



# **Anti-Money Laundering Policy**

## List of Abbreviation

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MJF	Manusher Jonno Foundation
DFID	Department for International Development
SIDA	Swedish International Development Agency
EU	European Union
GCERF	Global Community Engagement and Resilience Fund
NGO	Non-governmental Organization
BDT	Bangladeshi Taka
PNGO	Partner NGO
BFIU	Bangladesh Financial Intelligence Unit
ED	Executive Director
MLPA	Money laundering Prevention Act

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## 1. About MJF

MJF, a leading human rights Organization has been supporting hundreds of NGOs in Bangladesh since 2002 to promote human rights and good governance. Through human rights and governance program, MJF contributes towards poverty reduction aiming to bringing change in the lives of most marginalized people. Since the beginning, DFID has been providing MJF funding support to implement human rights and governance program. MJF also receives funding support from other donors like SIDA, EU, World Bank, The Carter Center and GCERF to accelerate the human rights program.

### Vision of MJF

A world free from exploitation and discrimination where people live in freedom, dignity and human security.

### Mission of MJF

Right holders (specially the poor and marginalized) are capable of demanding fulfillment of their fundamental and basic rights and duty bearers are responsive, accountable and transparent.

## 2. Background of the Policy

Money laundering is a global problem. It has potentially devastating economic, security, and social consequences. The social and political costs of laundered money are also serious as laundered money may be used to corrupt national institutions. When money laundering goes unchecked, it encourages the underlying criminal activity from which such money is generated.

In response to the growing concern about money laundering, MJF adopts policy to prevent money laundering. MJF is strict enough to avoid supporting of illegal activities through raising and moving funds, providing logistic supports or otherwise.

As a development partner of Government, MJF fully supports Government's collective efforts for prevention of money laundering and has developed effective internal controls and practices that lessen the risk of money laundering.

### 3. Introduction:

- 1.1 To prevent money laundering, it is mandatory to comply with Money Laundering Prevention Act together with circulars issued by BFIU. For this, it is obligatory to have a policy with its time to time necessary amendments.
- 1.2 This policy, and the accompanying procedures and reporting forms, represents an important part of MJF's approach to dealing with the risk of money laundering. This policy is an integral part of other policies of MJF like Fraud and Corruption policy; Bribery Gift and Hospitality Policy and Anti-terrorism Policy. Also contributes to the overall governance of MJF to ensure that the organization is well managed and fulfills its statutory and regulatory duties in a proper and reasonable manner.

### 4. Purpose of this policy:

Contravening money laundering legislation risk of MJF is relatively low though the organization is not completely immune from the risks surrounding money laundering. The purpose of this anti-money laundering policy is to clear that MJF holds the underlying principles of money laundering legislations. Through this policy MJF takes reasonable steps to minimize the probability of occurring such activities.

### 5. Scope of this policy

- 5.1 This policy applicable for MJF as well as all employees of the organization and aims to prevent criminal activity of money laundering. It is extremely important that all employees of MJF are familiar with their legal responsibilities and vigilant at all times. Serious criminal activity may be imposed by breaches of the legislations. All employees will promptly report any suspicious transaction and activity to Anti Money Launder Compliance Officer (AMLCO).
- 5.2 Failure by any employees to comply with the procedures set out in this policy may lead to disciplinary action being taken against them. Any disciplinary action will be dealt with in accordance with MJF disciplinary policy and procedure. This policy is aligned with Anti Money Laundering Prevention Act, 2012 enacted by Government of Bangladesh and BFIU Circular no 14, dated on 02 September, 2015.

### 6. Definition of money laundering:

Fundamental concept of money laundering is the process by which proceeds from a criminal activity are disguised to conceal their illicit origins. These offences are related to improper handling of funds coming from a legitimate source for conducting criminal acts, or terrorist activism.

Money laundering means-

- i. Knowing moving, converting, or transferring proceeds of crime or property involved in an offence for the following purpose:-
  - (1) Concealing or disguising the illicit nature, source, location, ownership or control of the proceeds of crime; or
  - (2) Assisting any person involved in the commission of the predicate offence to evade the legal consequences of such offence;
- ii. Smuggling money or property earned through legal or illegal means to a foreign country;
- iii. Knowing transferring or remitting the proceeds of crime to a foreign country or remitting or bringing them into Bangladesh from a foreign country with the intention of hiding or disguising its illegal source; or
- iv. Concluding or attempting to conclude financial transactions in such a manner so as to reporting requirement under this act may be avoided;
- v. Converting or moving or transferring property with the intention to instigate or assist for committing a predicate offence;
- vi. Acquiring, possessing or using any property, knowing that such property is the proceeds of a predicate offence;
- vii. Performing such activities so as to the illegal source of the proceeds of crime may be concealed or disguised;
- viii. Participating in, associating with, conspiring, attempting, abetting, instigate or counsel to commit any offences mentioned above.

#### 7. Meaning of various terms used in this policy:

##### **Smuggling of money or property:**

1. Transfer or holding money or property outside the country in breach of the existing laws in the country.
2. Refrain from repatriating money or property from abroad in which Bangladesh has an interest and was due to be repatriated.
3. Not bringing into the country the actual dues from a foreign country, or paying to a foreign country in excess of the actual dues.

##### **Property means:**

1. Any type of tangible, intangible, moveable, immovable property, or
2. Cash, any deed or legal instrument of any form including electronic or digital form giving evidence of title or evidence of interest relating to title in the property which is located within or outside country.

##### **Predicate Offence Means:**

Predicate offence means the offences mentioned below, by committing which within or outside the country, the money or property derived from is laundered or attempt to be laundered, namely-

- i. Corruption and bribery

- ii. Counterfeiting currency
- iii. Counterfeiting deeds and documents
- iv. Extortion
- v. Fraud
- vi. Forgery
- vii. Illegal trade of firearms
- viii. Illegal trade in narcotic drugs, psychotropic substances and substances causing intoxication
- ix. Illegal trade in stolen and other goods
- x. Kidnaping, illegal restrain and hostage taking
- xi. Murder, grievous physical injury
- xii. Trafficking of women and children
- xiii. Black marketing
- xiv. Smuggling of domestic and foreign currency
- xv. Theft or robbery or dacoity or piracy or hijacking of aircraft
- xvi. Human trafficking
- xvii. Dowry
- xviii. Smuggling and offence related to customs and excise duties
- xix. Tax related offences
- xx. Infringement of intellectual property rights
- xxi. Terrorism or financing of terrorist activities
- xxii. Adulteration or the manufacture of goods through infringement of titles
- xxiii. Offence relating to the environment
- xxiv. Sexual exploitation
- xxv. Insider trading and market manipulation using price sensitive information relating to the capital market in share transaction before it is published for general information to take advantage of the market and attempting to manipulate the market for person or institutional gain.
- xxvi. Organized crime and participation in organized criminal groups.
- xxvii. Racketeering and
- xxviii. Any other offence declared as predicate offence by Bangladesh Bank, with the approval of government, by notification in the official gazette for the purpose of Money Laundering Prevention Act.

### How MJF will Response

#### 8. The legal and regulatory framework and the obligations that it places on MJF:

Bangladesh Government enacted Money Laundering Prevention Act 2012 and BFIU Circular no 14, dated on 02 September, 2015 which set out the money laundering regulations. MJF complies with this act.

#### 9. MJF nominate an employee as Anti- Money Laundering Compliance Officer

MJF has to nominate the Coordinator-HR and Admin as Anti-Money Laundering Compliance Officer (AMLCO). He will hold the responsibility to deal with BFIU as contact person of MJF. AMLCO will be responsible to ED. S/he will provide his/her contact details to Bangladesh Financial Intelligence Unit (BFIU).

AMLCO will arrange a quarterly meeting to set strategy and activity regarding prevention of money laundering. He will preserve the meeting minutes and documents properly.

#### 10. Reporting to the Anti-Money Laundering Compliance Officer (AMLCO) of MJF:

Under this policy, the primary duty of any employee is to ensure that any suspicions or concerns that money laundering has occurred, or is likely to occur, should be reported to the AMLCO in prescribed format (Annexure-B) as soon as the suspicion arises.

#### 11. Preservation of Information and Documents:

- I. MJF has to preserve direct beneficiaries' information for five years. The donor NGOs should preserve partner NGO's information for at least five years from the closing date of agreement.
- II. MJF has to preserve information related to its goals, objectives and activities in details in its head office and branch/project offices. This information should be publicly available.
- III. Collect and preserve the correct and complete information of identification of those who control or direct the activities of the organization (senior officers, board members, trustees or others) in details. Here complete information of identification refers to formal name along with other names used to identify the person, photograph, parents' name, spouse's name, children's name, date of birth, nationality, present and permanent address, profession/sources of income and other involvements etc. This information should be publicly available.
- IV. MJF as donor/ fund canalize organization will collect such information from their fund recipient or partner NGO/NPOs including any subcontracting organizations appointed by the MJF. The MJF has to preserve such information for at least five years from the closing date of agreement.
- V. Preserve the audited financial statements (of the organization and of each project/component) of previous 5 (five) years with detail break up of income and expenditures, and with supporting documents.
- VI. Collect and verify the identification information, relevant experience, other involvements and supporting documents (copies of National ID, passport, academic and experience certificates etc.) of the selected candidates before/after recruitment. Here identification information refers to formal name and other names used to identify the person, photograph, parents' name, spouse's name, date of birth, nationality, present and permanent address. Besides that, organization may also seek and verify information from the references given by the candidate in their job application/resume.

## 12. Risk Management:

MJF shall take appropriate steps to identify, assess and understand their ML risks for customers/direct beneficiaries (person, group of persons or organization etc), countries or geographic areas, products, services, transactions or delivery channels. Based on the risk assessment, MJF shall take appropriate measures to mitigate the risk.

## 13. Financial Transaction through Banking Channel:

- I. MJF has to maintain bank account in the name of the organization with nearby scheduled bank branch. All customers' transactions of MJF involving Tk.1,00,000/ (One Lac) and above shall have to be routed through banking channel.
- II. MJF only one bank account has maintained for receiving donations/grants. Separate bank accounts for separate projects may be maintained after the donations have been received through the only bank account opened for receiving funds.
- III. Bank accounts of MJF should be operated only with joint signatures by at least two officials as approved by appropriate authority.
- IV. When cheques have been issued for deposits or withdrawals to and from the accounts of MJF, the identity of depositors/withdrawers must be ascertained for future reference.

## 14. Operation/Utilization of Grants

- 1.1 Board of Trustee/Executive Committee (highest policy making body) and senior management of the MJF has to ensure that all funds are utilized in a manner that is consistent with the stated goals, objectives and activities of the organization which have been approved by the regulatory authority. Independent Audit should have to be conducted annually. In this regards MJF will receive Statement of Assurance regarding fund utilization by PNGO for specific periodical project expenditure.
- 1.2 MJF utilizes the grants after getting clearance certificate from NGOAB and unutilized portion of grants (if any) will not refund to foreign donor without prior approval from NGOAB.
- 1.3 When MJF awards sub grants to any NGO in Bangladesh, proper due diligence must be conducted before awarding sub-grants.
- 1.4 MJF has to conduct yearly external audit for all projects to comply NGOAB requirements.
- 1.5 MJF maintains Standard Accounting Procedure for all its financial transactions.
- 1.6 MJF does not award grants to any person and entity whose are banded by Bangladesh Government.

## 15. Restriction on Receiving Fund:

- I. MJF will conduct Enhanced Due Diligence of foreign donors, if MJF receive grants from those foreign countries, personnel and institutions whose are includes as High risk and Non-Cooperative Jurisdiction countries by Financial Action Taskforce of Bangladesh in their Public Statement.
- II. MJF does not receive any grants from those personnel or entity whose are identified by United Nations Security Council as terrorist finance provider and involved in terrorist activism.

#### 16. Reporting the suspected financial transaction and activities:

- I. MJF is careful and develop monitoring system to identity any suspicious transaction or activity in their day to day activities.
- II. To identify suspicious transaction, the responsible person of MJF will follow clause number 2(JA) of Prevention of Money Laundering Act, 2012.
- III. Any suspicious transaction or activity if identified, after its proper scrutinizing will be reported using prescribed format in 'Annexure-A' to General Manager, BFIU, Bangladesh Bank, Dhaka
- IV. MJF shall report Suspicious Transaction Report (STR) or Suspicious Activity Report (SAR) in 'Annexure-B' form if they suspect any partner NGO/NPO's (donor or recipient) involvement with or got request from them to carry out such activities which are contrary to the existing AML/CFT law and rules of the country.
- V. If any NGO/NPO or any person of NGO/NPO is involved with terrorism or financing in terrorism activities, organized crime; or is involved with corruption and bribery, fraud, forgery, or any other (predicate) offences and the money or property earned from them is laundered or attempted to be laundered, such incidents should also be reported in 'Annexure B' form.
- VI. Any person, organization, regulator or government agency can submit such STR/SAR to General Manager, Bangladesh Financial Intelligence Unit, Bangladesh Bank with Training and Appointment:

During staff appointment, MJF will review and preserve copy of documents related to individual staff like National ID, Passport, Educational Certificate, Experience Certificate etc.

MJF will take appropriate measures to ensure that all employees are made aware of the law relating to **money laundering** and will arrange targeted, ongoing training to key individuals most likely to be affected by the legislation.

#### 17. Review the policy:

The policy will be reviewed at least every 3 years, by AMLCO or more frequently if required by changes to statutory legislations.

#### 18. Types of activities that might be suspicious:

The following table sets out the types of activities that might be suspicious, and how MJF may come across those activities and it is not intended to be exhaustive.

Activity	Type of Activity that may be affected
Financial transaction with new individual or entity	<ul style="list-style-type: none"> <li>• Renting out property to individual or any organization</li> <li>• Entering into other lease agreements</li> <li>• Undertaking service for other organizations</li> </ul>
Awarding sub-grants to NGO	<ul style="list-style-type: none"> <li>• Providing sub-grants to NGOs without any specific project or activities.</li> <li>• Providing sub-grants without any assessment.</li> </ul>
Customers who we think are acting dishonestly or illegally	<ul style="list-style-type: none"> <li>• People paying for MJF service who do not provide detail about themselves.</li> <li>• People making odd or unusual request for payment arrangement.</li> </ul>
Illogical transaction	<ul style="list-style-type: none"> <li>• People paying in cash then requesting refunds.</li> <li>• Request for MJF to pay seemingly unconnected third parties in respect of goods or service provided to MJF</li> <li>• Request for MJF to pay in foreign currencies for no apparent reasons.</li> </ul>
Payment of substantial sums by cash	Large debt arrears paid in cash
Movement of fund overseas	Request to pay monies overseas
Cancellation of earlier transactions	<ul style="list-style-type: none"> <li>• Third party “refunds” grant payment as no longer needed / used.</li> <li>• No payment demanded even though goods or service has been provided.</li> <li>• Sudden and unexpected termination of lease agreements</li> </ul>
Extensive and over complicated client business structure/ arrangements	<ul style="list-style-type: none"> <li>• Requests to pay third party in respect of goods and services</li> <li>• Receipt of business payment( rent, business rates) in settlement from seemingly unconnected third parties</li> </ul>
Poor accounting records and internal financial control	<ul style="list-style-type: none"> <li>• Request for grant funding/ project support indicates third party not supported by financial information</li> <li>• MJF tendering for contracts unable to provide proper financial information/ information provided raises concerns.</li> <li>• Tender for a contract which is suspiciously low.</li> </ul>

Activity	Type of Activity that may be affected
Unusual property investments or transactions	<ul style="list-style-type: none"><li data-bbox="740 245 1440 308">• Requests to purchase MJF assets/ land with no apparent purpose.</li><li data-bbox="740 312 1440 388">• Request to rent MJF property with no apparent organizational motive.</li></ul>

**Annexure A: Suspicious Transaction/Activity Report (STR/SAR) Format**

A.	Particulars	Information
	1. Name of the NGO:	
	2. Detail Address of Head Office/ Country Office:	
B.	B. Suspected for (put tick mark):	
	1. Money laundering	
	2. Terrorist financing	
C.	Details of Report:	
	1. Date of Sending Report:	
	2. Name of the NGO Project/Program where the person is a beneficiary:	
	3. Address of the NGO Project Office:	
D.	Details of Customer/Beneficiary	
	1. Name:	
	2. Father's Name:	
	3. Mother's Name:	
	4. Date of Birth:	
	5. Occupation:	
	6. Address:	
	7. Nationality:	
E.	Reasons for considering the activity/transaction as suspicious/unusual:	
F.	Has your NGO taken any action in this context? If yes, give details	
G.	Attached Documents:	
	1.	
	2.	

[Please add additional information if you feel necessary]

Signature of AMLCO:

Name:

Designation:

Phone:

E-mail:

**Annexure-B: Suspicious Transaction/Activity Report (STR/SAR) Format**

A.	Reporter's Details:	Information
	1. Name of the Reporter:	
	2. Detail Address :	
B.	B. Suspected for (put tick mark):	
	1. Money laundering	
	2. Terrorist financing	
C.	Details of Report:	
	1. Date of Sending Report:	
	2. Name of the Suspected NGO:	
	3. Address of the Suspected NGO:	
	4. (a) License No. & date:	
	(b) License Authority:	
	5. Project/Activities of the NGO	
	6. Name of the Key Persons with Designation of the NGO:	
	7. Name of the Suspected Persons with Designation of the NGO (with their father's & mother's name, address:	
D.	Reporter's Relation with the Suspected NGO (if any):	
E.	Nature of Suspicious Activity/Transaction and reasons for Considering it as suspicious	
F.	Attached Documents:	
	1.	
	2.	

[Please add additional information if you feel necessary]

Details of Reporter:

Signature

Name:

Designation:

Phone:

E-mail: