

Central 1 Credit Union Anti-Money Laundering and Counter-Terrorist Financing Requirements

Effective February 28, 2018, Central 1 Credit Union (“Central 1”) has updated its requirements relating to anti-money laundering and counter-terrorist financing (“AML/CTF”).



The updated requirements more clearly reflect existing Canadian law, as well as the expectations of our international correspondent banking partners, Deutsche Bank and Citibank, as driven by industry-wide standards and international regulators.

Many of the updated requirements apply to all types of services offered by Central 1, but there are specific restrictions that are applicable to international wire transactions (non-CAD) through the Money Transfer System (“MTS”). Central 1 understands that its facilitation of international wire transfers is essential to the network and, to ensure our ability to continue to provide this service, it is essential we comply with the stipulations set by our correspondent banks.

Transactions Prohibited by Central 1

Any payments facilitated by Central 1 **must not** be sent or received from the types of countries, entities, industries, and accounts listed in this section. If Central 1 detects any such transaction, it will be frozen, returned, or cancelled, as applicable and if/as required by law, and the responsible credit union will be notified.

Prohibited Countries

- Democratic People’s Republic of Korea (i.e. North Korea)

Prohibited Types of Entities/Industries

- Shell bank (*see definition at right*)
- Corporate bearer share entities and similar anonymous-owner entities whose shares or certificates are issued in bearer form, enabling ownership to change hands instantaneously
- Illegal narcotics
- Pornography
- Human trafficking
- Offshore banks

Shell bank

A shell bank is a financial institution that does not have a physical presence in Canada or any other country. In this context, “physical presence” means that the financial institution maintains a place of business:

- located at a fixed address in a country where the institution is authorized to conduct its banking activities;
- which can be inspected by the banking authority that licensed the institution for banking activities; and
- where the institution maintains its operating records, and employs at least one full-time employee.

Prohibited Types of Accounts

- Special name account (*see definition at right*)
- Payable-through account (*see definition at right*)
- Any other account for a business whose activities are prohibited by applicable law or regulation (e.g. illegal arms/munitions dealers)



Special name account

- Any account using a pseudonym or a number rather than the actual name of the client.

Payable-through account (PTA)¹

- Also known as a *pass-through* or *pass-by* account, a PTA is an account where the account holder (client), is a foreign financial institution. Such an account allows a third party, other than an employee of the client, to directly access the account. If, for example, a foreign financial institution held a PTA with Central 1, its customers would be granted direct access to the account through cheque writing privileges and/or the ability to provide instructions regarding the account directly to Central 1.

Transactions Restricted by Central 1's International Correspondent Banking Partners

Any international wire transfers (non-CAD) facilitated by Central 1 **must not** be sent or received from the types of clients and countries listed in this section. If Central 1 detects any such transaction, it will be frozen, returned, or cancelled, as applicable and if/as required by law, and the responsible credit union will be notified.

Types of Entities Restricted by Central 1's International Correspondent Banking Partners

- Money services businesses, including currency exchanges
- Money transmitters and *casas de cambios*, including payment services providers
- Casinos and gambling establishments
- Internet gambling/gaming associated businesses and websites
- Marijuana providers and/or distributors
- Virtual currency exchangers and administrators

Countries Restricted by Central 1's International Correspondent Banking Partners

- Crimean Region of Ukraine
- Cuba
- Iran
- Sudan
- Syria

Clients and Countries Considered High-Risk by Central 1

Central 1 considers the types of clients and, transactions originating from or sent to, the countries listed in this section inherently high-risk and will conduct enhanced due diligence ("EDD") dependent on the results of ongoing monitoring. As part of this EDD process, Central 1 may request information from a credit union and/or, through the credit union, the credit union's member.

Types of Clients Considered High-Risk by Central 1

- Certain entities subject to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*:
 - Agents of the Crown that sell or redeem money orders
 - Accountants and accounting firms when acting on behalf of their clients
 - Real estate brokers, sales representatives, and developers involved in the purchase or sale of real estate
 - Dealers in precious metals and stones
 - Public notaries and notary corporations of British Columbia when acting on behalf of their clients

– Continued from previous page –

- Gatekeepers (e.g. lawyers)
- Charities², whether registered or not
- Used car dealers
- Travel and tour companies
- General trading companies
- Embassy/consulate/military attaché
- Money services businesses, including currency exchanges
- Money transmitters and *casas de cambios*, including payment services providers
- Casinos and gambling establishments
- Internet gambling/gaming associated businesses and websites
- Virtual currency exchangers and administrators
- Marijuana providers and/or distributors

Countries Considered High-Risk by Central 1

- Afghanistan
- Albania
- Azerbaijan
- Belarus
- Bosnia and Herzegovina
- Burundi
- Central African Republic
- Congo, Democratic Republic of the
- Côte d'Ivoire, Republic of (i.e. Ivory Coast)
- Crimean Region of Ukraine
- Egypt
- Eritrea
- Gaza Strip
- Haiti
- Iran
- Iraq
- Kosovo
- Lao People's Democratic Republic
- Lebanon
- Liberia
- Libya
- Macedonia, Former Yugoslav Republic of
- Montenegro
- Myanmar (i.e. Burma)
- Pakistan
- Palestinian Territories
- Russia
- Serbia
- Somalia
- South Sudan
- Sudan
- Syria
- Ukraine
- Vanuatu
- Venezuela
- Yemen
- Zimbabwe

¹Additional information: <https://www.fdic.gov/news/news/financial/1995/fil9530.html>

²A charity is any organization that has, as its primary function, the raising of funds for charitable purposes.

Contact

Central 1 *Paymentstream* Support

Paymentstream_Support@Central1.com