transferring funds from one individual or organization to another without the trustees being able to verify that the donation is being put to an appropriate use;
- xv. Corporate donations made using a personal account;
- xvi. A beneficiary that is a shell company or that is established as a trust, is unwilling to provide additional information about its beneficial owners or underlying beneficiaries in response to a request for such information.

7. Steps to Ensure Compliance

- i. **Compliance with Applicable Law:** Users/Donors must at all times, ensure that they access and/or utilize Organization platform in compliance with all applicable laws. Users contributing or donating should also ensure that funds used to contribute or donate to a campaign should not originate from any unlawful activity. Similarly, it must be ensured that the funds collected for a campaign should only be used for the purpose and objects specifically agreed between the parties. Relevant terms and conditions should be incorporated as part of the Donations form in case of sundry Donors, and the Donor due-diligence form, in case of Institutional Donors.
- ii. **Maintenance and Disclosure of Records:** Organization shall maintain records confirming the identity of its Donors/users and the transactions undertaken. Organization will also disclose the information to government authorities, as required under the Act or in case of any inquiry, investigation or other proceedings initiated by them.
- ii. **Reporting Suspicious Activity:** Any suspicious activity or red flag that Organization comes across must be reported to the COO, who shall take necessary actions in this regard and report to the relevant statutory authorities.

8. Amendment and Modification

Organization reserves the right to modify and amend this Policy at any time. Donors/Users are recommended to review this Policy from time to time, for the most up-to-date version. In the event of modification or amendment to this Policy, continued use and access to Organization platform, will constitute acceptance of the modified or amended terms.

9. Violations of this Policy

An Associate who violates this Policy or knowingly engages in activities specifically prohibited under this Policy, regardless of whether financial loss to the Organization results or not, may be subject to appropriate disciplinary action up to, and including termination. This shall be in addition to other rights and remedies available under the applicable laws.