



## GBS Financial Corp. Anti-Money Laundering Firm Policy

A host of legislation has been passed in the wake of September 11, 2001. One of the laws that will affect GBS representatives' relationship with their clients is Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Patriot Act). The law imposes obligations on broker/dealers under new anti-money laundering (AML) provisions, and strengthens the Bank Secrecy Act to include broker/dealers as entities who must file Suspicious Activities Reports (SAR's) with the U.S Department of the Treasury. The NASD has given firms guidance concerning AML Compliance Programs required by Federal Law in Special NASD Notice to Members 02-21 available at the NASD website (<http://www.nasdr.com>)

It is the policy of the firm 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 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. Generally, money laundering occurs in three stages. 1. Cash first enters the financial system at the "placement" stage, where 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. 2. At the "layering" stage, the funds are transferred or moved into other accounts or other financial institutions to further separate the money from its criminal origin. 3. At the "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.

GBS Financial Corp strictly adheres to all Anti Money Laundering policies as required by the USA Patriot Act.

*"We Respect People, We Respect Value"*

Member *NASD MSRB SIPC*

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