

# Bank Secrecy Act and Anti-Money Laundering Policy

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## 1. PURPOSE

To clearly communicate the policy for adherence to the Bank Secrecy Act and Anti-Money Laundering Act and its applicability to the services performed by Firstsource Advantage, LLC.

## 2. COVERAGE

All operational and support employees of Firstsource Advantage, LLC that may service a customer's account.

## 3. BACKGROUND

The Bank Secrecy Act (BSA) is U.S. legislation aimed toward preventing criminals from using financial institutions to hide or launder money.

Under the Bank Secrecy Act (BSA), financial institutions are required to assist U.S. government agencies in detecting and preventing money laundering, such as:

- Keep records of cash purchases of negotiable instruments,
- File reports of cash transactions exceeding \$10,000 (daily aggregate amount)
- Report suspicious activity that might signal criminal activity (e.g., money laundering, tax evasion)

**A Suspicious Activity Report (SAR)** is a document that financial institutions, and those associated with their business, must file with the Financial Crimes Enforcement Network (FinCEN) whenever there is a suspected case of money laundering or fraud.

Although money laundering is a diverse and often complex process, it generally involves three stages: placement, layering, and/or integration. Money laundering is defined as the criminal practice of making funds from illegal activity appear legitimate.

**Placement** – the physical disposal of cash, either through banks or other financial institutions, or the purchase of large expensive items.

**Layering** – the point at which the funds are disguised, and an attempt is made to create a certain amount of distance from the original point of entry into the financial system. At this point there will be an attempt to confuse the audit trail by carrying out lots of transactions, including investment in legitimate businesses and the resale of high value goods.

**Integration** – the point where the money is made to appear more legitimate. Commonly, a company is set up which then over-invoices, or produces false invoices in the company's name to create an impression that the proceeds are generated from a legitimate source. Purchases of property and other non-cash investments are also used.

Money laundering offenses can arise even though no money is changing hands or passing through our accounts. Money laundering offenses can be committed by a number of different individuals coming into contact with the proceeds of crime.

The objective of Anti-Money Laundering (AML) is to deter criminals from feeding their illicit funds into the financial system. Criminals use money laundering to hide the true source of their money that has been derived from crimes.

What is the purpose of the Anti-Money Laundering Act?

The purpose of the AMLA rules 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.

## 4. DEFINITIONS/TERMS USED

<b>Firstsource</b>	Firstsource Advantage, LLC
<b>BSA</b>	Bank Secrecy Act in 1970 as the first laws to fight money laundering in the United States. The BSA requires businesses to keep records and file reports that are determined to have a high degree of usefulness in criminal, tax, and regulatory matters.
<b>AML</b>	Anti-money laundering (AML) refers to the web of laws, regulations, and procedures aimed at uncovering efforts to disguise illicit funds as legitimate income AMLA Anti-Money Laundry Act SAR Suspicious Activity Report
<b>AMLA</b>	Anti-Money Laundry Act
<b>SAR</b>	Suspicious Activity Report
<b>FINCEN</b>	A bureau of the U.S. Department of the Treasury. FinCEN's mission is to safeguard the financial system from illicit use and combat money laundering and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities

## 5. POLICIES/SCHEMES

Although Firstsource Advantage, LLC is not a financial institution, many of our clients are financial institutions, and therefore the company incorporates procedures to review and report any suspicious payment activity. This includes the following processes:

- Information and data procedures are in place to detect suspicious activity on-site, this includes but not limited to internet security, system access and call monitoring
- Payment processing procedures are in place to detect suspicious activity through daily reporting
- Compliance Officer review of exceptions
- Firstsource Advantage, LLC is registered with FinCen for SAR reporting
- Following all Suspicious Activity client notification procedures REVIEW The policy and process will be reviewed every year or earlier if required.

## 6. REVIEW

The policy and process will be reviewed every year or earlier if required.