



**VESTOO**  
INVEST AND STOCKS

## Suspicious Activity/Anti-Money Laundering Policy and Policy Procedures



## INTRODUCTION

VESTOQ Ltd is committed to a comprehensive anti-money laundering (“AML”) policy. It is the policy of VESTOQ to comply fully and completely with all applicable governmental requirements of Uganda that have been designed to prohibit and prevent both actual and potential money laundering, as well as other activities that facilitate money laundering and the funding of terrorists and/or other criminal activity, including mortgage fraud.

VESTOQ intends that these AML Policy and Policy Procedures (“the Policy”) will be reviewed at least annually and updated from time to time as necessary to keep up with changes in applicable law of Uganda and changes in VESTOQ’s operations. The Policy is intended to be supplemented by training of all VESTOQ employees and any other stake holders who are part of our business line. The Policy is solely for the use of, and is binding upon, VESTOQ’s employees and stakeholders.

## MONEY LAUNDERING, TERRORIST FINANCING AND FRAUD

### MONEY LAUNDERING

VESTOQ considers “Money laundering” as generally engaging in acts designed to conceal or disguise the nature, control, or true origin of criminally derived proceeds so that those proceeds appear to have been derived from legitimate activities or origins or otherwise constitutes legitimate assets. In this policy, money laundering is considered to occur in three stages:

1. **Stage 1 - Placement:** Cash generated from criminal activities is “placed” in the financial system or the retail economy, often by converting the cash into monetary instruments, such as money orders or securities or investing it in real estate, commodities, or high-end consumer products (e.g., automobiles, boats, jewelry).  
To disguise the placement of unlawful funds, money launderers will often use a technique called “Structuring.” Structuring involves the breaking up of a transaction that would normally have to be recorded or reported into smaller transactions at amounts below the recording/reporting thresholds.
2. **Stage 2 - Layering:** this involves transferring all funds or move into other financial institutions to further separate the money from its criminal origin.
3. **Stage 3 - Integration:** Reintroducing funds into the financial system and then integrated into the economy by purchasing legitimate assets or funding legitimate businesses or other criminal activities.

VESTOQ's essence of this policy is to guard against the occurrences by setting up of procedures to be followed in handling such occurrences.

## AML COMPLIANCE OFFICER DESIGNATION AND DUTIES

### Designation of Compliance Officer

As required under the Money Laundering Act of Uganda and Suspicious Activity Report Filing Requirements for Funds managers, VESTOQ hereby designates an AML Compliance Officer (the "Compliance Officer") for VESTOQ. The Compliance Officer, or any of his or her authorized designees (hereinafter, a "Designee"), is responsible for ensuring;

1. VESTOQ's ongoing compliance with all Uganda's AML laws, including monitoring compliance by the VESTOQ's employees and designated officers with their obligations under VESTOQ's AML policy;
2. That VESTOQ's AML Policy is updated as necessary; and
3. That all non designated employees receive training on AML requirements before conducting business on behalf of VESTOQ and, thereafter, on an ongoing basis as needed.

The Compliance Officer will report directly to the Board of Directors, Executive Board (officers).

### Compliance Officer Duties and Responsibilities

The duties and responsibilities of the Compliance Officer include, but are not limited to, the following:

- Maintain a thorough knowledge of all Uganda government's statutes pertaining to anti-money laundering with respect to VESTOQ's operations, including detecting and addressing Red Flags and SAR requirements.
- Supervise the development and periodic updating of policies and procedures related to compliance with all applicable statutes regarding anti-money laundering and related requirements.
- Supervise the execution of an AML policy, risk assessment within a regular 6 month cycle and more frequently if circumstances dictate.
- Schedule and coordinate annual employee training seminars regarding anti-money laundering, suspicious transactions and related requirements.
- Supervise the development of training procedures to ensure compliance with the applicable statutes regarding anti-money laundering and related requirements.

- Supervise the proper completion, timely submission, and complete and accurate recordkeeping with respect to government filings pertaining to anti-money laundering and related requirements, including but not limited to Suspicious Activity Reports (“SARs”)
- Serve as liaison with law enforcement and regulatory agencies regarding matters of compliance/examinations/reports pertaining to anti-money laundering and related requirements.
- Supervise the monitoring of statutory examinations conducted by any government agency pertaining to anti-money laundering and related requirements.
- Supervise the maintenance of a record related to any documents requested by law enforcement and/or regulatory agencies pursuant to subpoena, summons, or other administrative or court documents pertaining to anti-money laundering or related requirements.
- Cooperate with periodic Independent Audits of the AML policy (see Section VIII below).

## RISK ASSESSMENT

The development and implementation of an effective AML Policy must be based on a risk assessment. For this reason, VESTOQ will conduct an AML risk assessment of its business, customers, products, and the geographic location in which it operates, in accordance with a standard risk assessment methodology.

The Compliance Officer will determine the AML vulnerabilities of VESTOQ’s products/services, the AML risks associated with the geographies in which it operates, and the AML risks of the customers with whom it deals. The Compliance Officer will also assess the effectiveness of VESTOQ’s controls to manage and mitigate the AML risks. The selection of risk categories and the weights given to risk categories in money laundering risk assessment will vary depending on the prevailing circumstances.

In order to provide a framework for identifying AML risks, the Compliance Officer shall conduct a money laundering risk assessment by first determining inherent money laundering risk, then reviewing mitigating controls, and in consideration of the inherent risk and mitigating controls, determine the overall residual money laundering risk. The results of the risk assessment and any recommendations for control improvements will be provided to senior management for review and approval.

Results of the money laundering risk assessment, the methodology, the analysis, and any supporting documentation of each shall be maintained for at least three years.

VESTOQ's money laundering risk assessments will be updated on a regular basis, generally at least annually. Any new product or sales activity or new line of business must undergo an AML risk assessment as described in this Section.

There will be regular checkup of the list of all transactions received and updates when they occur. The Compliance Officer and concurred in by the Board, have access to these lists through various software policies to ensure speed and accuracy.

If there is no potential match of all lists, the transaction may proceed. If, however, the checking indicates a potential match, performance of an additional due diligence to ascertain whether the match is actual or a false positive vis-à-vis the name on the source lists.

As part of VESTOQ's Suspicious Activity Report (SAR) filing process (which is described in Section VI.A. below), any blocking reports sent to regulatory authority will be reviewed to determine whether anything contained therein constitutes suspicious activity. Not all transactions, accounts, or customers identified in a blocking report constitute suspicious activities that require the filing of a SAR.

## CUSTOMER IDENTIFICATION AND VERIFICATION

VESTOQ will collect certain minimum customer identification information from each client and compare customer identification information with government-provided lists of suspected terrorists as mentioned above in Section III.

### Required Customer Information – Minimum ID Requirements

Prior to engaging in any activity which potentially may involve money laundering, VESTOQ will collect the following information from all its customers:

- **Name**
- **Address** (residential or business street address for an individual; If necessary, address will be confirmed by a current utility bill mailed to the customer at the address in question.
- **Date of Birth** (verifiable via an unexpired government-issued identification evidencing nationality or residence and bearing a photograph or similar safeguard, such as a government-issued passport or driver's license, voters card or national ID)

- **Government-issued identification number**, which will be a Social Security number or Taxpayer Identification Number or one or more of the following: 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 Ugandans). All such documents must be varied. VESTOQ will refuse any transaction in the event that a customer has applied for, but has not received a taxpayer identification number and cannot prove his/her identity to our satisfaction.

### **Customers Who Refuse To Provide Information**

If any customers have questions regarding the necessity of providing identification, we will inform them it is required by regulatory authority regulations. If, however, a potential or existing customer **refuses to provide the information** described above when requested, or appears to have intentionally provided misleading information, the **transaction will not be completed** with the customer, and if, after consultation with the Compliance Officer or Designee, it is determined to be required, VESTOQ will file a SAR.

### **Verification of Information**

To the extent reasonable and practicable, at the time a customer relationship is established, VESTOQ will ensure, based on our assessment of the AML-related risks posed by the customer's location, nationality, and overall profile, that we have sufficient information to form a reasonable belief that we know the true identity of our customers. In verifying customer identity, we will analyze any logical inconsistencies in the information we obtain such as through documentary evidence.

The customer's identity will be verified using the information set forth. VESTOQ is not required to take steps to determine whether any document that the customer has provided to VESTOQ for identity verification has been validly issued, and we may rely on a government-issued identification as verification of a customer's identity. However, if VESTOQ detect that the document evidences some form of fraud or other irregularities, it will consider that factor in determining whether to form a reasonable belief that it knows the customer's true identity.

If a customer's identity cannot successfully be validated based on the information in VESTOQ's possession, in its sole discretion, contact the customer and request that the customer provide:

- true and correct copy of the customer's unexpired, government-issued identification card with photograph,
- a copy of any current utility bill where the name and mailing address on the bill match the information provided by the customer.

In case of VESTOQ finds information that indicates possible suspicious activity such as money laundering, terrorist financing activity, or other criminal activity, it will, after consultation with the Compliance Officer or Designee, file a SAR, if that is deemed necessary or appropriate by the Compliance Officer or Designee.

### **Lack of Verification**

When we cannot form a reasonable belief that we know the true identity of a customer with respect to transactions requiring customer identification, we will do the following:

- not perform the transaction; and
- if deemed necessary or appropriate by the Compliance Officer or Designee, file a SAR.

### **Recordkeeping**

VESTOQ will document its verification, including all identifying information provided by a customer, the methods used and results of verification, and the resolution of any discrepancy in the identifying information. VESTOQ will maintain records confidentially containing a description of any document that it relied upon to verify a customer's identity, noting the type of document, any identification number contained in the document, the place of issuance, the date of issuance, if any, and expiration date of such documentation. **These records must be retained for at least five (5) years** following termination of the customer relationship or dormancy of an account. All such records will be retained in physical and electronic form.

### **Monitoring for Suspicious Activity**

VESTOQ will monitor a sufficient amount of any transaction's originality of the activity to permit identification of suspicious activity, such as the "red flags" identified as stipulated by this policy. The Compliance Officer or Designee will be responsible for this monitoring, will document when and how it is carried out, and will report suspicious activities to the appropriate authorities. VESTOQ will create employee guidelines with examples of suspicious money laundering activity and conduct an appropriate investigation before a SAR is filed.

## Detecting Red Flags

Red Flags can arise at any time, including during the application process and throughout the customer relationship. An individual red flag can be business or industry-specific or can apply more broadly to all businesses and industries in which our customers are active.

- The customer exhibits unusual concern about VESTOQ's compliance with government/governing authority reporting requirements and VESTOQ 's AML policies (particularly concerning his or her identity or type of business), or is reluctant or refuses to reveal any information concerning business activities, or furnishes unusual or suspicious identification or documents.
- A fraud or suspicious activity alert is included with a customer report obtained with respect to the customer.
- A customer reporting agency provides a notice of credit freeze in response to a request for a credit report.
- A customer reporting agency provides a notice of address discrepancy.
- The customer wishes to engage in a transaction that appears to lack sense.
- The information provided by the customer that identifies a legitimate source for funds is false, misleading, or substantially incorrect.
- Upon request, the customer refuses to identify or fails to indicate any legitimate source for his or her funds and other assets.
- The customer (or a person publicly associated with the customer) has a questionable background or is the subject of news reports indicating possible criminal, civil, or regulatory violations.
- The customer exhibits a lack of concern regarding transaction costs. The customer has difficulty describing the nature of his or her business.
- The customer asks for exemptions from VESTOQ's AML policies.
- The customer requests that a transaction be processed to avoid VESTOQ's normal documentation requirements.

VESTOQ's unique products and practices greatly reduce the likelihood of suspicious activities occurring. Red Flags that signal possible suspicions of fraud in the broader funds industry include, but are not limited to:



- The customer appears to be acting as an agent for an undisclosed principal, but declines or is reluctant, without legitimate reasons, to provide information or is otherwise evasive regarding that person or entity.
- Information relating to the source of funds/moneys is held by virtue of unrecorded documents.
- The brokers or other agents are receiving excessive commissions.
- A party requests that the money be used to pay debts not secured by any property or required by the lender to be paid off.
- The file contains more than one contract with significant differences in price.
- The buyer's check indicates another to be the provider of funds and no gift letter is presented.

## Grand Jury Subpoenas

VESTOQ understand that the receipt of a grand jury subpoena concerning a customer does not in itself require that VESTOQ file a SAR. When VESTOQ receive a grand jury subpoena, VESTOQ will conduct a risk assessment of the customer subject to the subpoena, as well as review the customer's file and activity. If VESTOQ uncover suspicious activity during its risk assessment and review, it will elevate that customer's risk assessment and file a SAR in accordance with the SAR filing requirements by the governing authority.

None of VESTOQ officers, employees, or agents may directly or indirectly disclose to the person who is the subject of the subpoena its existence, its contents or the information it used to respond to it. To maintain the confidentiality of any grand jury subpoena VESTOQ will receive process and maintain the subpoena by retaining such communications in secure locations. If VESTOQ file a SAR after receiving a grand jury subpoena, the SAR will not contain any reference to the receipt or existence of the subpoena. The SAR will only contain detailed information about the facts and circumstances of the detected suspicious activity.

## Responding to Red Flags and Suspicious Activity

When an employee or agent of VESTOQ detects any red flag, he or she will immediately contact the Compliance Officer or Designee to see whether further investigation should be undertaken. Any such investigation would take place only under the direction of the Compliance Officer or Designee and might include gathering additional information internally or from third-party sources, including the applicant.

Ultimately, information obtained in such an investigation may lead to the Compliance Officer contacting the government or authorizing the filing of a SAR. SAR logs will be maintained by the

Compliance Officer or Designee and will be used to track the auditing of accounts that may be subject to SAR filing. All accounts subject to SAR filing will be documented and will include information such as SAR date, reported involved amounts, submission date, and tracking number used in the SAR Log.

## SUSPICIOUS TRANSACTIONS REPORTING

### Filing a SAR

VESTOQ will file SARs for any activity conducted or attempted through a VESTOQ location involving (or in the aggregate amount of money) or more of funds where we suspect, or have reason to suspect, that

- the transaction involves funds derived from illegal activity or is intended or conducted in order to hide or disguise funds or assets derived from illegal activity as part of a plan to violate or evade set rules and regulations or regulation or to avoid any transaction reporting requirement under fund management regulations;
- the transaction is designed, whether through structuring or otherwise, to evade the requirements of the funds management regulations;
- the transaction has no apparent business or lawful purpose or is not the sort in which the particular customer would normally be expected to engage, and, after examining the background, possible purpose of the transaction, and other facts; found no reasonable explanation for the transaction; or
- the transaction involves the use of VESTOQ to facilitate criminal activity.

VESTOQ will report suspicious transactions by completing a SAR, as well as collect and maintain supporting documentation as required by the set rules and regulations governing money laundering in Uganda. The filing of a SAR must be done within thirty (30) calendar days after the date of the initial detection of the facts that constitute a basis for filing a SAR.

If no suspect is identified on the date of initial detection, VESTOQ may delay filing the SAR for up to an additional thirty (30) calendar days, or a total of sixty (60) days after the date of initial detection of the facts, pending identification of a suspect.

Copies of any SAR filed will be retained and any supporting documentation for at least five (5) years from the date of filing. VESTOQ will identify and maintain supporting documentation and make such information available to regulatory authority, any other appropriate law enforcement agencies, or government or state regulators, upon request.

## SAR Confidentiality

VESTOQ will maintain as **strictly confidential** any SAR and its supporting documentation. **VESTOQ will NOT notify any person involved in the transaction that the transaction has been reported**, except as permitted by the regulations. In general, disclosure of the fact that a SAR filing is contemplated or has been made is a violation of regulations. Any VESTOQ employee or agent who is subpoenaed or required to disclose a SAR or the information contained in the SAR will report the existence of that subpoena or requirement immediately to the Compliance Officer and prior to disclosure of the SAR or the information contained in the SAR. Except where disclosure is requested by government agency or other appropriate law enforcement or regulatory authority, as determined by the Compliance Officer, VESTOQ and the employee will decline to produce the SAR or to provide any information that would disclose that a SAR was prepared or filed.

## Maintaining SARs

Every SAR and copies of any supporting documentation will be maintained separately from all other books and records of VESTOQ in order to avoid inadvertent disclosure of SAR filings. Every SAR and copies of any supporting documentation will be kept in a secure location. As noted above, the Compliance Officer or Designee will handle all subpoenas or other requests for SAR information.

The Compliance Officer or Designee will be responsible to ensure that AML records are maintained properly and that any SARs are filed as required.

## Records Required

VESTOQ will create and maintain SARs and relevant documentation on customer identity and verification as part of VESTOQ's overall AML compliance policy.

## TRAINING POLICIES

Under the headship of the Compliance Officer, VESTOQ will develop and provide ongoing training of its employees and any agents who perform administrative duties. Trainings will be conducted at least on an annual basis. The training offered will include, at a minimum, the following:

- How to identify “red flags” and signs of suspicious activities and money laundering;
- What to do after the risk is identified;
- The employee’s role in VESTOQ's compliance efforts;
- VESTOQ’s record retention policy related to AML compliance; and
- Disciplinary consequences (including civil and criminal penalties) for non-compliance with the set rules and regulations.

The training policy offered will include maintenance of records to indicate which persons received training, the dates of training, and the subject matter of the training.

The training may also include educational pamphlets, videos, intranet systems, in-person training, and explanatory memos, as necessary to effectuate full compliance with AML laws and regulations and VESTOQ’s policy.

New hired employees/agents shall receive AML training within two months of commencing employment time with VESTOQ.

Periodically, we will review our operations to see if certain employees or agents require specialized additional training. For example, we may offer additional or refresher training to employees returning from leaves of absence (including family, medical, maternity, and military) as needed upon their return to work. Our written procedures will be updated to reflect any such changes.

## INDEPENDENT AUDIT OF AML POLICY

Independent testing of our AML policy will be performed by an outside, independent, qualified third-party or internally by a qualified member of our staff who is totally independent from VESTOQ's AML compliance team. If an outside party is chosen, we will conduct the necessary due diligence to select the company that will perform the audit. The independent testing will test compliance with this Policy, AML regulations and SAR requirements and will include a review of:

- How suspicious activity is monitored and identified;
- Whether all identified suspicious activity was reviewed and appropriately handled; and
- Whether suspicious activity was properly reported.

Upon completion of the audit, the auditor will issue a report of all findings to the Compliance Officer, and that report will be shared with VESTOQ's senior management and board of directors. Then VESTOQ will address and respond to each of the resulting recommendations.

## VENDOR MANAGEMENT

VESTOQ utilizes outsourcing arrangements relating to, among other things, like employment and occupancy screening and additional services as necessary, including training, printing achieving etc. VESTOQ also understands that it cannot contract out its regulatory responsibilities and therefore remains responsible for the anti-money laundering systems and controls in relation to the activities outsourced.

In all instances of outsourcing, VESTOQ will bear the ultimate responsibility for the duties undertaken in its name. Therefore, VESTOQ will take the following steps to ensure the service provider performs its activities in accordance with reasonable policies and procedures designed to detect, prevent, and mitigate the risk of money laundering, terrorist financing or other crimes that are suspicious:

(a) Require, by contract, that service providers have policies and procedures designed to detect, prevent, and mitigate the risk of money laundering, terrorist financing or other suspicious activities;

(b) require, by contract, that service providers review VESTOQ's AML Policy and Policy Procedures and report any Red Flags to the Compliance Officer or Designee.



## **MONITORING EMPLOYEE TRANSACTIONS**

All employees' transactions will be subject to the same AML policies and procedures as are applicable to non-employee customers.

## **ADDITIONAL AREAS OF RISK**

VESTOQ will periodically review all areas of its business to identify potential suspicious activities that may involve money laundering, or terrorism financing risks, and risks of other criminal activity, including all sorts of fraud, that may not be covered in the policy described above and will continually work to improve its AML compliance policy.