



**ANTI MONEY LAUNDERING POLICY**

**Document No: 01**

**Distribution:**

All Holders

**Summary of Changes:**

New

**Originator** : Izzaddin Abd. Rahim

**Executive Director** : Ir. Amran Mahzan

**President** : Dato' Dr. Ahmad Faizal Mohd Perdaus

**Issue** : 01

**Effective Date** : 20 May 2017

## CONTENTS

1. INTRODUCTION
2. POLICY STATEMENT
3. ANTI MONEY LAUNDERING COMPLIANCE
4. ANTI BRIBERY AND CORRUPTIONS
5. PROHIBITED STAKEHOLDER, BENEFICIARY AND PARTNER RELATIONSHIP
6. KNOW YOUR BENEFICIARY AND PARTNER
7. PROCEDURE – BENEFICIARY AND PARTNER VERIFICATION
8. CROSS BORDER MOVEMENT OF CASH AND BEARER INSTRUMENTS
9. DETECTING RED FLAGS
10. RESPONDING TO RED FLAGS AND SUSPICIOUS ACTIVITY
11. BANKS / MERCY MALAYSIA RELATIONSHIP
12. TRAINING PROGRAM

As part of the governance and compliance, MM Treasurer will undertake the responsibility to oversee the implementation of any related programs and procedures in regards to this policy. At the secretariat level, the Head of Finance will assist the Treasurer on the overseeing day-to-day financial operations of MM, including but not limited to record keeping, conduct financial transactions and other such financial procedures. The Treasurer may also delegate the monitoring and/or investigation to any other officer in the Secretariat from time to time.

#### **4.0 Anti Bribery and Corruptions**

MM does not tolerate bribery, or any form of corruption. All MM employees and third parties, including volunteers and contract workers that act on MM's behalf are strictly prohibited from having any involvement in acts of bribery and corruption.

MM's Anti-Bribery and Corruptions program shall involve inter alia staff training, regular updates with the authority in ensuring that MM is not misused for purposes of or that employees do not commit or contribute to any fraudulent activity.

#### **5.0 Prohibited Stakeholder, Beneficiaries, Partners and Donors Relationships**

As a general rule, MM shall not enter into a relationship or has to end an existing relationship, if MM cannot form a reasonable belief that it knows the true identity of the beneficiaries or partners and/or the nature of activities or formal requirements concerning the identification of the beneficiaries or partners are not met.

In particular, MM will not :

- Accept assets or any kind of donations that are known or suspected to be the proceeds of criminal activity
- Enter into/maintain business relationships with individuals or entities known or suspected to be a terrorist or a criminal organisation or member of such or listed on sanction lists
- Maintain anonymous accounts, accounts for shell banks or pay-through accounts
- Enter into relationships with beneficiary or partner or donor from any High Risk Countries (without a strict beneficiary or partner identity verifications)

#### **6.0 Know Your Beneficiaries and Partners**

As part of the AML Policy, MM implements an organization-wide "Know Your Beneficiaries and Partners" (KYBP) procedure to ensure adequate processes in identification, risk rating and monitoring measures of MM beneficiaries and partners.

## 1.0 Introduction

Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origin of criminally derived proceeds so that the unlawful proceeds appear to have derived from legitimate origins or constitute legitimate assets. Generally, money laundering occurs in three stages:

- **Placement:** 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.
- **Layering:** Funds are transferred or moved into other accounts or other financial institutions to further separate the money from its criminal origin.
- **Integration:** 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 the origin or intended use of the funds, which will later be used for criminal purposes

## 2.0 Policy statement

It is the policy of MERCY Malaysia (MM) to comply with Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLATFA) imposed by the Government of Malaysia, Bank Negara Malaysia, other agencies including other related policies and legal requirements.

AMLATFA is an Act to provide for the offence of money laundering, the measures to be taken for the prevention of money laundering and terrorism financing offences and to provide for the forfeiture of property involved in or derived from money laundering and terrorism financing offences, as well as terrorist property, proceeds of an unlawful activity and instrumentalities of an offence, and for matters incidental thereto and connected therewith.

This Anti Money Laundering (AML) Policy is applicable to MM day-to-day operations and its undertaking on various mandated humanitarian activities pursued by MM.

## 3.0 Anti-Money Laundering Compliance

<b>Issue No: 01</b>	<b>Anti Money Laundering Policy</b>	<b>Page 3 of 10</b>
This Document contains trade secrets, proprietary and confidential information of MERCY Malaysia. Disclosure or reproduction of this publication is absolutely prohibited without the express written permission of MERCY Malaysia.		

KYBP includes not only knowing the beneficiaries and partners (either as a single transaction or ongoing relationship), or renders services to, but also the legal and financial establishment, applicable especially on MM's partners and associates.

The program includes strict identification requirements, name screening procedures and the ongoing monitoring and regular review of all existing relationships.

Special safeguards are to be observed for any relationships with politically exposed persons or organizations from countries or deemed high risk.

## **7.0 Procedures – Beneficiaries & Partners Verifications**

MM will collect certain minimum beneficiaries and partners identification information from who receives or engages in any activities conducted by MM. The following procedures must be adhered in the verification process.

### **7.1 Required Beneficiaries Information**

Mandatory Informations :

- Name of Beneficiaries
- Identity Card No
- Driving license

Supplementary Informations :

- International Passport No
- Driving license
- Occupation
- Employer Name
- Employer Address and contact

### **7.2 Required Partners Information**

- Name of the organisation
- Date establish
- Organisation registration no or license
- List of Directors; name, ID, Driving Licence, International Passport No
- Organisation mandate or businesses
- Head Office Address
- Bank Account No

### **7.3 Beneficiaries or Partners Who Refuse To Provide Information**

If a potential or existing beneficiaries or partners either refuses to provide the information described above when requested, or appears to have intentionally provided misleading information, MM will not continue any relationship or provision of any assistance with that person or entity.

#### **7.4 Verification of Information**

Based on the risk, and to the extent reasonable and practicable, MM will ensure that MM have a reasonable belief that MM know the true identity of the beneficiaries or partners from the information and documents gathered.

MM will verify the identity through documentary evidence, non-documentary evidence, or both. MM will use documents to verify the identity when appropriate documents are available. In light of the increased instances of identity fraud, MM will supplement the use of documentary evidence by using the non- documentary means described below whenever possible.

Appropriate documents for verifying the identity include, but are not limited to, the following:

- For an individual, government or local authorities issued identification evidencing nationality, residence, and bearing a photograph or similar safeguard, such as a driver's license or passport; and
- For an entity, 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.

MM may use any or all of following non-documentary methods of verifying identity:

- Contacting the local authority;
- Independently verifying the identity through the comparison of information provided by the person or entity with information obtained from a public database or other source
- Checking references with any our networking partner i.e. ADRRN, CHS members, financial institutions

MM will verify the information within a reasonable time before a decision is made. If MM finds suspicious information that indicates possible money laundering or terrorist financing activity, MM will terminate any dealings or refuse any provision of assistance.

## 7.5 Lack of Verification

When MM cannot form a reasonable belief that MM knows the true identity of a beneficiary or partner, MM will do the following:

- i. Put on-hold of any relationship
- ii. Request or conduct further verification
- iii. Terminate or end any relationship if found the person or entity has made fraudulent disclosure

## 7.6 Recordkeeping

MM will document the verification process, including all identifying information provided by a beneficiary or partner including but not limited to the type of document, any identification number contained in the document, statutory documents (for entity) ,the place of issuance, and if any, the date of issuance and expiration date.

All record shall be maintained for a minimum of five (5) years from the last date of engagement.

## 7.7 Comparison of Information with Government Related Agencies

MM shall obtain information in regards to the beneficiaries or partners detail from any local government and will engage with the embassies on any such list of known or suspected terrorists or terrorist organizations.

## 8.0 Cross Border Movements of Cash and Bearer Negotiable Instruments

During emergency phase, mission members will carry certain amount of cash that been permitted by the authorities. The purpose of the cash is for MM emergency response or relief operation.

Whenever MM is permitted to open an account with license financial institution at any operation area in any foreign country, MM will transfer the money by telegraphic transfer.

## 9.0 Detecting Red Flags

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

- The beneficiary or partner exhibits unusual concern about the Company's compliance with government reporting requirements and the organization's AML

policies (particularly concerning his or her identity, type of business), or is reluctant or refuses to reveal any information concerning business activities, or furnishes unusual or suspicious identification or documents.

- The information provided by the partner that identifies a legitimate source for funds is false, misleading, or substantially incorrect.
- Upon request, the partner refuses to identify or fails to indicate any legitimate source for his or her funds and other assets.
- The partner appears to be acting as an agent for an undisclosed principal, but declines or is reluctant, without legitimate commercial reasons, to provide information or is otherwise evasive regarding that person or entity
- The partner has difficulty describing the nature of his or her activities.
- The partner makes a request that the money be wired out or transferred to a third party, or to another firm, without any apparent justification.
- The partner requests that a transaction be processed to avoid the Company's normal documentation requirements.

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

When a staff or member of the Organization detects any red flag he or she will notify the Treasurer or the Head of Finance to initiate an investigation. This may include gathering additional information internally or from third-party sources, contacting respective authority or agency in the respective country, freezing the project or program.

A clear written communication must be initiated by the Treasurer or officer delegated in handling the investigation to the respective internal department or Head of Department on the occurrence of the Red Flag.

## **11. Bank / MERCY Malaysia Relationship**

MM will work closely with the respective banking institutions to detect and/or prevent any unlawful activities in regards to any financial or monetary transactions. MM will exchange information, records as necessary to comply with AMLAFTA laws.

## **12. Training Programs**

MM will continue to provide adequate training and exposure to all its staff and workers, volunteers on AML programs and updates. This shall include but not limited to how to identify red flags and signs of money laundering that arise during the course of the employees' duties; what to do once the risk is identified; what employees' roles are in the organization's compliance efforts and how to perform them; the Organization's record retention policy; and the disciplinary consequences (including civil and criminal penalties) for non-compliance with this AML Policy as well as all laws under AMLATF Act 2001.



## **Extract Related AMLAFTA**

### **Record Keeping by reporting institutions**

13. (1) A reporting institution shall keep a record of any transaction involving the domestic currency or any foreign currency exceeding such amount as the competent authority may specify.

(2) The record referred to in subsection (1) shall be in such form as the competent authority may specify.

(3) The record referred to in subsection (1) shall include the following information for each transaction:

1. the identity and address of the person in whose name the transaction is conducted;
2. the identity and address of the beneficiary or the person on whose behalf the transaction is conducted, where applicable;
3. the identity of the accounts affected by the transaction, if any;
4. the type of transaction involved, such as deposit, withdrawal, exchange of currency, cheque cashing, purchase of cashier's cheques or money orders or other payment or transfer by, through, or to such reporting institution;
5. the identity of the reporting institution where the transaction occurred; and
6. the date, time and amount of the transaction,

### **Persons leaving or entering Malaysia with cash or bearer negotiable instruments**

28B. (1) Any person leaving or entering Malaysia with an amount in cash, bearer negotiable instruments or both exceeding the value as prescribed by the competent authority by order published in the Gazette, shall declare such amount to the competent authority.

(2) For the purposes of this section, a person leaves or enters Malaysia with cash or bearer negotiable instruments if the person brings the cash or bearer negotiable instruments with him in his accompanying baggage or on any conveyance or otherwise.

**Declaration about receipts of cash or bearer negotiable instruments from outside Malaysia**

28E. (1) Any person who receives cash or bearer negotiable instruments or both which is moved to the person from outside Malaysia exceeding the value as prescribed by the competent authority by order published in the Gazette, shall declare such amount to the competent authority and provide such other information as may be required by the competent authority.

(2) A declaration under subsection (1) shall be made within five business days from the day of the receipt of the cash or bearer negotiable instruments or both.

.....  
End.