



# The Spirit & The Letter of Our Commitment

## Anti-Money Laundering and Counter-Terrorist Financing Compliance Policy

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[integrity.ge.com](http://integrity.ge.com)

Money laundering is the process by which a person conceals the nature or source of the proceeds of crime and disguises them to appear legitimate. Anti-Money Laundering (AML) laws in the U.S. and around the world make it a crime to engage knowingly in a transaction that involves the proceeds of criminal activity. Terrorist Financing is the means by which a person provides or collects funds to support terrorist acts. Counter-Terrorism Financing (CTF) laws make it a crime to use legally or illegally obtained funds to further terrorism.

In addition to the legal risk, a key risk to GE is reputational—the possible damage to GE’s and its employees’ good names and reputation for integrity and ethical business practices if they were to become entangled in a money laundering or terrorist financing scheme.

GE is committed to complying fully with all applicable AML/CTF laws throughout the world and to going beyond the requirements of the law when necessary by taking proactive steps to prevent the use of its products and services to facilitate money laundering and terrorist financing. To this end, GE will conduct business only with reputable customers who are involved in legitimate business activities and whose funds are derived from legitimate sources. GE employees have an obligation to understand the “red flags” to watch for in their business activities and to escalate potential compliance concerns related to AML or CTF to the business AML leader without notifying anyone involved in the transaction. “Tipping,” a disclosure of any kind to the subject of the red flag that suspicious activity is being investigated, is prohibited and considered a crime in most countries where GE does business.

To address these important issues, GE has developed a risk-based AML/CTF compliance program that takes into account the money laundering and terrorist financing risks posed by GE’s businesses, customers, products and services, transactions, distribution channels, and geographic locations and markets. Each business must develop risk-based procedures to implement this Policy.

All employees must comply with this Policy and their business’ related procedures. As discussed below, failure to do so could result in disciplinary action, up to and including termination.

### **Applicability:**

This Policy must be implemented in all subsidiaries and controlled affiliates in which GE has a stake of more than 50% and/or management control. Entities where GE has a minority interest are also encouraged to operate in accordance with this Policy.

### **Responsibility:**

This Policy is based on GE’s strong commitment to comply with the laws and regulations everywhere we do business and to protect the reputation of the company for ethical business practices.

Senior management in each GE business is responsible for ensuring commitment to this Policy by developing, implementing and maintaining a risk-based AML/CTF program that embeds the requirements into key operating procedures and processes, assigns ownership, and allocates appropriate resources. In addition, senior management must ensure that the business has a culture of

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compliance and effective controls to comply with AML and CTF laws and regulations, to prevent, detect and respond to money laundering and counter-terrorism and to communicate the serious consequences of non-compliance to employees.

AML leaders are responsible for ensuring implementation of all requirements of this Policy.

All employees have two basic responsibilities with respect to AML/CTF prevention:

(i) know and follow these Policy requirements and those of your business, and (ii) learn about, carefully watch for and escalate to your AML or compliance leader any AML/CTF red flags. A key element of GE's AML/CTF prevention program is employee education, which includes required initial and periodic training.

### **What to know - Policy Requirements:**

- Each GE business and employee must comply with all applicable AML/CTF laws and regulations.
- Each GE business and employee must comply with *The Spirit and The Letter*, this Policy, and any applicable business-level AML/CTF policies and procedures that implement this Policy.
- Each GE business must develop, implement and maintain a written risk-based AML/CTF program that is designed to comply with applicable AML/CTF laws and this Policy and to detect, assess and mitigate the AML/CTF risks posed by the business' products and services, customers, distribution channels and geographic locations and markets. Each business' AML/CTF compliance program must include the following:
  - Designation of a leader who is responsible for and knowledgeable of money laundering and terrorist financing activities, the applicable local laws and regulations and GE's related policies and procedures. Sufficient authority, time and resources should be allocated to the function consistent with the AML/CTF risks in the business.
  - Appropriate, risk-based "Know Your Customer"(KYC) due diligence procedures. The term "customer" includes suppliers, distributors, counterparties, agents and any person with whom GE has an established business relationship that will involve the transfer to or receipt of funds. KYC due diligence encompasses a customer acceptance policy, including procedures for identifying and verifying a prospective customer's identity, screening the prospective customer in compliance with GE's Guidelines for Watchlist Screening, and conducting risk-based KYC due diligence based on the level of money laundering and terrorist financing risk posed by the customer. KYC due diligence should be updated periodically on a risk basis and when there are significant changes in the relationship or activity.
  - Risk-based policies that clearly define acceptable forms of payment and prohibit or limit payments that may be associated with money laundering. Controls should be implemented to help ensure compliance with the business' payment policies and applicable government transaction reporting and recordkeeping requirements.
  - Reasonable risk-based procedures and, where appropriate, systems for identifying, monitoring, investigating, reporting and escalating red flags, suspicious activity, and violations of AML/CTF laws, regulations or this Policy and the business' related procedures to the designated AML or compliance leader. As required by local laws/regulations and where permitted, in appropriate cases, appropriate suspicious activity reports should be made to proper government authorities without notifying anyone involved in the transaction.
  - Initial and periodic training provided to all employees with AML/CTF responsibilities and those potentially exposed to money laundering or terrorist financing risks consistent with corporate minimum training standards (e.g., courses assigned in accordance with designated functions and level).
  - Appropriate oversight and compliance monitoring to prevent, detect and respond to money laundering and periodically measure the business' compliance with this Policy, its related procedures, and any government reporting requirements.
  - Periodic reviews of compliance with this Policy by Corporate Audit Staff that includes testing to assure that the program is effective and being followed.
  - Periodic assessment of the business' vulnerability and inherent, mitigated and residual risks with respect to money laundering and terrorist financing. Businesses are responsible for identifying any new line of business, product or sales activity that should undergo a money laundering assessment.
  - Retaining records of customer identification, verification, Watchlist screening and other due diligence records, as well as transaction records, records of investigations, reports of suspicious activity, training, risk assessments and other documents required under applicable AML/CTF laws.
  - Business-level AML/CTF policies and procedures are to be approved by GE's Global AML Leader.

## ***What to watch for – Red Flags:***

Some generally applicable red flags are described below. You should become especially aware of the red flags associated with your business in particular. Deviation from customer and accepted business practice should alert you to further investigate the activity.

- A customer provides insufficient, false or suspicious information or is reluctant to provide complete information
- Methods or volumes of payment that are not consistent with the payment policy or that are not customarily used in the course of business, e.g., payments with money orders, travelers checks, and/or multiple instruments, and payments from unrelated third parties
- Receipts of multiple negotiable instruments to pay a single invoice
- Requests by a customer or partner to pay in cash
- Early repayments of a loan, especially if payment is from an unrelated third party or involves another unacceptable form of payment
- Orders or purchases that are inconsistent with the customer's trade or business
- Payments to or from third parties that have no apparent or logical connection with the customer or transaction
- Payment to or from countries considered high risk for money laundering or terrorist financing
- Payments to or from countries considered to be tax havens or offshore jurisdictions
- Payments from countries unrelated to the transaction or not logical for the customer
- A customer's business formation documents are from a tax haven, or a country that poses a high risk for money laundering, terrorism or terrorist financing, or a country that is not logical for the customer
- Overpayments followed by directions to refund a payment, especially if requested to send the payment to a third party
- Any customer for whom you can not determine the true beneficial owner
- Structuring transactions to avoid government reporting or recordkeeping requirements
- Unusually complex business structures, payment patterns that reflect no real business purpose
- Wire transfer activity that is not consistent with the business activities of the customer, or which originates or terminates with parties unrelated to the transaction
- Unexpected spikes in a customer's activities

## ***Consequences for Non-compliance:***

Employees who violate this Policy and the business' related procedures may be subject to disciplinary action up to and including termination of employment. In addition, violation of any AML/CTF laws or regulations could lead to employees and the company being convicted of the crime of money laundering or terrorist financing, resulting in fines, forfeiture of assets, and other serious punishment including imprisonment. Such violations could jeopardize or damage GE's reputation and management and employees must realize that they will be held accountable. The legal concepts of "willful blindness" and "conscious avoidance of knowledge" expand the reach of AML criminal laws to include an employee who has or should have suspicions of money laundering, but who deliberately fails to make reasonable inquiries about the suspicious activity or report the suspicion. GE holds its employees to even higher standards. Any manipulation, modification, alteration or omission to avoid a customer or payment from being captured or properly reviewed by an AML/CTF screening or transaction monitoring process will be viewed as a serious breach of GE's principles and may be subject to disciplinary measures.

## **Related policies and procedures:**

Controllership

Improper Payments

Supplier Relationships

International Trade Controls

Guidelines for Watchlist Screening

GE AML Leader Roles and Responsibilities

GE Global AML Steering Committee Charter

## **QUESTIONS AND ANSWERS**

- Q:** My business does not accept cash or cash equivalents such as money orders and cashier's checks. Are we still at risk of becoming involved in money laundering activity?
- A:** Yes. The elimination of cash as an acceptable form of payment does not eliminate money laundering risk. Money launderers and their criminal clients are constantly developing more sophisticated means of laundering money to evade detection, including through the use of cash equivalents, third-party wire transfers, structured transactions, foreign currency and even real estate transactions.
- Q:** My business conducts business in a number of countries. Because GE is headquartered in the United States and U.S. AML/CTF laws can have extra-territorial effect, does that mean we are in full compliance by following GE AML/CFT policies and procedures?
- A:** No. A GE business must also comply with the local AML/CFT laws of the country in which it does business as well as GE AML/CFT policies and procedures. This means that the same GE business in two different countries might have two somewhat different AML/CFT policies. You should consult with the AML leader for your business for more information.
- Q:** Do suspicious situations require special escalation procedures?
- A:** Yes. If a GE employee knows or suspects that a customer is a terrorist, a member of an organized crime organization, or a Politically Exposed Person (PEP) who is being investigated for a crime or has been charged with a crime, then the GE employee must immediately notify the AML risk area leader, compliance leader or general counsel for the business. The AML risk area leader, compliance leader or general counsel should immediately report the suspicious activity to GE's global AML leader.

## **Who to contact regarding questions about this Policy**

Ann Reilly, GE Global AML Leader

Al Rosa, GE Compliance Leader

Your business AML risk area leader or local compliance officer