

THE ELITE TURF CLUB, N.V.

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Willemstad, Curacao

ANTI-MONEY LAUNDERING MANUAL

1. Introduction

1.1. Policy

It is the policy of The Elite Turf Club, N.V. ("ELITE") to prohibit and actively prevent money laundering, and any activity that facilitates money laundering or the funding of criminal or terrorist activities across any ELITE operation, and to comply with all national and international anti-money laundering ("AML") requirements.

1.2. Objective

ELITE is a limited liability company, duly incorporated and registered in accordance with the laws of Curaçao. This policy is written based on the national legislation on AML, Countering the Financing of Terrorism ("CFT"), and the penalization of predicate crimes of Curaçao, as well as applicable international standards set by the Financial Action Task Force ("FATF"). Combined, these regulations provide a solid and internationally accepted standard for the procedures ELITE maintains to prevent the misuse of its Services.

1.3. Scope

ELITE is committed to the highest national and international AML and CFT standards when providing its Services, and requires management and employees to follow these standards.

Under no circumstances will ELITE engage in transactions involving customer funds, including, but not limited to, cash transactions. All transactions involving ELITE customer funds will be handled by Elite Turf Club, LLC ("ELITE NEVADA"), a Nevada limited liability company which conducts certain services for ELITE pursuant to a Management Agreement. ELITE NEVADA abides by its own set of anti-money laundering policies which are set forth in a separate Anti-Money Laundering Manual.

1.4. ELITE's Operating Procedures

This Anti-Money Laundering Manual ("AML Manual") is applicable to the scope of the services offered by ELITE.

This Manual, and the ELITE AML program in general, enjoy the support of ELITE's management, all of whom strive to maintain a culture of compliance within ELITE. Compliance with this AML Manual is a condition of employment. All employees at ELITE are required to comply with the policies and procedures set forth herein, and play an active role in preventing the illicit use of ELITE's services and assets.

Failure to comply with the provisions of this manual may result in disciplinary action, including suspension and/or dismissal.

1.5. Money Laundering Reporting Officer “MLRO”

Audrey Kauffman is ELITE’s Money Laundering Reporting Officer (“MLRO”). Ms. Kauffman can be contacted via email at audrey.kauffman@stronachgroup.com. As MLRO, Ms. Kauffman works with ELITE’s management to ensure that all of ELITE’s matters subject to AML regulations are in compliance with applicable laws and regulations. The duties of the MLRO include, among other things, aiding in the monitoring of ELITE’s overall compliance with AML obligations and overseeing a corporate AML policy, which duties necessitate communication concerning AML responsibilities and day-to-day compliance.

Most importantly, the MLRO works with ELITE’s management to assess and document the risks related to money laundering using ELITE’s platform, while also documenting and implementing mitigation measures to address those risks.

1.6. Independent Testing and Auditing

ELITE recognizes that to maintain an effective AML compliance program it must implement an independent system to (i) verify that management and employees are following the policies and procedures set forth in this Manual, and (ii) detect any deficiencies in said policies and procedures. Consequently, at the discretion of ELITE’s management and MLRO, or when necessitated by a significant change to ELITE’s platform and/or operating environment, independent testing of the AML compliance program will be conducted by internal audit or qualified external consultants. This independent testing will be risk-based and tailored to ELITE’s unique business model while covering all elements of ELITE’s AML program, including, but not limited to, customer due diligence, transaction monitoring, required reporting, record keeping, and training. ELITE will cooperate fully with all consultants and compliance reviewers, and with any federal and state regulatory examination staff throughout this process.

On completion of testing, the auditor/consultant will report its written findings to ELITE’s management and the MLRO, who will work together to address any resulting recommendations. ELITE’s management will also document whether recommendations were followed and, if not, why not and what steps should be taken to address the issue.

1.7. What This Manual Covers

This Manual describes ELITE’s risk-based AML program, and includes the following:

- A description of what money laundering is, and ELITE’s legal obligations to combat it;
- Relevant Curaçao AML legislation;
- Specific examples of money laundering;
- Overview of the officers responsible for implementing ELITE’s AML program;
- Record keeping requirements applicable to ELITE;
- Customer due diligence procedures (Know Your Customer);
- Internal controls, policies, and procedures specific to account wagering entities to assure ongoing compliance; and
- Internal and/or external independent testing for compliance.

2. What is Money Laundering

Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally-derived proceeds, such that unlawful proceeds appear to have derived from legitimate origins or constitute legitimate assets (in ELITE's case, typically gambling winnings).

Money laundering occurs in three stages. Cash first enters the financial system at the "placement" stage, where the cash generated from criminal activities is introduced into a traditional or non-traditional financial institution, such as a casino, or into the retail economy. At the "layering" stage, the funds are transferred into a different form, institution, or account, typically through multiple complex financial transactions that conceal the true origin of the funds and eliminate any potential audit trail. 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.

Although money laundering is often associated with narcotic trafficking, it can also involve other types of criminal activity, including:

- Terrorism
- Bribery
- Extortion
- Organized Crime
- Racketeering ("RICO" (Racketeer Influenced and Corrupt Organizations Act))
- Fraud
- Forgery
- Counterfeiting Currency
- Smuggling
- Piracy
- Tax Evasion
- Transportation of Stolen Property

Importantly, although this policy is labelled an "anti-money laundering" policy, it is meant to broadly address prevention, detection, and reporting of all forms of illicit finance that occurs by, at, or through any ELITE component.

3. Regulatory Framework

3.1. National regulations

Pursuant to the National Ordinance of Money Laundering (1993), money laundering is a criminal offense in Curaçao. The country has instituted the following regulations to combat the threat:

- a) The Code of Criminal Law (Penal Code) (N.G. 2015, no. 74);
- b) The National Ordinance on the Reporting of Unusual Transactions (N.G. 1996, no. 21) as lastly amended by N.G. 2015, no. 68 (NORUT) together with all amendments thereto and all related National Decrees containing general measures and Ministerial Decrees with general operations;

c) The National Ordinance on Identification of Clients when Rendering Services (N.G. 1996, no. 23) as lastly amended by N.G. 2009, no. 66 (N.G. 2010, no. 40) (NOIS) together with all amendments thereto and all related National Decrees containing general measures and Ministerial Decrees with general operations;

d) The National Decree containing general measures on the execution of articles 9, paragraph 2, and 9a, paragraph 2, of the National Ordinance on Identification of Clients when rendering Services. (National Decree containing general measures on Penalties and Administrative Fines for Service Providers) (N.G. 2010, no. 70);

e) National Ordinance on the Prolongation of the sanctions national decrees (N.G. 2018,34);

f) Sanctions national decree Al-Qaida c.s., the Taliban of Afghanistan c.s. Osama bin Laden c.s., and terrorist to be designated locally (N.G. 2010, no. 93);

g) Sanctions national decree North Korea (N.G. 2015,30);

h) Sanctions national decree Libya (N.G. 2015,28); and

i) National Ordinance on the Obligation to report Cross-border Money Transportation N.G. 2002, no. 74 together with all amendments thereto and all related National Decrees containing general measures and Ministerial Decrees with general operations.

These laws and decrees serve as the basis for the procedures maintained by the financial sector of Curaçao to detect and deter industry related risks for money laundering, the financing of terrorism, and other criminal activities.

3.2. International regulations

As a member of the FATF (www.fatf-gafi.org) and of the Caribbean Financial Action Task Force (www.cfatf-gafic.org), Curaçao is meeting international standards by regularly incorporating the principles propagated by these organizations into the country's national legislation.

On an international level, the FATF plays a very important role in combating money laundering, terrorist financing, and the proliferation of weapons of mass destruction by encouraging its member counties (39 direct members & 180 affiliates as of June 2023) to comply with AML & CFT best practices. In doing so, the FATF collaborates with similar international organizations.

ELITE's current AML policy is informed by the FATF as well as more localized rules regarding AML/CFT compliance. This ensures that the policy is rooted in internationally-accepted best practices while maintaining the flexibility to address unique challenges facing Curaçao companies.

4. Risk Assessment

4.1. Overview

ELITE's AML program is built around management's/the MLRO's assessment of individualized AML/CFT risks facing ELITE given the company's unique combination of services, customers, and geographic locations.

4.2. The Role of Each Employee, Including Supervisors

ELITE's employees should look for patterns of customer behavior that may suggest the risk of money laundering. Employees should look for a customer's departure from his or her ordinary pattern of wagering, and should scrutinize suspicious transactions that cannot be readily explained.

Some examples:

- A customer's betting activity or his financial transaction activity increases significantly without explanation.
- A customer appears to be coordinating his gaming with another customer(s)
- A customer abruptly changes the methods used for depositing/withdrawing funds, or unexpectedly uses multiple sources/destinations for funds.
- A customer funds his/her account in large amounts and has little to no play before withdrawing these amounts.

IF YOU SEE SOMETHING SUSPICIOUS, SAY SOMETHING TO YOUR SUPERVISOR.

4.3. Potential Suspicious Activity

Regulators have identified certain suspicious activities that may occur in gaming and wagering facilities that may invite further internal inquiry and trigger reporting obligations. The following list is not exhaustive, and any determination of what may constitute suspicious activity will vary depending on the specific circumstances, including the amount of the transaction, the identity of the customer, and the nature of the particular transaction.

Red flags that signal possible money laundering or terrorist financing occurring on ELITE's platform include, but are not limited to the following:

- Minimal gaming despite large financial transactions with the entity;
- Structuring of transactions to stay at or slightly below reporting thresholds;
- A transaction that has no apparent business or lawful purpose;
- Presenting a third-party check or wire transfer – whether apparently deriving from a business or an individual – for use in gambling-related activity.
- A negotiable instrument or wire transfer is presented for the benefit of multiple customers, or multiple customers engage in play on a single customer account;
- A customer refuses to provide required information or identifying information;
- A customer requests information about how to avoid regulatory reporting requirements;
- Law enforcement agencies deliver to ELITE a formal request for records, such as a subpoena, or make informal inquiries concerning the customer;
- News articles or other media reports alleged acts of financial wrongdoing by the customer;
- A customer raises his or her financial transactions to levels well above the ordinary levels for that customer;
- A customer requests establishment of an account in the name other than the one by which ELITE knows the customer;

- A customer attempts to deposit front money or to make payments using complex means, such a multiple source of funds or multiple methods of transmission, which could mask the source of the funds transmitted;
- A customer presents funds which ELITE has a basis for suspecting to be the proceeds of illegal activity;
- A customer furnishes a legitimate type of identification document ELITE believes is false or altered (e.g., address changed, photograph substituted) in connection with the completion of a report or another regulatory requirement;
- A customer, who is a big winner, enlists another individual (who is *not* a partner of the customer in the gaming activity) to withdraw a portion of the money won to avoid the filing of regulatory reports or other forms;
- A customer offers a bribe in the form of a tip or gratuity to an ELITE employee, or requests that an employee structure a transaction to evade the filing of a report;
- A customer exhibits unusual interest in ELITE's reporting policies or inquiries about how ELITE's business day is calculated;
- After being told upon attempting to withdraw funds of the necessity to file a report, a customer appears unusually nervous or decides not to withdraw.

4.4.Customer Due Diligence

ELITE's approach to AML is driven by identifying customers and transactions that pose the greatest risk of money laundering so that such customers/transactions can be more carefully scrutinized, when appropriate.

Customers have to provide valid, current, government-issued photo identification (driver's license, passport, alien registration card, state issued ID card) and a permanent address. PO box addresses are not acceptable.

If the customer is a U.S. citizen, or a U.S. resident with a Social Security Number, a Social Security Number is also required. U.S. citizens or residents refusing to provide a social security number, or who are believed to have provided Elite with false identification information, will not be allowed to wager with Elite and will trigger Elite's filing of a Suspicious Activity Report ("SAR"). At this point, the filing of a report to the Financial Intelligence Unit ("FIU") will be made as well.

For high-volume customers or transactions identified as having potential AML risk, ELITE should attempt to assess the customer's source of funds to determine whether they derive from illegal activity. This may include querying third party databases, investigating if the customer has sources of wealth/income commensurate with their gaming activity, and ascertaining whether the customer has provided ELITE with identification information or business-related information that can be readily confirmed.

Further due diligence may be warranted if information is obtained indicating the customer:

- Has financial fiduciary duties (e.g., trustee, accountant, attorney, nonprofit/charity executive) that may create a risk of misappropriation or other illicit financial activity;
- Is associated with individuals or entities known to relate to the illicit generation of funds;
- Is a politically exposed person (PEP);
- Claims connections with businesses that have no actual operations; or
- Is the subject of substantial tax liens or has recently gone through bankruptcy.

4.5. Reporting of unusual transactions

Any unusual transactions or circumstances for which ELITE has not received sufficient explanation may necessitate a report to the FIU in Curaçao. ELITE will hold a list of all instances in which it did not consider it necessary to report to the relevant authority. The decision not to report will need to be sufficiently supported.

5. Government Request for Information and Information Sharing

5.1. Sharing of Information

Where permitted by law, ELITE may share information about customers suspected of terrorist financing and money laundering with other financial institutions so that these institutions can identify said customers when determining whether to engage in business with them.

6. ELITE's Operating Procedures

6.1. Account Opening Procedures

Account opening procedures are handled by ELITE NEVADA and are set forth in ELITE NEVADA's AML Manual.

6.2. Account Funding Procedures

Account funding procedures are handled by ELITE NEVADA and are set forth in ELITE NEVADA's AML Manual.

6.3. Account Withdrawal Procedures

Account withdrawal procedures are handled by ELITE NEVADA and are set forth in ELITE NEVADA's AML Manual.

ELITE strictly adheres to the policies referenced in this Section 6, and any deviation from their terms, or any other suspicious activity, will be reported immediately by ELITE's management to the appropriate authorities.

7. Recordkeeping

ELITE follows industry best practices in maintaining records of customer transactions, and, if legally appropriate, ELITE may provide copies of its records to the relevant authorities in connection with an AML/CFT-related investigation.

Reviewed July 2023 by Managing Director eMoore N.V.



