

CERTIFICATE

I, the undersigned, **Sandro Carvalho Santos**, Sworn Translator duly admitted by The **Judicial Court** of Maputo City in Mozambique, residing in **Maputo**, in **Maputo Province**, do hereby certify and attest, unto all it may concern, that the attached (which I have initialed), is to the best of my knowledge and belief, a true and correct translation of the document annexed hereunto in the Portuguese Language, for which translation I hereby assume full responsibility.

In **FAITH and TESTIMONY** whereof, I the Sworn Translator, hereto subscribed my name at **Maputo Province**, Republic of Mozambique, on the *13th* day of *September*.....2006.



Sandro Santos

THE SWORN TRANSLATOR

SERVICE ORDER

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SUBJECT: MONEY LAUNDERING

OBJECTIVE: The present Service Order defines and establishes the general terms and orientated principles to the prevention of criminal use of the banking system for the purpose of money laundering.

COMPLIMENTARY DOCUMENTATION:

- OS – 012 – Deontological Code
- NP – 01/SP/007 – Money Laundering

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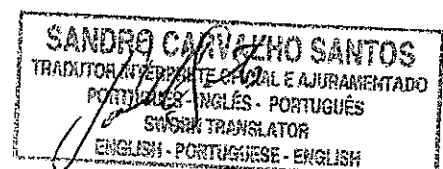
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1. INTRODUCTION

The laundering of a product of criminal activities has a clear influence in the expansion of organized crime in general and drug trafficking in particular.

On the other hand, there is a general awareness that the combat of money laundering is one of the most efficient means to combat such criminal activities that represent a special threat to the present societies.

Apart from that, it is proven that credit institutions and financial companies are some times used for money laundering and therefore their stability and the reliability of the



financial system in general can be seriously damaged, thus losing the public confidence.

2. SCOPE

This Service Order covers legal regulation in force in Mozambique and it is applicable to activities carried out in national territory.

It is applicable subsidiary to branches and affiliates abroad whenever these are not subject to a specific legislation from the respective country on the prevention of money laundering or in the absence of internal regulation on this matter.

3. MONEY LAUNDERING REGULATION

The laundering of money of illegal acquisition and origin, facilitated by growing liberalisation of capital mobility at an international level, has been deserving adequate legislation in several countries through:

- Criminalization of some conducts; and,
- Implementation of a set of preventative in nature regulations towards the detection of money laundering through the banking system.

In Mozambique, the legal system on the prevention and penalization for the use of the financial system for money laundering is regulated through the following statutes:

- * Law on "Money Laundering" (Law nr. 7/2002 of the 5th of February)
- * Law nr. 3/97, of the 13th of March –"Legal System Applicable to the Drug Trafficking and Consumption".
- * Law nr. 15/99 of the 1st of November– "Law of Credit Institutions and Financial Companies".

As was the case in most of SADC countries memberships, Mozambique also extended the scope of incrimination and prevention by adopting the same legal system regarding money laundering of capital resulting from drug trafficking as well as for money laundering of funds from other types of crime mainly linked to organized crime.

On the other hand, the Law on "Money Laundering"- Law nr. 7/2002 itself, in its Chapter V – "Control Mechanisms", provides for the need for the existence, within the internal system of each one of the financial entities operating in the national territory, of the means of internal control which grants at any time, through provisions of instrumental nature, to comply with the obligations provided for on the referred legal statutes, to maximize the level of security and efficiency of their internal procedures in terms of prevention of money laundering.



4. LEGAL OBLIGATIONS

The measures, preventative by nature, provided for on Law nr. 7/2002, which regulation is of the competence of the Council of Ministers, imposes, among other entities, to the credit institutions and collaborating staff, the compliance of a succession of obligations which, in general terms, point to the duties of prevention and diligence regarding money laundering, subject to established sanctions.

In essence, those duties comprise:

a) Duty of Identification

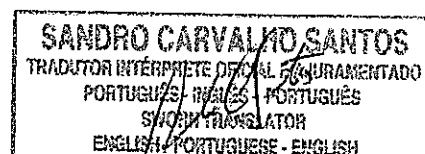
- * correctly identify the persons with whom we are dealing with, and, if it is the case, the person for whom they effectively work,
- * correctly identify the beneficiaries of insurance or of one such operation within the branch of "life" or of a pension plan, whenever:
 - the annual premiums or contributions to pay exceed the amounts legally stipulated; or,
 - whenever there is a suspicion based on the fact that the registered amounts originate from criminal activities, even if the amounts are less than the ones established by law.

b) Duty of Abstention

- * Refuse to execute operations requested when identification of the interested person or the person on whose behalf and for whom ones acts, is not provided.
- * Suspend the operations when in suspicion based on money laundering.

c) Duty of Documents Conservation

- * Keep copies of clients identification documents, respective legal representatives and remaining contracting persons for a period of 15 years from the date of closure of the respective banking accounts or after termination of commercial relations with the clients.
- * Keep the original, copies or microchips with identical proofing power of proofing documents and registration of executed transactions, as well as information obtained as provided in the terms of paragraph 2 of the subparagraph d), for a period of 15 years.



d) Duty of Special Diligence

- * Examine with special attention operations which for their nature, complexity, volume, irregular character or that do not seem to bear an economic justification or a licit object in relation to the client/non-client activity (entity that does not have an account opened at the bank), may be prone to money laundering.
- * Obtain from the client/non-client, written information about the origin and destination of funds, as well as identity of the beneficiaries and the justification of the subject operations, as for the operations prone to be part of the legal type of money laundering crime and exceeding, individually or totally, the amount established by law.

e) Duty to Collaborate

- * Inform the Department of Justice, in written, of all known operations or facts, or about which there are strong suspicions or signs, that they might be part of a money laundering process, through the practise of crimes provided for by law;
- * Provide information to the competent judicial authorities, when officially requested in light of a current crime case, duly individualized, about certain operations executed by clients or submit documents related to with respective banking operations, assets, deposits or any other values at bank custody.

f) Duty of Professional Secrecy

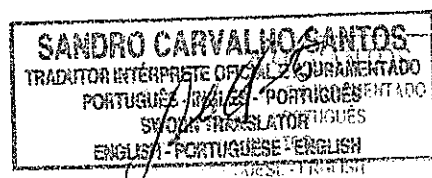
- * Keep secrecy from the client in question or from the third parties in relation to the information provided to the judicial authorities about strongly suspicious operations, as well in relation to the fact that a criminal investigation on the matter is in course;
- * Act disciplinary, through the opening of a disciplinary case against the person violating the rules on professional secrecy, in the terms of the specific legal provisions, namely, Law nr.15/99 – "Law of Credit Institutions and Financial Companies ", Article nr. 48, Article nr. 49 and Article nr. 102.

5. PHASES OF MONEY LAUNDRING

In general terms, three phases in the money laundering process can be identified, which occur frequently in financial system. On the other hand, the three phases can occur in sequence and separately, simultaneously or, which is more common, one over the other:

1st Phase: (Placing the Funds) ⇒ Disposal, utilization, and placing of funds from illicit activities into the banking system.

ex: funds deposited in one bank, which in some cases, with the complicity of bank employees.



2nd Phase: (Circulation of Funds) ⇒ Miss representation of the funds placed, with illicit origin, through the setting of a complex web of financial transactions with the intent of deception of tracks and provision of anonymity.

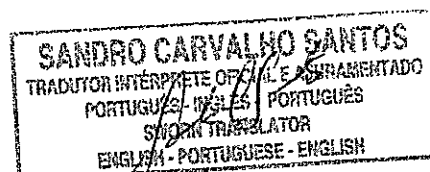
ex: international funds transfers, investment in real estate, buying and selling of goods and services.

3rd Phase: (Integration of Funds) ⇒ If the network is successful, the original illicit funds are again placed and reconverted into the financial system, in a way that it allows to simulate that the funds come from clean business.

ex: successive funds transfers, repayment of fictitious loans, utilization of forged invoices, re-utilization and reinvestment of interests, etc., will successively disconnect the funds from its illicit origin.

6. GUIDING PRINCIPLES

- a) All employees must observe the competences, procedures, terms and other established and broadcasted guidelines, so that the obligations of prevention deriving from the law and rules relating to money laundering are diligently observed;
- b) The internal processes of control, information and training about money laundering must follow closely the developments in legislation and take into account the acquired knowledge on recognizing operations, accumulated internally or through co-operation with other national and international entities involved in the prevention of money laundering.
- c) It is the responsibility of the Audit Department, to ensure the compliance of the duties and obligations which fall on the bank, especially in regard to the relationship with the competent supervision and, or judicial authorities, in terms of information and the implementation of means of legal control of suspicious operations of money laundering, namely to:
 - * centralize all the requested and/or received information and/or to be provided, co-ordinating, whenever necessary, with the management of the Departments involved,
 - * control and co-ordinate the requests for information and collaboration with judicial authorities, liaising with the Legal Advising Office, whenever necessary,
 - * ensure compliance of the legal provisions in force about exceptions/limits to banking or professional secrecy,
 - * provide opinion on action plans, for the control or identification of suspicious operations and submit to the approval of the Board of Directors,
 - * submit regularly to the knowledge of the Bank Executive Committee, the specific report on money laundering, without prejudice of timely any known information of occurred incidents.



BANCO INTERNACIONAL DE MOÇAMBIQUE

EXECUTIVE COMMITTEE

Signatures: Mr. Mário Machungo

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CENTRAL BANKS – SADC MEMBER COUNTRIES

1. Banco de Moçambique
2. Banco Nacional de Angola
3. Bank of Botswana
4. Bank of Mauritius
5. Bank of Namibia
6. Bank of Tanzania
7. Bank of Zambia
8. Banque Centrale Du Congo
9. Central Bank of Lesotho
10. Central Bank of Seychelles
11. Central Bank of Swaziland
12. Reserve Bank of Malawi
13. Reserve Bank of Zimbabwe
14. South African Reserve Bank

