

Catholic Life Insurance Anti-Money Laundering Training (AML)

The enactment of the USA Patriot Act placed heavier pressure on banks (and other businesses) of all sizes to join the international fight against money laundering and terrorists financing. It is the policy of Catholic Life, to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities.

Money laundering is generally defined as engaging in illegal acts designed to conceal or disguise the true origins of criminally derived proceeds so that the unlawful proceeds appear to have derived from legitimate origins or constitute legitimate assets. In simple terms, it is turning dirty money into clean money.

Generally, money laundering occurs in three stages:

Placement Stage – The cash first enters the financial system. The 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 Stage - The funds are transferred or moved into other accounts or other financial institutions to further separate the money from its criminal origin.

Integration Stage - The 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.

Since, May 2, 2006, the United States Department of Treasury's Financial Crimes Enforcement Network (FinCEN), has required insurers operating in the U.S. as a business issuing or underwriting, agency "**covered products**", to implement Anti-Money Laundering (AML) programs and file Suspicious Activity Reports (SARs) on certain transactions. Covered products consist of permanent life insurance products with cash value, fixed and variable annuities and other cash value or investment feature products.

Catholic Life has designated, Frank Gentile, as its Anti-Money Laundering Program Compliance Officer, with full responsibility for the society's AML program. Catholic Life requests **all its agents to report any Suspicious Activity** to Frank Gentile, Catholic Life's Compliance Officer. Frank will conduct an appropriate investigation before a Suspicious Activity Report is filed. The Suspicious Activity Report must be filed within 30-60 days of occurrence and the records must be maintained for 5 years.

Know Your Client

Collect identifying information from your client such as their name, date of birth, physical address, and social security number. Ask for their driver's license and verify their picture. Learn about your client's financial situation and goals to identify whether a particular transaction makes sense for your client. The financial information you need to know your client, is information you would normally collect in a needs analysis.

Red Flags that signal possible money laundering or terrorist financing (Suspicious Activity) include, but are not limited to:

- Your client gives you Money Orders and Travelers Checks received in excess of \$5,000.00.
- Your client attempts to offer cash of \$5,000.00 or more.
- Your client exhibits unusual concern about the society's compliance with government reporting requirements and the society's AML policies (particularly concerning his or her identity, type of business and assets), or is reluctant or furnishes unusual or suspicious identification.
- Your client wishes to engage in transactions that lack business sense or apparent investment strategy, or are inconsistent with the benefit member's stated needs.
- The information provided by your client that identifies a legitimate source for funds is false, misleading, or substantially incorrect.
- Upon request, your client refuses to identify or fails to indicate any legitimate source for his or her funds and other assets.
- Your client (or a person publicly associated with your client) has questionable background or is the subject of news reports indicating possible criminal, civil, or regulatory violations.
- Your client exhibits a lack of concern regarding risks, surrender charges, commissions, or other transaction costs.
- Your client 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.
- Your client attempts to make frequent or large deposits of currency, insists on dealing only in cash, or asks for exceptions from Catholic Life's policies relating to the deposit of cash.
- Your client engages in transactions involving cash or cash equivalents or other monetary instruments that appear to be structured to avoid the \$10,000 government reporting requirements, especially if the cash or monetary instruments are in an amount just below reporting or recording thresholds.
- Your client makes a funds deposit for the purpose of purchasing a long-term investment followed shortly thereafter by a request to liquidate the position and transfer of the proceeds out of the account.
- Your client requests that a transaction be processed to avoid Catholic Life's normal documentation requirements.
- Your client maintains multiple accounts, or maintains accounts in the names of family members, for no apparent purpose.
- Your client's account has inflows of funds or other assets well beyond the known income or resources of the client.
- Your client requests a transfer of funds to an unrelated third party for no apparent purpose.
- The beneficiary of your client/applicant has an unclear or no insurable interest.
- Your client/applicant designates an unusual beneficiary and or assignee.
- Your client enters into an unusual viatical sale.
- Any other unusual transaction.

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**Catholic Life Insurance
Anti-Money Laundering Training**

The information is Catholic Life’s preliminary training on Anti-Money Laundering. The information covers the matter of money laundering, how to recognize possible suspicious activity known as red flags, and how to report such incidents. Additional training may be required as determined by management.

I, _____, have read and understand Catholic Life’s preliminary training on Anti-Money Laundering and further understand that if I do not comply, in full, with its provisions it may be a violation of law or my Agent Contract and may result in, without limitation, the cancellation of my Agent Contract with Catholic Life Insurance.

Agent Name

Date

Please sign and return. Thank you.