

# ANTI-MONEY LAUNDERING POLICY



**CHEटना VIKAS**

Lok Nayak Bhawan, Bypass Road, Baijnathpur  
Rampur, Deoghar- 814112 (Jharkhand)  
Website-[www.chetnavikas.in](http://www.chetnavikas.in)  
Email –[chetnavikas1985@gmail.com](mailto:chetnavikas1985@gmail.com)

## Introduction

This policy has been formed in the light of SEBI Circulars—on Anti Money Laundering (AML) and Combating Financing of Terrorism (CFT) as amended – obligations of Intermediaries under the Prevention of Money Laundering Act, 2002 ('Act') and Rules framed there under after making necessary amendments in the existing Anti-Money Laundering Policy of the Organization.

In pursuance of above said circular and the provisions of the Act, the policy of the Organization is to prohibit and actively prevent money laundering and any activity that facilitates money laundering or terrorist financing. Money Laundering (ML) is generally understood as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds or assets so that they appear to have been derived from legitimate origins or constitute legitimate assets.

## Purpose

The purpose of this policy is to help detect and report suspicious activity including the predicate offenses to money laundering and terrorist financing, such as securities fraud and market manipulation. This policy is to ensure the charity's compliance with anti-money laundering, bribery and corruption laws and regulations, to assist law enforcement in combating illegal money laundering, and to minimize the risk of charity resources being used for improper purposes.

## Scope and Objective of the policy

This policy aims to maintain the high standards of conduct which charity currently enjoys. This will be achieved by ensuring that Chetna Vikas does not get:

- used by third parties for the purpose of money laundering
- receive bribes that are intended to influence decision making
- is subjected to corrupt, dishonest and or illegal behavior

This policy applies to everyone involved in the charity. i.e. Employees/staff of the Organization, Trustees, Directors, Consultants and third parties such as volunteers, interns, consultant This policy is made available internally throughout the charity and management is required to ensure that everyone is aware of it and receives appropriate training.

The Objective of the Policy are –

- To establish a framework for adopting appropriate AML Procedures and controls in the operations / Business processes of VLSF.
- To put in place appropriate controls for detection and reporting of suspicious activities in accordance with applicable laws/laid down procedures.  
To comply with applicable laws and regulatory guidelines.

- To take necessary steps to ensure that the concerned staff are adequately trained in KYC/AML procedures.
- To assist law enforcement agencies in their effort to investigate and track money launderers.

## Applicability

This Policy applies to all Employees/staff of the Organization, Trustees, Directors, Consultants and third parties such as volunteers, interns, consultant acting on our behalf of Chetna Vikas while discharging their functions and should be read in conjunction with the existing applicable laws and guidelines, as issued by relevant statutory authorities from time to time. Failure to comply with this policy can lead to disciplinary action.

## Background

Money laundering is the practice of cleaning up money that has, for some reason, been obtained illegally. Often there is a complex trail involved so that the practice cannot be easily identified or traced.

Money laundering can occur in many ways. It may happen by dispersing money through many different bank accounts (to hide its origins), but can occur when the charity is used unwittingly as a “trading partner”. This could be directed at the charity or through an organization where we have a close relationship, such as a funder.

‘**Terrorist financing**’ is the use of legally or illegally obtained funds to facilitate terrorist activities and organizations. Money laundering and terrorist financing may involve a wide variety of financial products, services, and transactions including lending and investment products, and the financing of equipment and other property that could be used to facilitate terrorism and other criminal activity.

Generally, the money laundering process involves three (3) stages: placement, layering and integration. 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

- **Placement:** The stage where funds generated from illegal/criminal activities, commonly in the form of cash, first enter the financial system. This may be done by making deposits with financial institutions or converting the proceeds into negotiable instruments.
- **Layering:** After illegal funds have entered the financial system, layers are created by closing and opening bank 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:** When the criminal believes that there are sufficient number of layers hiding the origin of the illegal funds, they reintroduce and safely invest the funds or apply them towards purchasing a legitimate service or asset in the economy, fund legitimate businesses, or conduct other criminal activity.

## **Policy Statement**

Chetna Vikas takes its responsibility for ensuring the establishment and maintenance of systems of internal control for the prevention and detection of fraud, irregularities and corruption as non-negotiable and will not tolerate fraud, corruption or abuse of position for personal or institutional gain. It is therefore the policy of Chetna Vikas to comply fully with applicable provisions of the Proceeds of Crime Act 2002, Terrorism Act 2000, Bribery Act 2010 and Money Laundering Regulations 2007 and all amending legislation.

## **Due diligence**

The charity should carry out procedures that help to identify donors or other providers of income before entering into a relationship or transaction with them.

The charity should, where applicable:

1. Identify the donor and verify their identity
2. Take adequate measures where some donors need or want their privacy.
3. Accept that in some cases, the identity of the donor may not be easy to verify, in which case other measures need to be developed.
4. Continuously monitor the situation and;
5. Maintain proper records of all checks made.

## **Donor/Project management**

To avoid being an unknowing accomplice to money launders, Chetna Vikas operates the following guidelines in determining whether to accept a donation or project –

- Project funding - maintain full program budgets that account for all program expenses.
- Solicitations – declare to donors the purpose of the funds collected and ensures that the funds are ultimately used for the purpose stated.
- Beneficiaries –documented verification of the disbursements to show that the funds reached the intended recipients, including verification that the beneficiaries are real, the funds have been received and that the transactions are accounted for.
- Onsite examinations – where financial accounting and auditing might be insufficient, direct field audits may be considered in order to satisfy the disbursement of funds and that there has been no misdirection.
- Foreign operations – Chetna Vikas exchanges information with foreign operations, conducts regular inspections (with an AML perspective in mind) and ensures than foreign operational staff also undergo relevant AML awareness train

## **Monitoring Accounts for Suspicious Activity**

The following kinds of activities are to be treated as red flags and reported to the Director –

- Clients whose identity verification seems difficult or clients appear not to cooperate
- Where the source of the funds is not clear or not in keeping with clients apparent standing /business activity;
- Clients in high-risk jurisdictions or clients introduced by such clients or banks or affiliates based in high risk jurisdictions;
- Substantial increases in business without apparent cause;
- Unusually large cash deposits made by an individual or business
- Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;
- Transfer of investment proceeds to apparently unrelated third parties;
- Unusual transactions by CSCs and businesses undertaken by shell corporations, offshore banks/financial services, businesses reported to be in the nature of export/import of small items.

The above mentioned list is only illustrative and whether a particular transaction is suspicious or not will depend upon the background, details of the transactions and other facts and circumstances.

When any functionary of the Organization detects any red flag, he or she will cause it to be further investigated for his/her satisfaction or report the same to the Director for further investigation and necessary action

## **Procedure for Suspicious Transactions Reporting:**

The staff at operating terminal shall be adequately trained with PMLA requirements and reporting suspicious transaction to Director .The Director will make a note of suspicion transaction that have not been explained to his satisfaction and thereafter report the same to the FIU IND within the required deadlines.

Where a client aborts/abandons a suspicious transaction on being asked some information by the Organization officials, the matter shall be reported to FIU in the STR irrespective of the amount by the Director. The Director will not base the decision on whether to file a STR solely on whether the transaction falls above a set threshold. The Director will file a STR and notify law enforcement of all transactions that raise an identifiable suspicion of criminal or terrorist corrupt activities.

The Organization will not notify any person involved in the transaction that the transaction has been reported, except as permitted by the PML Act and Rules thereof.

Utmost confidentiality shall be maintained in filing of CTR and STR to FIU-IND. The reports may be transmitted by speed/registered post/fax at the notified address.

No nil reporting needs to be made to FIU-IND in case there are no cash/suspicious transactions to be reported. The Organization shall not put any restrictions on operations in the accounts where an STR has been made. VLS and its directors, officers and employees (permanent and temporary) shall be prohibited from disclosing (“tipping off”) the fact that a STR or related information is being reported or provided to the FIU-IND. It should be ensured that there is no tipping off to the client at any level. The Organization will create and maintain STRs and CTRs and relevant documentation on customer identity and verification and will maintain STRs and their accompanying documentation for such period as prescribed from time to time.

### **Internal Audit**

Internal Audit shall ensure compliance with policies, procedures, and controls relating to prevention of money laundering and terrorist financing, including the testing of the system for detecting suspected money laundering transactions, evaluating and checking the adequacy of exception reports generated on large and/or irregular transactions, the quality of reporting of suspicious transactions and the level of awareness of front line staff of their responsibilities in this regard.

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

Employees report any violations of the Organization’s AML compliance program to the Director, unless the violations implicate the Director, in which case the employee shall report to the Managing Director. Such reports are confidential, and the employee suffers no victimization for making them

### **Review**

The Organization conducts a periodic review of the policy. In case of amendment in statutory provisions/regulations necessitating amendment, the relevant portions of policy shall be deemed to have been modified from the date of amendment in relevant statutory provisions. In such case the modified policy shall be placed for review by the Board in regular course