

Development Wheel (DEW) Anti-Money Laundering Policy

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This policy applies to: a. Development Wheel (DEW) including its headquarters in the Dhaka and all of its regional offices, branch office, liaison offices, and any other offices operating under the name of the Development Wheel (DEW). b. All National Organization's that have signed a Members' Agreement and License Agreement with DEW and c. All other entities that agree to be bound by the Global Policies. (together, "DEW Entities", or may be referred to as "we" or "us" in this document). All of the DEW Entities shall enact their own procedures which must be in line with global procedures, regulations, or other regulatory documents that enable compliance by its employees, volunteers, interns, Directors (and/or, when applicable, contractors and other partners) with this Global Policy. Where required by law or local practices, DEW offices and Organizations may enhance the standards and requirements set out in this policy.

MISSION Development Wheel (DEW) is. DEW is dedicated to improving livelihoods security of the poor segments of the society in Bangladesh through increasing their participation (particularly women) in small scale economic activities by creating the provision of a range of business and life skills for them.

PURPOSE The purpose of this policy is to strengthen and support Development Wheel (DEW) to enable it to realize its full potential in fund raising and importantly to ensure the integrity, survival and growth of DEW to achieve DEW's vision to help those beneficiaries in need throughout the world. Through this policy DEW seeks to address the challenges of a changing global financial environment and meet its obligation to promote the transparency and integrity and to recognize that public confidence in the DEW's management is paramount. The policy aims to establish best practices in an Anti-Money Laundering (AML) Policy. The policy sets out DEW's basic goal and purpose so as to permit examination of funds disbursements accordingly and maintain information on the purpose and objectives of DEW's activities.

MONEY LAUNDERING - DEFINED Money laundering is the process whereby criminals introduce the proceeds of their criminal activities into a financial system through transactions that attempt to disguise the true source of the funds. In terrorism financing, funds may originate from legitimate or criminal sources. These funds are used to finance terrorist activities. Criminals and Terrorists have access to large amounts of currency. However, until the currency is deposited into the banking system, their ability to utilize it is restricted. Criminals and Terrorists use charities as a means of making cash deposits knowing that they appear to legitimize (or launder) the source of the cash. DEW is diligent in detecting and reporting suspicious activity. Money laundering is the term used for a number of offences involving the proceeds of crime or terrorist funds. It includes possessing, or in any way dealing with, or concealing, the proceeds of any crime. The process of money laundering has three stages: 1. placement, through which the funds (often in cash) enter the financial systems; 2. layering, by which the funds pass through a complex sequence of transactions designed to make it impossible for investigators to follow a trail of evidence back to the origin of the funds; and 3. integration, the point at which the funds

emerge from the process back into the legitimate economy in a way that they are unrecognizable as the proceeds of crime. Charities can be especially susceptible to the attentions of potential money launderers. An international presence often in regions where there are serious issues in control and regulation, make them particularly attractive for use as a stage in the layering process. ANTI-TERRORISM CONSIDERATIONS DEW is National NGO, programme dependent DEW allocates funds to partners for their exclusive use on humanitarian aid and community development activities to relieve poverty and to address the underlying causes of poverty.

Terrorism, in common with other criminal acts, infringes the fundamental rights of the innocent and the powerless and diverts money and attention from the real needs of the communities we are committed to helping. We do not engage with terrorist organizations or give money to partners who carry out, or fund, or advocate terrorist activity. We are fully committed to ensuring all our business processes minimize the risk of funds being diverted for terrorist or any other criminal purposes. We work within the law to ensure that our work and that of our partners is free from interference and that resources are used for the purposes intended. OBLIGATIONS OF ALL EMPLOYEES, BOARD MEMBER, VOLUNTEERS, CONSULTANTS, SECONDED AND INTERNS Current criminal law places three obligations on all persons: 1. not to assist in the money laundering process through acquiring, concealing, disguising, retaining or using the proceeds of crime 2. not to prejudice an investigation 3. not to contact any person who has been suspected of, and reported for, possible money laundering in such a way as to make them aware of the suspicion or report (“tipping off”) It is important to note that the law requires all cases of suspicion to be reported, regardless of size. 4 RISK FACTORS & SUSPICIOUS ACTIVITY. DEW is particularly concerned with the following types of activity that relate to unsolicited donations. In cases where the source cannot satisfy DEW’s requests for proper credentials of the people involved, or the propriety of the donation or loan, DEW may refuse a donation. If offered large donations from persons’ unknown to the board, the board will make further enquiries before accepting the donation, and may opt to refuse a donation if any of the following are applicable: a. Country offices may receive requests for unusual transactions, such as a request to pass funds through an office account, or to hold cash on behalf of a third party, or to pass this in some way back to DEW b. Overseas programmes and partners may be subject to suspicious or unusual transactions resulting from money laundering c. Donations which carry a restriction to a particular project as requested by particular individuals or organisations. d. Offers of donations in cash, for a certain period of time, whereby the charity is to receive the interest, but the principal is to be returned to the donor at the end of the specified period. e. Donations in foreign currencies, with the provision as above, but the principal to be returned to the donor in the form of an alternative currency cheque. f. Donors requesting unusual or over-specific restrictions on a gift, or requesting its return in whole or part. Other risk areas that DEW consider are: g. Entering partnership arrangements with organisations that may be fronts for criminal activities. h. Use of an alternative banking system (Hawala) to move funds to areas of operation. i. Use of conduits for funding (money held for the organisation in a conduits name). j. Use of couriers to transport cash or valuables (gold or commodities) into areas of operation. k. Payment of facilitation charges in an area of operation where these amount to a private benefit rather than a lawful tax or duty. 5 l. Suppliers may be set up to provide such money laundering facilities, so

we must ensure that due tender and procurement process is followed and suppliers are confirmed as bone fide. m. Operating trading outlets with donated goods with insufficient internal controls. (No purchase invoices to match any sudden increase in cash income.) n. Operation of trading subsidiaries with insufficient internal controls (can be used to receive loans and repay loans to confuse the audit trail). o. Interest-free loans p. Requests to use DEW as a conduit and pass money through it. **DONOR/PROJECT MANAGEMENT** To avoid being an unknowing accomplice to money launders, DEW operates the following guidelines in determining whether to accept a donation or project: → Project funding - maintain full programme budgets that account for all programme 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 – DEW exchanges information with foreign operations, conducts regular inspections (with an AML perspective in mind) and ensures that foreign operational staff also undergo relevant AML awareness train

REPORTING PROCEDURES It is a legal requirement to appoint a Money Laundering Reporting Officer (‘MLRO’) to be responsible in law for receiving suspicion reports in an organization and for passing these on to the National Criminal Investigation Service (NCIS). Following best practice, the MLRO for DEW International Director of Finance and Audit. He/she will handle all responsibilities regarding this policy and receive suspicious activity report forms. He/she will also be responsible for communication with the NCIS. If any member of staff knows or suspects that money laundering is taking place, they must report it to the MLRO as soon as the knowledge or suspicion first strikes them. Any delay leaves them open to the two charges of failure to report, and of assisting an offence. There is no need for them to ascertain the nature of the crime which leads them to suspect that the unusual transaction may be an instance of money laundering. However, they must be able to explain what made them suspicious. The report 6 should always be made immediately to the MLRO, even if later knowledge proves the suspicion to be unfounded. Do not to discuss any suspicion with colleagues, especially if they also have dealings with the person suspected, as they may (even inadvertently) say or do something which might lead that person to realize that they might be the object of suspicion. The matter should never be discussed with anyone outside of DEW other than the appropriate statutory authorities, except with the permission of the MLRO. Any suspicion should be reported in writing using a Suspicious Activity Report form. The Suspicious Activity Report form should be submitted in hard copy only, or by fax; email will not suffice to discharge the statutory responsibility, and is not sufficiently secure to avoid the danger of alerting the potential money launderer. Once a report has been submitted, any contact with the person or organisation suspected should only be made with the express agreement of the MLRO. If the MLRO decides to submit a report to the NCIS, then all activity involving the suspected party must be frozen immediately, and no contact made without the consent of NCIS. DEW International has a whistleblowing policy and a fraud and loss policy. We have policies and procedures around fund transfers and supplier procurement as well as the management of cash

funds in the general finance procedures. This policy on anti-money laundering sits alongside those other policies. OPERATIONAL ELEMENTS DEW Personnel are to adhere to the following guidelines: – Roles and responsibilities of Directors, operational staff, volunteers, and compliance/legal/MRLO officers as defined in DEW’s Standard Operating Procedures Manual. – Follow a risk-based approach in dealing with the DEW’s projects (as defined when dealing with capital projects). – Disbursements – Identify high risk projects and/or locations. – Conduct due diligence on DEW’s source of funds and their disbursements for first time donors (over \$10,000 USD) and all capital projects (over \$40,000 USD) – using Know Your Customer procedures (Donor/Recipient Due Diligence) for (i) Origins of funds and (ii) Disbursements of funds. – Conduct screening from sanctions and Anti-Terrorist Funding lists, relevant to the funds country of origin. – Depending on the risks, adopt Enhanced Due Diligence procedures – such as; – requesting more information on the at-risk entities, increase the monitoring and reviews of the projects. – Identification, escalation and reporting of suspicious activities – define suspicious activities and staff responsibility in reporting to the assigned MRLO officer. 7 – Report to the relevant body in the jurisdiction. Note the confidentiality of Suspicious Transaction Reports/reporting (STRs) and notification to the MRLO and DEW International Board of Directors. – Record keeping – DEW needs to be able to satisfy that it has information on the source of funds (origin of the funds, identity of the person undertaking the transaction, destination of the funds, form of instruction and authority (if identity is anonymous)). Where cash is handled, DEW have thresholds (Amounts to be specified in consideration to local STR reporting guidelines) on cash donations. –DEW will follow record retention procedures for all cash received-these procedures will be made in consultation with legal counsel and in line with DEW’s Standard Operating Procedures Manual. – Education and training – DEW will provide AML training to directors, staff, volunteers (or entities involved in the treatment of cash and/or transactions) e.g. in the following manner (i) training for new staff and / or directors (ii) training for directors (iii) training for specific high risk individuals or projects and (iv) ongoing training. – Audit strategy – DEW have implemented an AML audit component as part of their regular internal audit procedure to be conducted at the time of financial auditing every year. PROCEDURES FOR MONITORING COMPLIANCE WITH THIS POLICY A minimum of once a year, the DEW internal auditor and/or an independent third- party will review the activity file. The auditor will ensure that all identified suspicious activity was reviewed and appropriately handled. The auditor will also review the accounting system in relation to cash donations and payments to search for suspicious activity that the MRLO may have missed.

Furthermore, there have been no reports of terrorist attacks or indigenous terrorist groups operating in Vietnam. Vietnam’s AML/CFT regime is currently in transition - a new Penal Code took effect on 1 January 2018. “Contained within that revised penal code are regulations on AML offences, and that is the law which the authorities should then be relying on when they start looking at investigations. The new penal code has two sections on financial crimes: Article 300 covers terrorist financing, though it only contains three brief bullet points - these include – 5-10 years’ imprisonment for persons who mobilize or provide financial support, including money or property, to individual terrorists or terrorist groups; – 1-5 years for those who prepare to commit the above crimes; and the potential confiscation of property of such offenders.

Vietnam is no longer on the FATF (Financial Action Task Force List) List of Countries that have been identified as having strategic AML deficiencies² Latest FATF Statement - 14 February 2014 The FATF welcomes Vietnam's significant progress in improving its AML/CFT regime and notes that Vietnam has established the legal and regulatory framework to meet its commitments in its action plan regarding the strategic deficiencies that the FATF had identified in October 2010. Vietnam is therefore no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process Contact details for reporting concerns on Anti Money Laundering Policy If you have a complaint or would like to discuss our policy further, please find contact details below Executive Director: dewsalam@gmail.com