

Anti-Money Laundering Policy

March 2024

Purpose, scope, and responsibility

This policy addresses the risks arising from money laundering, financing of terrorist activities, and Economic Sanctions administered by the Office of Foreign Asset Control (OFAC), to Ascot, its customers, shareholders and employees and other personnel. It sets forth the accountabilities of Ascot in the prevention, detection, and reporting of money laundering and terrorist financing, and ensures compliance with Economic Sanctions. In order to comply with OFAC rules and regulations, Ascot has adopted a program prohibiting any business transactions with certain countries, entities, and individuals.

Policy Statement:

Ascot, its senior management and its subsidiaries are committed to preventing the use of its products, services, people, and facilities to launder or conceal the proceeds of unlawful activity. The Company complies with all laws and regulations concerning economic sanctions and with measures to prevent money laundering and the misuse of financial institutions to fund or support terrorism or other crimes. No employee or financial professional may, under any circumstances, facilitate or participate in money laundering. Any breach of this policy will subject the individual involved to disciplinary action, including termination, and may also lead to civil and criminal penalties.

Ascot has adopted this policy and has established internal procedures to assist its employees and Financial Professionals in avoiding any involvement in money laundering or activity subject to Economic Sanctions, and to ensure they have the requisite understanding to detect and report potentially suspicious activity.

Ascot will conduct its business in conformity with high ethical standards and will adhere to all applicable laws and regulations, including complying with the following general principles:

- Take reasonable steps to identify the true identity of all clients of Ascot products and services.
- Not knowingly accept funds believed to be derived from criminal activity.
- Not ignore indications that a client's funds originated from criminal or other money laundering activities. When Ascot becomes aware of facts which lead to a reasonable presumption that funds held by it are from criminal or other money laundering activity or that transactions entered into are themselves criminal in purpose, appropriate measures, consistent with the law, will be taken. These measures may include continuing to monitor the client account, denial of assistance to the client and severing relations with the client where legally allowed.
- Avoid providing support or assistance to clients seeking to deceive law enforcement agencies through the provision of false, altered, incomplete or missing information.
- Cooperate fully with law enforcement and regulatory agencies to the extent that Ascot can do so under all applicable laws and regulations.
- Report identified instances of suspicious activity to the extent that Ascot can do so under all applicable laws and regulations.

Sanctions Compliance and Anti-Money Laundering Program Requirements

Under the USA PATRIOT Act, financial institutions are required to establish a corporate anti-money laundering program with policies and procedures appropriate for the business to detect and prevent money laundering, including, where applicable under law:

- Designate a Chief Anti-Money Laundering Compliance Officer
- AML and Sanctions training programs for employees, financial professionals, and managers
- "Know Your Customer" ("KYC") policies and procedures Customer Identification Program ("CIP") in accordance with Section 326 of the USA Patriot Act;
- Understanding the nature and purpose of the customer relationships and implementing appropriate risk-based procedures for conducting ongoing due diligence;
- Report red flag activities or suspicious transactions as directed
- Establish an audit process to test and enforce the corporate anti-money laundering procedures.

OFAC's Rules generally prohibit Ascot from engaging in any transfer or transaction involving an account or property of any person or any entity on the OFAC List or a Sanctioned Country (which, in most cases, includes governmental agencies, businesses and individuals in the Sanctioned Country). In some cases, sanctions can apply to debt and equity of certain designated entities. Depending upon the sanctions program at issue, OFAC's Rules may prohibit all transactions with a national of a Sanctioned Country, regardless of where he or she is located, or only prohibit transactions on behalf of nationals of a Sanctioned Country when he or she is physically present in the Sanctioned Country.

It is important to note that international sanctions against certain of the Sanctioned Countries are comprehensive in that they generally prohibit any business in or with: (i) the country in question, (ii) the government of that country, (iii) any government official, (iv) any government-controlled entity, (v) any company headquartered in the country and/or (vi) residents of that country. Similarly, the concept of doing business with Sanctioned Countries and the jurisdictional nexus for application of these sanctions can be extremely broad.

Accountabilities

It is vital that all Ascot employees, financial professionals and business units fully understand the actions needed to comply with applicable anti-money laundering statutes and regulations, and to report any potential violation. Training for Ascot employees and financial professionals is an important element of the company's AML and Sanctions programs. Ascot Advisors, financial professionals and Ascot employees in client-facing and service roles complete anti-money laundering training annually, and all other employees complete the training every three years.

All employees and financial professionals are responsible for knowing and following all applicable AML and Sanctions specific policies and procedures. They should:

- Be familiar with the AML and OFAC/Sanctions policies in relation to business being conducted.
- Complete training requirements timely and seek guidance when needed.
- Be familiar with their business area's AML, OFAC, and other procedures, including:
 - All customer identification and verification (KYC and CIP) procedures for opening new accounts and servicing existing accounts.
 - How to flag activities that may require special attention or additional review.
 - Reporting red flag activities or suspicious transactions as directed.
- Keep the reporting of suspicious activity strictly confidential and not reveal any aspect of such report to the customer or to any employees who aren't directly responsible for compliance.

Suspicious Activity

Some examples of “red flags” include, but are not limited to, examples below:

General

- The proposed transaction lacks business sense or is inconsistent with stated objectives
- Any accounts identified, during subsequent review, where there is no apparent relationship between the owner and annuitant
- Client has multiple accounts under a single name or multiple names with no apparent rationale
- For no apparent reason, a client has multiple accounts under a single name or multiple names, with a large number of inter-account or third-party transfers
- You become aware of incriminating news reports about a client or an associate of the client
- Client/Agent refuses to provide required information or misrepresents details in order to make information difficult to verify
- Client/Agent has little knowledge of the amount and details of a transaction; provides confusing and/or inconsistent details about a transaction; or is unwilling to provide explanation about a transaction
- The client requests that a transaction be processed in such a manner so as to avoid normal documentation or reporting requirements

Agent

- The agent seems very concerned with government reporting requirements
- The agent is very, travelers’ checks, or third-party payments interested in our rules about accepting money orders
- The agent has difficulty/reluctance describing the nature of the client’s business
- The agent seeks to have a transaction expedited, with required documentation to follow later

Third Party

- Use of an entity such as a company or a trust when there is no apparent rationale
- A deposit followed by an immediate request that the money be wired out or transferred to a third party, or to another firm with no apparent rationale
- Transactions passed through intermediaries with no apparent rationale
- Address “in care of (c/o)” of a third party
- A request for payment is made by an individual who is not the owner, annuitant, or beneficiary

Cash Equivalents

- Presentation of money orders from numerous payer sources for initial investment
- Individual opens account(s) with cash equivalents in average amount of \$3,000 to \$5,000
- Payments made with multiple cash equivalents (bank check, cashier check, money order) purchased from the same and/or different financial institutions
- A client asks for exemptions to the firm’s policies relating to the deposit of cash and cash equivalents
- A client engages in transactions involving cash equivalents that appear to be structured to avoid government reporting requirements, especially if the cash equivalents are in an amount just below reporting or recording thresholds and/or are sequentially numbered

Source of Funds

- The client or agent is unable to provide a coherent explanation of the client's wealth – where it came from or how it was accumulated
- A client attempts to open an annuity or policy in an amount that is beyond the client's apparent means, has no purpose, or where the source or nature of funds to be used is suspicious
- Upon request, client refuses to identify or fails to indicate any legitimate source of funds and other assets
- Annuity/Policy/Account incongruent with occupation

Free-Look

- The client intends to make withdrawals (e.g., policy loans) soon after investing with us – for example if the agent/client has unusual interest in free-look features
- A client has a pattern of purchasing annuities and canceling them during the free-look period
- A client seeks to cancel a contract without regard to penalties

Ownership Changes

- Owner changes to a company or trust with no apparent rationale
- Multiple transfers of ownership of an account
- A full redemption after multiple deposits or changes in ownership

Payments

- An account has sudden extensive cash flows or wire activity where previously there had been little, or no activity, without an apparent business purpose
- Client makes a large deposit followed by an immediate request to withdraw or transfer a substantial portion, without an apparent business purpose
- Client makes a deposit to purchase a long-term investment, then soon afterwards seeks to liquidate the position
- Starter check utilized to set up the automatic reoccurring payment (EFT)
- Initial premium checking account number is different than the EFT Checking account number
- Memo line on checks identify other accounts or assets

Foreign

- You suspect a US address is being used for a client whose primary residence is offshore. This includes situations where the client provides a US address, but you suspect it is not their primary residence.