



Anti Money Laundering and Know Your Client Manual **L-P Krypton Ltd.**

Introduction

The fight against crime demands that criminals are prevented from legitimizing the proceeds of their crime by the process of “money laundering”. It is a process which can involve banks, financial institutions, professionals, cryptocurrency in general and ICOs specifically.

Money Laundering

Money laundering is the process by which criminals attempt to conceal the true origin and ownership of the proceeds of their criminal activities. If undertaken successfully, it also allows them to maintain control over those proceeds and, ultimately, to provide a legitimate cover for their source of funds.

Stages of Money Laundering

There is no one method of money laundering. money laundering methods can range from the purchase and resale of a luxury item, to passing money through a complex international web of legitimate businesses and “shell” companies.

In case of money-based crimes, the proceeds usually take the form of cash which needs to enter the financial system by some means. One of the ways to launder money is to use cryptocurrency. The conversion of money to cryptocurrency or to blockchain digital assets in general, is one way to launder cash, in the meaning of doing a transaction by using “forbidden” money. Money then transforms into anonymously secured asset.

Policies and Procedures to Prevent Money Laundering

As we conduct ICO, initial coin offering, A.K.A TGE, token generating event, we are no brokers or dealers of securities, nor are we “administrators”, “money transmitters” business, change or exchange business. Therefore, to our understanding, no specific AML requirements should apply to us.

Nevertheless, we wish to implement procedures to prevent money laundering. In essence, these procedures are designed to achieve two purposes: First, to facilitate the recognition and reporting of suspicious transactions, and secondly, to ensure through the strict implementation of the “know-your-client” principle and the maintenance of adequate record keeping procedures, should a token purchasers come under investigation.

- We require all token purchasers to be registered in the website and become registered users.
- All registered users can become registered only after verifying their email.



- All purchasers need to disclose their name and surname;
- All purchasers need to disclose their nationality and country of residence;
- All purchasers oblige to solely control the wallet address used for the reception of the token and not to transfer the control of that address to any third party prior to having received the L-PESA tokens.
- All purchasers represent that they are not currently located in, or reside in a country or territory that is the target of United States economic or trade sanctions (currently, Cuba, Iran, Syria, North Korea, and the Crimea region of Ukraine);
- All purchasers represent that they are not enlisted on any “black lists” such as the U.S. Treasury Department’s list of Specially Designated Nationals and Blocked Persons, the U.S. Commerce Department’s Denied Person List, the EU Consolidated List of Persons, etc., and that they are not acting on behalf of a person enlisted as such;
- All purchasers represent that they are citizens, residents or located in any geographic area that is subject to UN-, US-, EU-, CH- or any other sovereign country sanctions or embargoes.

In addition, we implement token purchasers identification procedures of ICO contribution greater than USD 5000. For any physical-person token purchasers we shall request certified true copies of the following documents:

- Valid original ID or passport;
- Copy of a utility bill (as verification of residential address not more than 3 months) (hereinafter: “**Proof of Address**”);

For every legal-entity token purchasers we shall request certified true copies of the full legal documents:

- Copies of the constitutional documents (certificates of incorporation, shareholders, directors & secretary registers – where applicable, memorandum & articles of association, operating agreement – if applicable);
- Copy of the corporate structure identifying the ultimate beneficial owner(s);
- Copy of the trust deed/s duly signed by both related parties (nominee shareholder/s and ultimate beneficial owner/s);

For each corporate officer related to the company (in addition to the documents mentioned hereinabove, and where mandated) the below are applicable:

- Valid original ID or passport;
- Proof of Address;



- Signatory rights Protocol duly signed by the General Assembly, stating that the corporate officer holds right to bind the legal entity with its signature.

For any legal entity holding more than 25% interests in the legal entity aforementioned legal entity, or legal entity which is a director in such legal entity:

- All of the above documents for the legal entity.

For any physical person holding more than 25% shares of any involved legal entity as aforementioned:

- Valid original ID or passport;
- Proof of Address;

If we have assessed that the purchase transaction poses a high risk, we will apply the following additional measures:

- Obtaining the information relating to the source of the funds or the wealth of the purchaser (will be done via e-mail or phone); When obtaining information to verify the purchaser's statements about source of funds or wealth, we will most often ask for, and scrutinize, details of the person's employment status or business. We will ask for additional data or proof of that employment/occupation as we may deem as necessary, particularly confirming documents (employment agreements, bank statements, letter from employer or business, etc.).
- Seek further information from the purchaser or from our own research and third-party sources in order to clarify the purchaser's information, obtain any further or additional information, and/or clarify the nature and purpose of the purchaser's transactions with us.

We reserve the right to add to, change or reduce these anti-money laundering procedures.

Confidentiality of Personal Identifiable Information

In general, courts may, on application by a competent authority, make an order for the disclosure of information by a person, who appears to the Court to be in possession of the information to which the application relates. Such an order applies irrespective of any legal or other provision which creates an obligation for the maintenance of secrecy or imposes any constraints on the disclosure of information.

It should be noted, however, that on the blockchain anonymity is an inherent characteristic of the system. Thus, some ICO participants purchasing L-PESA tokens in an amount equal to lesser than USD 5000, can theoretically remain anonymous, wherein only the receiving address can be disclosed.

Internal Reporting Procedures and Records



A competent person (a Money Laundering Compliance Officer) shall be appointed to receive and consider information that give rise to knowledge or suspicion that a token purchasers is engaged in money laundering activities.

The Compliance Officer's contact details will be published from time to time to our staff and may be published in the website.

The Compliance Officer's responsibilities shall be as follows:

- Ensuring that we shall be compliant with this AML policy as well as any other law or regulation.
- Testing our anti-money laundering procedures and systems;
- Training of the employees per this AML policy;
- Receiving and investigating internal suspicious activity and transaction reports from employees, and making reports to the appropriate authorities;

We will make reasonable arrangements in order to introduce measures designed to assist the functions of the Money Laundering Compliance Officer, designated by me, and to encourage reporting of suspicious transactions by employees. These measures will make employees aware of the above procedures in order to prevent money laundering and of the relevant legislation;

We will provide training to employees in the recognition and handling of transactions suspected to be associated with money laundering. One of the first steps in order to implement the above measures by us, is the distribution of information and details pertaining to money laundering, in order to enhance the awareness of our employees.

The content of employee training shall include:

- Our commitment to the prevention, detection and reporting of money laundering and terror financing crimes;
- Examples of money laundering and terror financing that have been detected in similar organizations;
- Well known or recognized cases that are made available by the FATF;
- Our The potential legal liability in case of money laundering and terror financing;
- The responsibilities of the Company regarding money laundering;
- The responsibilities of our employees per this AML Policy;
- How to identify and report suspicious activities per this AML policy.

We oblige to ensure:



- That all our employees know to whom they should be reporting money laundering knowledge or suspicion; *and*
- That there is a clear reporting chain under which money laundering knowledge or suspicion is passed without delay to the Money Laundering Compliance Officer.

Suspicious Activity Report Procedure

In any act or suspicion which may arise regardless of the time it arose, and with the initial acknowledgment of the manner:

- 1) The company employee shall report the manner in an acceptable time period to the Compliance Officer.
- 2) The Compliance Office will be in charge of the reporting duty to the relevant authorities.

Recognition of Suspicious Transactions

As there are two types of purchase transactions in our ICO – one in amount lesser than USD 5000, and one is greater than USD 5000, we address all transactions unanimously per the policy above.

Due to the fact that crypro-world enthusiasts have the privilege of staying anonymous, we do not compel anyone to divulge personal identifiable information about himself. Nevertheless, in case we ask for it and the user simply does not disclose such information, we simply do not allow the purchase. In other words, our solution is easy - if the token purchasers is unwilling to be identified, and per this policy he should be, we will not consummate the transaction.

Additionally, for any suspicious transactions, such as transactions where the information provided to us seems not to be in order, and when the documents do not “add-up”, we will report the transaction to the proper authorities.

Compliance Officer Nominee Validation

The Compliance Office’s appointment will be valid until a new nomine will be appointed and an updated nomination letter will be issued. In the case The Compliance Officer shall not act as an employee of the company, the Compliance Officer nomination shall be void and a new nomination letter shall be issued.

Disclaimer: Notwithstanding the afore-mentioned, it is hereby clarified that we, the Compliance Officer, or any other person on our behalf, shall not be liable in connection with any money laundering activities of token purchasers, nor in connection with any information provided or withheld by token purchasers.



Signature: _____

Ron Ezra Tuval
Founder and Sole Shareholder
L-PESA International Businesses Ltd.

Date: 8/1/2017