



## Fraud Policy

### 1. Purpose

This Fraud Policy establishes guidelines to prevent, detect, and respond to fraudulent activities within PARADECH GROUP INC., a registered Canadian MSB providing cryptocurrency exchange services (FIAT vs CRYPTO). The policy ensures compliance with applicable anti-money laundering (AML) and counter-terrorist financing (CTF) regulations while maintaining the integrity of our business operations.

### 2. Scope

This policy applies to all employees, clients, business partners, and third-party service providers interacting with PARADECH GROUP INC. It covers all forms of fraud, including identity fraud, payment fraud, transaction fraud, and market manipulation.

### 3. Definition of Fraud

Fraud includes, but is not limited to:

- Misrepresentation of identity or documents during account registration.
- Unauthorized access to accounts or unauthorized transactions.
- Use of stolen payment methods or fraudulent chargebacks.
- Laundering funds through cryptocurrency transactions.
- Price manipulation or wash trading on the exchange.
- Any attempt to bypass KYC, AML, or compliance controls.

### 4. Fraud Prevention Measures

- **Know Your Customer (KYC):** We conduct thorough identity verification, including government-issued ID and proof of address, before onboarding clients.
- **Enhanced Due Diligence (EDD):** Required for transactions exceeding €10,000. Clients must provide a bank statement or salary slip as proof of the source of funds. Transactions linked to betting sources are rejected.

- **Transaction Monitoring:** All transactions are monitored in real-time to detect unusual activity such as rapid trades, large withdrawals, or patterns indicative of money laundering.
- **Sanctions Screening:** Clients are screened against global sanctions lists, PEP databases, and adverse media reports.
- **Whitelisting Wallets:** Clients are encouraged to register trusted wallet addresses to reduce the risk of unauthorized withdrawals.

## 5. Fraud Detection and Reporting

- **Automated Alerts:** Our AML software flags suspicious transactions based on pre-set risk parameters.
- **Manual Review:** Our compliance team manually reviews flagged transactions for further investigation.
- **Client Communication:** If suspicious activity is detected, we may contact the client for clarification or request additional documentation.
- **Reporting to Authorities:** Any confirmed fraudulent activity is reported to FINTRAC and relevant law enforcement agencies as per regulatory requirements.

## 6. Response to Fraudulent Activity

- **Account Suspension:** Accounts involved in fraudulent activity may be temporarily frozen while an investigation is conducted.
- **Funds Hold or Confiscation:** Fraudulently obtained funds may be held or confiscated, depending on the findings of the investigation.
- **Legal Action:** We reserve the right to take legal action against any individual or entity engaged in fraud against [Company Name].

## 7. Employee Responsibility & Training

- Employees must report any suspicious activities to the MLRO (Money Laundering Reporting Officer) immediately.
- Regular fraud awareness and compliance training are conducted to ensure staff can identify and prevent fraud effectively.

## 8. Policy Review & Updates

This Fraud Policy is reviewed and updated annually or as required by regulatory changes. Any updates will be communicated to employees and relevant stakeholders.

## Approval & Acknowledgment

PARADECH GROUP INC. commits to enforcing this policy to ensure a secure and compliant business environment.

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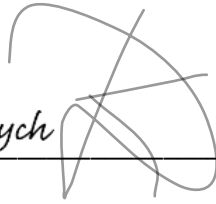
**Signed By:** Daryna Krasnovych

**Position:** AML OFFICER

**Date:** 01.12.2024

*Daryna Krasnovych*

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A stylized, handwritten signature in black ink, consisting of a large, sweeping loop that crosses itself, followed by a few smaller strokes.