

ERO ASSETS LLC

# ERO Assets LLC

## Anti-Money Laundering Program

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*Amended: January 20, 2022*

*Updated & Amended: May 1, 2022*

*Updated & Amended: May 13, 2022*

### **Policy Identification**

These are the Anti Money Laundering (AML) Policies and Procedures for ERO Assets LLC:

### **Policy Guidelines**

ERO Assets LLC established these AML Policies and Procedures with the purpose to prohibit and actively prevent money laundering and any activity that facilitates money laundering, the funding of terrorism, or other criminal activity by complying with all application requirements under the Bank Secrecy Act and its implementing regulations (collectively "BSA"). This document provides guidelines that can be used to create a due diligence program that detects potential money launderers within a customer base.

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## Applicability and Scope

Under the BSA, a Money Services Business (“MSB”), as defined by 31 C.F.R. § 1010.100(ff) is a person engaged in the business as a money transmitter.

On March 18, 2013, FinCEN issued FIN-2013-G001 and provided guidance on how it will apply its rules to the use of virtual currencies. It stated that any individual that exchanges real currency<sup>1</sup> for virtual currency is providing money transmitter services. See FinCEN Guidance Letter FIN-2013-G001 at <https://www.fincen.gov/sites/default/files/shared/FIN-2014-R001.pdf>.

ERO Assets LLC operates Cryptocurrency ATMs located in the State of Florida that allow customers to exchange cash for Cryptocurrency (“Cryptocurrency ATM”). By providing this service, ERO Assets LLC is a money transmitter as defined under FIN-2013-G001 and, therefore, an MSB under 31 C.F.R. § 1010.100(ff).

<sup>1</sup> FinCEN defines real currency as “the coin and paper money of the United States or of any other country that (i) is designated as legal tender and (ii) circulates and (iii) is customarily used and accepted as a medium of exchange in the country of issuance.”

## MSB Registration Requirement

Under 31 C.F.R. § 1022.380, an MSB must register with FinCEN within 180 days after the business is established and must renew registration every two years.

As part of registration, an MSB must provide the following information:

- **registrant details** (e.g., business’s name, contact information, tax identification number, and the contact information of the compliance officer);
- **who is the owner or controlling person of the MSB;**
- **what are the MSB’s services and products;**
- **what bank relationship has the MSB established;**

An MSB must retain a copy of the submitted registration form and the assigned registration number. If any of the information provided for registration changes, an MSB must amend its registration with FinCEN.

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### **Anti-Money Laundering Requirement**

Under 31 C.F.R. § 1022.210, an MSB is required to establish an effect AML program commensurate with the risks posed by the MSB's operations. The AML program must include the following four elements.

1. The AML program must be in writing and include policies and procedures to (i) verify customer identification, (ii) file necessary reports, (iii) create and maintain records, and (iv) respond to law enforcement requests.
2. The MSB must designate a person (compliance officer) to assure day to day compliance with the AML program.
3. The MSB must provide education and training to appropriate personnel concerning their AML responsibilities.
4. The MSB must conduct an independent review of its AML program.

In addition, the AML program must be in place within 90 days after the MSB is established.

### **Roles and Responsibilities**

The following section outlines the roles and responsibilities applicable to ERO Assets LLC's compliance with the Bank Secrecy Act (BSA).

### **Compliance Officer**

The ERO Assets LLC Compliance Officer is vested with full responsibility and authority to enforce ERO Assets LLC's AML Policies and procedures, and is responsible for ensuring that:

1. the AML program is developed and implemented effectively, including monitoring compliance with ERO Assets LLC agents with their obligations under the program;
2. the AML program is updated as necessary;
3. ERO Assets LLC provides ongoing training of appropriate persons concerning their responsibilities under the AML program; and
4. ERO Assets LLC uses independent testing to monitor and maintain the AML program.

The duties of Compliance Officer will include:

1. monitoring ERO Assets LLC s compliance with the AML Policies and Procedures;
2. overseeing training for employees;
3. ensuring that ERO Assets LLC maintains all of the required AML records; and
4. be responsible for the analysis and disposition of any attempted or completed transactions that:

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- a. raise money laundering or terrorist financing concerns;
- b. may require filing a SAR-MSB; and
- c. raise an obligation to file a report to governmental officials or law enforcement.

The Compliance Officer is responsible for providing ERO Assets LLC with interpretations of the requirements of the AML Policies and Procedures, and for resolving conflicts that arise.

### **Employees**

ERO Assets LLC's employees are responsible for participating in the AML Policies and Procedures training provided in connection with the AML Policies and Procedures. In connection with their duties, employees will thoroughly consider whether attempted or completed transactions trigger scrutiny under the AML Policies and Procedures and escalate all instances to the Compliance Officer within one business day.

### **Anti-Money Laundering Requirements**

As discussed in the following sections, ERO Assets LLC is required to:

1. designate a Compliance Officer for the purposes of the AML Policies and Procedures.
2. develop and implement a written anti-money laundering program that is reasonably designed to prevent ERO Assets LLC from being used to facilitate money laundering or the financing of terrorist activities
3. engage in monitoring, testing, and training relating to the AML Policies and Procedures
4. regularly update the programs associated with the AML Policies and Procedures
5. file reports regarding certain transactions (e.g., involving currency in excess of \$10,000),
6. file reports of suspicious transactions, see SAR Program;
7. respond to information requests from FinCEN or law enforcement
8. take any other steps as required to establish and maintain compliance with the rules relating to MSBs.

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### Anti-Money Laundering Program

ERO Assets LLC hereby establishes a written AML Program. Broadly speaking, the goals of the AML program are to:

1. assess the universe of transactions in which ERO Assets LLC engages;
2. develop an understanding of the attributes of the transactions in order to differentiate between routine, commonplace transactions in which ERO Assets LLC engages and unusual transactions that trigger scrutiny under the AML Policies and Procedures;
3. develop a culture and procedures within ERO Assets LLC to identify transactions that trigger scrutiny under the AML Policies and Procedures and escalate them to the Compliance Officer; and
4. adjust the AML Program to maintain compliance with evolving requirements.

### Customer Identification Program

Proper operation of the AML Program requires positive identification of all customers. For this reason, ERO Assets LLC is adopting the following Customer Identification Program as a component of the AML Program.

Prior to engaging in any transaction with a customer, ERO Assets LLC will obtain:

1. Customer Name
2. Phone Number (SMS Verification)
3. Cryptocurrency Wallet Address

**The aforementioned identification requirements are for any customers conducting transactions below \$1,000. These customers who provide only a name and an SMS verification are prohibited from conducting an aggregation of transactions in excess of \$999.99 per day and in excess \$2,999.99 per month.**

Customers conducting transactions in excess of \$999.99 (either single transaction or aggregated transactions) are required to provide the above noted identification as well as:

- Government Issued Photo Identification

**The aforementioned identification requirements are for any customers conducting transactions between \$1,000 and \$9,999.**

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Customers conducting transactions in excess of \$9,999.99 (either single transaction or aggregated transactions) are required to provide the above noted identification as well as:

- Social Security Number

Customers conducting transactions in excess of \$15,000 (either single transaction or aggregated transactions) are required to provide the above noted identification, social security number, as well as:

- Enhanced Due Diligence, of either the following:
  - Source of Funds
  - Receipt from Sale / Purchase which substantiates the large transaction amount

***All Identification is retained for the required 5-year documentation retention period.***

ERO Assets LLC will verify the identity of the customer during or within a reasonable time after the transaction is initiated. ERO Assets LLC may rely on documentary or non-documentary methods to verify customer identity. Documentary methods for an individual customer include review of unexpired government-issued photo identification, such as a driver's license or passport. For a corporation or other entity, ERO Assets LLC will review documents showing the existence of the entity, such as certified articles of incorporation, a government-issued business license, a partnership agreement, or trust instrument. Non-documentary methods may include (i) contacting a customer and (ii) independently verifying the customer's identity through the comparison of information provided by the customer with information obtained from a consumer reporting agency, public database, or other sources.

ERO Assets LLC's non-documentary procedures must address situations where:

- an individual is unable to present an unexpired government-issued photo identification;
- ERO Assets LLC is unfamiliar with the type of document presented;
- ERO Assets LLC performs a transaction without obtaining documents; and
- ERO Assets LLC is otherwise presented with circumstances that increase the risk that ERO Assets LLC will be unable to verify the true identity of a customer through documents.

ERO Assets LLC retains records relating to the Customer Identification Program and retains records of the customer's identity for at least five (5) years after the customer's last transaction.

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## **Customer Identification**

ERO Assets LLC will provide its customers and prospective customers with notice that ERO Assets LLC is requesting information to verify their identities. Such notice is adequate if it generally describes the identification requirements of the Customer Identification Program and provides the notice in a manner reasonably designed to ensure that a customer is able to view the notice, or is otherwise given notice, before completing a transaction.

For example, see the following sample notice:

### **Important Information About Procedures for Using the Cryptocurrency ATM**

To help the government fight the funding of terrorism and money laundering activities, Federal law requires ERO Assets LLC's Cryptocurrency ATMs to obtain, verify, and record information that identifies each person who completes a transaction. To prevent potential scams the Cryptocurrency ATM machines are accompanied by a sign warning about scams and the irreversibility of Cryptocurrency transactions.

## **Customer Due Diligence Program**

Proper operation of the AML Program requires development of means to predict, based on information available to ERO Assets LLC, the types of transaction in which a customer is likely to engage. For this reason, ERO Assets LLC adopted a Customer Due Diligence Program as a component of the AML Program. In this context, Customer Due Diligence entails monitoring ERO Assets LLC's customers to detect and report unusual transactions. ERO Assets LLC uses the information gathered in the Customer Identification Program and associated with each transaction to develop a model of normal and expected activity for the customer's occupation or business operations. Transaction outside of the expected activities may trigger scrutiny under the AML Policies and Procedures and open opportunities to refine ERO Assets LLC's customer behavior expectations.

ERO Assets LLC differentiates between low-risk and high-risk customers with regard to money laundering, terrorist funding, fraud, or other legal risk. High-risk customers are those who, based on ERO Assets LLC's experience and analysis, present an elevated risk of association with terrorist financing, money laundering, fraud, or other illegal activities. Attributions of high-risk customers could include recent immigration to the United States, self-employment, irregular income, undocumented alien status, unusual patterns of cash transactions, or residence in a High Intensity Drug Trafficking Area ("HIDTA") or High Intensity Financial Crimes Area ("HIFCA"). High-risk customers will be monitored frequently for changes in their circumstances.

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## **OFAC Database & SDN List**

As a financial institution subject to United States law, ERO Assets LLC is prohibited from engaging in transactions involving: (I) countries which are considered hostile to the U.S or under some type of U.S. embargo or sanction; and/or (II) specially designated nationals (hereinafter referred to as “SDN’s”), terrorists, and narcotics traffickers (hereinafter referred to as “Blocked Persons”).

b) The Office of Foreign Assets Control (“OFAC”) administers the various laws that prohibit the conduct of business with hostile nations and Blocked Persons. Severe civil and criminal penalties exist for violations of these laws.

c) OFAC makes public the embargoed nations and alphabetical master lists of Blocked Persons (“OFAC lists”). The OFAC lists are amended from time to time and are available in OFAC’s website at <http://www.treas.gov/offices/enforcement/ofac/>.

Financial institutions are required to block transactions they accept, which involve an embargoed nation or a Blocked Person. The institution must report the transaction to OFAC and block the corresponding funds until receipt of instructions from OFAC. Usually prior to releasing a transaction, the Company will need to obtain additional customer information to assist in the evaluation process.

If a customer appears as a hit on the OFAC list it is the policy of the Company to review the transaction to determine if in fact they are the SDN or if the customer is not the SDN but has the same name.

### **Initial & Ongoing OFAC Checks**

All new customers are searched against the OFAC database AFTER establishing their customer profile and conducting their initial transaction with the company. The transactions are scrubbed against the OFAC database as they are reviewed with the integrated point of sale computer system. New employees are searched against OFAC at the time of hire.

### **Investigating OFAC Hits**

All potential OFAC hits are reviewed by the Compliance Officer and recorded on the OFAC log. Any hits that cannot be cleared or validated are reported to OFAC for further instructions.

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## **Reporting OFAC Matches**

If an OFAC match is confirmed, the Compliance Officer has 10 calendar days to report the hit to OFAC. The customer's account is permanently suspended in the event of a validated OFAC match.

## **Blocking Funds**

If an OFAC match is confirmed on a transaction, any funds in the accounts held by ERO Assets LLC is blocked according to OFAC requirements. Blocking and freezing of funds is the responsibility of ERO Assets LLC.

## **Recordkeeping**

An OFAC log is maintained to show results of all cleared or validated hits reviewed. Log is maintained by the Compliance Department and is kept for five (5) years after the date of the hit. In addition, any reports made to OFAC are maintained for five (5) years after the date of report.

## **Prohibited Countries**

In addition to prohibited transactions for persons on the OFAC SDN lists, ERO Assets LLC restricts transactions in OFAC sanctioned countries. ERO Assets LLC. with any instructions from the issuing banks on which countries to restrict transactions.

## **Comparison with Government-Provided Lists of Terrorists**

ERO Assets LLC determines whether the customer's name appears on any list of known or suspected terrorists or terrorist organizations issued by any Federal government agency and designated as such by the Treasury, through the Office of Foreign Assets Control or other similar body, in consultation with the Federal functional regulations. ERO Assets LLC will make such a determination within a reasonable period of time after the transaction is completed, or earlier, if required by another Federal law or regulation or Federal directive issued in connection with the applicable list. ERO Assets LLC will follow all Federal directives issued in connection with such list. ERO Assets LLC will consult the Treasury's Specially Designated Nationals ("SDN") list in connection with new customer relationships.

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## **Risk Assessment**

ERO Assets LLC has completed a Risk Assessment to identify its AML risk profile to mitigate the risks and identify gaps that existing in its controls. The first step of the Risk Assessment identified ERO Assets LLC's unique risk categories, such as its services, customers, transactions, and geographic locations. The second step of the Risk Assessment evaluated data pertaining to ERO Assets LLC's activities (as categorized into risk categories) in relation with ERO Assets LLC's Customer Identification Program and Customer Due Diligence Program information to differentiate between routine, commonplace transactions and unusual, aberrational transaction that raise elevated terrorism financing, money laundering, fraud, or other legal risks.

## **Updates**

ERO Assets LLC updates the AML Program on a regular basis to ensure compliance with requirements and evolving risks. The updated adoption date is maintained on the first page of this policies and procedures manual.

## **Training**

ERO Assets LLC conducts training of ERO Assets LLC staff concerning their responsibilities under the AML Policies and Procedures with respect to the products and services offered by ERO Assets LLC. Such training will occur at the initiation of the AML Policies and Procedures, or new hires, and at least annually for existing staff.

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## Independent Testing

ERO Assets LLC will arrange for independent testing of the AML Program on an annual basis. This test may be performed by a third-party or by an employee of ERO Assets LLC other than the Compliance Officer. This testing must review the adequacy of the AML Program and compliance by ERO Assets LLC of any agents.

Testing performed by ERO Assets LLC personnel must be by someone other than the AML Compliance Person who does not perform the AML functions being testing nor do they report to any such persons. Their qualifications should include a working knowledge of the BSA for MSBs. To ensure that they remain independent, ERO Assets LLC will separate their functions from other AML activities.

As a general matter, independent testing of ERO Assets LLC's AML compliance program will include, at a minimum:

- evaluating the overall integrity and effectiveness of ERO Assets LLC's AML compliance program;
- evaluating ERO Assets LLC's procedures for AML reporting and recordkeeping requirements;
- evaluating the implementation and maintenance of ERO Assets LLC's Customer Identification Program;
- evaluating ERO Assets LLC's customer due diligence requirements;
- evaluating ERO Assets LLC's transactions, with an emphasis on high-risk areas;
- evaluating the adequacy of ERO Assets LLC's staff training program;
- evaluating ERO Assets LLC's systems, whether automated or manual, for identifying suspicious activity;
- evaluating ERO Assets LLC's system for reporting suspicious activity;
- evaluating ERO Assets LLC's policy for reviewing accounts that generate multiple SAR filings; and
- evaluating ERO Assets LLC's response to previously identified deficiencies.

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### **Currency Transaction Reporting (CTRs)**

In addition to the filing of reports with FinCEN or the Treasury describe elsewhere in this AML Policies and Procedures, ERO Assets LLC must file a currency transaction report ("CTR") in connection with transactions covered by 31 C.F.R. § 1022.300 et seq. and 31 C.F.R. § 1010.300 et seq.

ERO Assets LLC will file a report on each deposit, withdrawal, exchange of currency, or other payment or transfer that involves a transaction in currency of more than \$10,000.

- ERO Assets LLC will obtain, or attempt to obtain, the following information from the customer in connection with the reportable transaction.
- The name, date of birth, occupation, social security number and address of the individual presenting the transaction;
- Verification of the identity, account number, and social security or taxpayer identification number of any person or entity on whose behalf the reportable transaction is to be affected;
- Verification of an individual or entity that is and alien or is not a resident of the United States must be made by passport, alien identification card, or other official document evidencing nationality or residency.
- ERO Assets LLC will treat multiple currency transactions as a single transaction if it has knowledge that they are by or on behalf of any person and result in either cash in or cash out totaling more than \$10,000 during any one business day.
- This report will be filed within 15 days following the day on which the reportable transaction occurred.
- A copy of the report shall be retained by ERO Assets LLC for a period of five (5) years from the date of the report.

ERO Assets LLC has put in place controls to detect transactions that could be considered structuring (as defined under 31 C.F.R. § 1010.100(xx)). Structuring is defined as the breaking down of a single sum of currency exceeding \$10,000 into smaller sums, including sums at or below \$10,000, or the conduct of a transaction, or series of currency transactions at or below \$10,000.

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### SAR Program

ERO Assets LLC must file a Suspicious Activity Report for Money Services Business ("SAR-MSB") in connection with transactions covered by 31 C.F.R § 1022.320 and 31 C.F.R. § 1010.320.

ERO Assets LLC, an MSB by virtue of engaging in the services as a money transmitter, is required to comply with the requirements found in SAR Program and Transaction Reporting Requirements.

### Transaction Reporting Requirements

A SAR-MSB must be filed if a transaction meets the following conditions:

- The transaction or attempted transaction involves or aggregates funds or other assets of at least \$2,000, and ERO Assets LLC knows, suspects, or has reason to suspect that the transaction (or a pattern of transactions of which the transaction is a part):
- Involves funds derived from illegal activity or is intended or conducted in order to hide or disguise funds or assets derived from illegal activity (including, without limitation, the ownership, nature, source, location, or control of such funds or assets) as part of a plan to violate or evade any Federal law or regulation or to avoid any transaction reporting requirement under Federal law or regulation;
- Is designed, whether through structuring or other means, to evade any requirements of this chapter or of any other regulations promulgated under the Bank Secrecy Act; or
- Serves no business or apparent lawful purpose, and the reporting money services business knows of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction.
- Involves use of the money services business to facilitate criminal activity.
- ERO Assets LLC may file a SAR-MSB for a transaction or attempted transaction that falls below \$2,000 but meets any of the other requirements stated above.
- ERO Assets LLC is responsible to file no more than one report for a particular transaction (so long as the report filed contains all relevant facts).

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## **SAR-MSB Filing**

ERO Assets LLC will file a SAR-MSB through the BSA E-Filing System, available at <http://bsaefiling.fincen.treas.gov>. The filing of a SAR-MSB will be no later than 30 calendar days after the date of the initial detection by ERO Assets LLC of facts that may constitute a basis for filing a SAR-MSB as described in Transaction Reporting Requirements.

## **Law Enforcement Notification**

In situations that require immediate attention, such as a suspected terrorist financing or ongoing money laundering schemes, ERO Assets LLC will notify by telephone an appropriate law enforcement authority in addition to filing a SAR-MSB. ERO Assets LLC may call FinCEN's Financial Institutions Hotline at 1-866-556-3974 in addition to filing a timely SAR-MSB.

## **SAR-MSB Record Retention**

ERO Assets LLC will maintain a copy of any SAR-MSB it originates, and any supporting documentation concerning any SAR-MSB that is files, for a period of five (5) years from the date of filing any the SAR. Supporting documentation shall be identified as such and maintained by ERO Assets LLC.

ERO Assets LLC will make all supporting documentation available to FinCEN, or any other Federal, State, or local law enforcement agency, or any Federal regulatory authority that examines ERO Assets LLC for compliance with the BSA, or any State regulatory authority administering a State law that requires ERO Assets LLC to comply with the BSA or otherwise authorizes the State authority to ensure that ERO Assets LLC complies with the BSA, upon request.

## **SAR-MSB Confidentiality**

A SAR-MSB, and any information that would reveal the existence of a SAR-MSB, are confidential and shall not be disclosed except as authorized. ERO Assets LLC, and no director, officer, employee, or agent of ERO Assets LLC may disclose a SAR-MSB or any information that would reveal the existence of a SAR-MSB.

If ERO Assets LLC or any director, officer, employee, or agent of ERO Assets LLC is subpoenaed or otherwise requested to disclose a SAR-MSB or any information that would reveal the existence of a SAR-MSB, the recipient of such request must decline to produce the SAR-MSB or such information, citing 31 U.S.C § 5318(g)(2)(A)(i), and must notify FinCEN of any such request and the response thereto. ERO Assets LLC shall not be prohibiting from:

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The disclosure by ERO Assets LLC, or any director, officer, employee, or agent of a money services business, of a SAR, or any information that would reveal the existence of a SAR, to FinCEN or any Federal, State, or local law enforcement agency, or any Federal regulatory authority that examines ERO Assets LLC for compliance with the BSA, or any State regulatory authority administering a State law that requires ERO Assets LLC to comply with the BSA or otherwise authorizes the State authority to ensure that ERO Assets LLC complies with the BSA; or the underlying facts, transactions, and documents upon which a SAR is based, including but not limited to, disclosures to another financial institution, or any director, officer, employee, or agent of a financial institution, for the preparation of a joint SAR.

The sharing by ERO Assets LLC, or any director, officer, employee, or agent of the money services business, of a SAR, or any information that would reveal the existence of a SAR, within the ERO Assets LLC's corporate organizational structure for purposes consistent with Title II of the BSA or in guidance.

### **Unusual Activity Reports (UARs)**

The Compliance officer of ERO Assets LLC reviews all customer transactions on a periodic basis. After a transactional review, Compliance Officer will document any transactions or aggregation of transactions which appear to be "unusual". The Company will create an Unusual Activity Report (UAR) on the unusual transaction, which includes a receipt of the transaction as well as documented analysis on the unusual transaction. The Compliance Officer further reviews all Unusual Activity Reports as well as the corresponding information and/or identification on the customer conducting the unusual transaction. After further investigation of the Unusual Activity Report, the Compliance Officer will determine whether the transaction is "Suspicious".

- If after further investigation, the Compliance Officer deems the unusual transactions to be "suspicious", the Compliance Officer will file a Suspicious Activity Report (SAR).
- If after further investigation, the Compliance Officer deems the unusual transactions to be "not suspicious", the transaction will remain as an Unusual Activity Report, which ERO Assets LLC will digitally maintain. Customers conducting transactions which result in Unusual Activity Reports, will be closely monitored by ERO Assets LLC for a 30-day period, following the customers last transaction.

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### **Record Retention**

In addition to specific record retention requirements described elsewhere in this AM Policies and Procedures, ERO Assets LLC will adhere to the record retention obligations in FinCEN regulations at 31 C.F.R. § 1022.400 et seq. and 31 C.F.R. § 1010.400 et seq.

**All CTRs and SARs will be maintained for a period of at least five (5) years.**

Under these requirements, ERO Assets LLC will create and retain records for any of the following situations:

- A record of each advice, request, or instruction received or given regarding any transaction resulting (or intended to result and later canceled if such a record is normally made) in the transfer of currency or other monetary instruments, funds, checks, investment securities, or credit, of more than \$10,000 to or from any person, account, or place outside the United States.

ERO Assets LLC will retain the records described in Record Retention for five years, with the exception of any Treasury order issued under 31 C.F.R. § 1010.370(a), which will be retained for the period of time specified in the order but not to exceed five years.

### **Law Enforcement Information Request**

ERO Assets LLC will comply with the information sharing requirements in FinCEN regulations at 31 C.F.R. § 1010.500 et seq. These rules specify circumstances in which FinCEN will request information regarding accounts and transactions from ERO Assets LLC. In the event ERO Assets LLC receives such a request, ERO Assets LLC will respond to the request and cooperate fully with FinCEN's inquiry.

The FinCEN regulations also describe circumstances in which companies may share account and transaction information with one another, subject to a requirement to provide FinCEN with prior notice. ERO Assets LLC will consult with counsel prior to engaging in information sharing with other companies.

### **Conflict Resolution**

In the event of a question regarding the operation or implementation of the AML Policies and Procedures, or in the event ERO Assets LLC staff require an interpretation relating to the AML Policies and Procedures, the conflict or interpretation request will be escalated to the Compliance Officer, who will resolve the conflict or provide the interpretation. In the event that the Compliance Officer cannot resolve the conflict or provide an interpretation, the question or interpretation request will be escalated to Senior Management.

## **OTC Transactions**

All OTC transactions are conducted via a Video Communications application (either Zoom, Skype, Teams, Telegram) between the customer and the Senior Management of ERO Assets LLC. The Company performs enhanced due diligence on each customer prior to the customer being permitted to conduct a transaction. Customers attempting to conduct OTC transactions must pass through the Company's Customer Identification Procedures as well as the following additional due diligence prior to conducting their transaction.

**For OTC transactions, the Company requires the following from a customer:**

- Government Issued Photo Identification
- Social Security Number
- OFAC Search
- Source of Funds or Invoice for Item/Services recently Sold
- Scrub the Bitcoin wallet address against blacklists
- An oral discussion between Compliance Officer and the potential Customer to perform additional due diligence, and understand the transaction

If the Company finds a fraudulent wire transfer to be conducted OTC by a customer, the Company will take the following steps:

- The Company will internally document the fraudulent activity
- The Company will then report the fraudulent activity to its Financial Institution
- The Company will then reach out to legal counsel to determine if further action is required to be taken

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### Risk Assessment

Evaluate data pertaining to ERO Assets LLC's activities in relation to Customer Identification Program and Customer Due Diligence Program information to differentiate between routine, commonplace transactions and unusual, aberrational transactions.

Risk Category and/or Sub-Category	Circumstance in which this category exposes ERO Assets LLC to elevated money laundering, terrorism financing, fraud, or other legal risks thereby requiring scrutiny under the AML Policies and Procedures and escalation to the Compliance Officer for review.
Buying Cryptocurrency	<p>Buying cryptocurrency with cash includes several risks because of the anonymous, untraceable nature of cash and the anonymous, untraceable nature of crypto. For that reason any of the following attributes elevate the risk:</p> <ul style="list-style-type: none"> <li>• Multiple transactions in one day;</li> <li>• Transaction over a certain dollar amount;</li> <li>• etc.</li> </ul>
Selling Cryptocurrency	<p>Selling cryptocurrency for cash includes several risks because of the anonymous, untraceable nature of cash and the anonymous, untraceable nature of crypto. For that reason any of the following attributes elevate the risk:</p> <ul style="list-style-type: none"> <li>• Multiple transactions in one day;</li> <li>• Transaction over a certain dollar amount;</li> <li>• etc.</li> </ul>

ERO Assets LLC maintains a separate documented Risk Assessment of its operations, which is to be updated annually.