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November 24, 2011

**Ms.  
Nidia Varela C.  
Interim Director  
General Office for the Supervision of Private Banks and Financial Groups  
SUGEF**

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Dear Madam:

We are replying to your official correspondence SUGEF-3638-201102905 of November 4, 2011, in which you indicate that you require additional information to justify approval of the lack of need to hire an assistant Compliance Officer or possess the post of Internal Auditor, as seen in:

../Literal excerpt from official correspondence SUGEF-3638-201102905

*In this regard, in order to continue processing your application, we note that it must be submitted together with a detailed report that includes an analysis of the variables that may affect the execution and implementation your work, including:*

- i. Number of current (last two years) and projected clients, number of transactions, amounts transacted, client risk profiles*
- ii. Administrative structure*
- iii. Number and positions of the individuals who work at or for your client, together with a list of their current functions.*

*In addition, you must submit a report containing an analysis of the risks inherent to the activity carried out by your client pursuant to the provisions of Article 3 of SUGEF Order 12-10.*

I hereby provide my responses in order.

With regard to point i. Number of current (last two years) and projected clients, number of transactions, amounts transacted, client risk profiles: I respectfully indicate to you that in the response provided to your office to the attention of Mr. Jafet Zúñiga, General Director of Technical Services, regarding official correspondence SUGEF 2811-2011 of August 22 of this year, we sent the list of current clients and their contracts; however, we once again attach the information on current clients updated to October 31 of this year, in the table below.



**Table 1**  
**Active exchangers as of October 31, 2011**

	<b>Exchange</b>	<b>Country</b>	<b>Corporation or representative</b>
1	Digital Unity Limited/Centre Gold	China	Digital Unity Limited
2	Ecardone	Panama	Corporation Ltda Ecardone
3	Enaira	Nigeria	Webnet Systems
4	Entelnova	Singapore	Entelnova Global Service
5	Epaycchanger.com/(Epayxchange.com)	China	Ebuygold Ltd
6	EPM/Epaymaster	Nigeria	Oluwafisayo Akinlolu
7	Getemoney	Canada	GCE-Com Services Inc.
8	GoldExpay	Belize	Grandeco Corp.
9	Gold Now	Australia	Grahm Kelly Francis
10	Golmediator	Indonesia	Soetrisno Suryoputro
11	Great Achiever	Indonsia	Fernandus Antonius Guanawar
12	Hispagold	Mexico	Hiriam Erick Gómez Pérez
13	InoChanger	Indonesia	Global Net Persada
14	Instand Gold Nigeria	Nigeria	Straighthold Global Links
15	M Gold	Canada	Midas Gold Exchanger
16	Swiftexchanger	Germany	Gursky Anatoly
17	WM-Center	Panama	International Trade Services
18	Tacoauthorized	Indonesia	HM Taufiqur Rachman
19	Nigeria Gold Exchanger	Nigeria	Nwoku Emeka

I would also inform you that Liberty Reserve S.A. does not have available any list of projected clients; the company does not promote their involvement, but rather they are the ones who ask to participate in the process of selecting and verifying pursuant to that which is set forth in the internal procedures and in the provisions of the rules for compliance with Law 8204 “Know Your Client Policy,” and if they do meet the requirements they are accepted as clients.

With regard to the number of transactions and amounts transacted, below are details regarding the purchase and sale of LR’s during the present year. Table 2 shows the transactions per month, and Table 3 shows the list of amounts and numbers of transactions per client.



Table 2

## LR Transactions per month in dollars and in euros from January to October 2011

Month	Number of Transactions	\$ Purchases	% \$ Purchases	\$ Sales	% \$ Sales	€Purchases	% € Purchases	€Sales	% € Sales
Jan-11	29	\$401,165.20	1.76%	\$0.00	0.00%	€ -	0.00%	€ -	0.00%
Feb-11	23	\$319,969.45	1.40%	\$0.00	0.00%	€ -	0.00%	€ -	0.00%
Mar-11	28	\$487,895.05	2.14%	\$0.00	0.00%	€ -	0.00%	€ -	0.00%
Apr-11	21	\$850,527.45	3.73%	\$0.00	0.00%	€40,000.00	7.41%	€ -	0.00%
May-11	40	\$1,665,336.45	7.30%	\$0.00	0.00%	€100,000.00	18.52%	€ -	0.00%
Jun-11	61	\$3,393,035.75	14.88%	\$0.00	0.00%	€99,975.00	18.51%	€ -	0.00%
Jul-11	56	\$4,018,641.35	17.62%	\$0.00	0.00%	€99,975.25	18.51%	€ -	0.00%
Aug-11	82	\$6,416,957.20	28.14%	\$0.00	0.00%	€100,000.50	18.52%	€ -	0.00%
Sep-11	49	\$3,093,871.67	13.57%	\$0.00	0.00%	€100,025.00	18.52%	€ -	0.00%
Oct-11	37	\$2,157,124.65	9.46%	\$426,800.00	100.00%	€ -	0.00%	€252,800.00	100.00%
<b>Total</b>	<b>426</b>	<b>\$22,804,524.22</b>	<b>100.00%</b>	<b>\$426,800.00</b>	<b>100.00%</b>	<b>€539,975.75</b>	<b>100.00%</b>	<b>€252,800.00</b>	<b>100.00%</b>

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Table 3

## LR Transactions by Client from January to October 2011

	Company Name	Account Name	Number of Transactions	\$ Purchases	% \$ Purchases	\$ Sales	% \$ Sales	€ Purchases	% € Purchases	€ Sales	% € Sales
1	Soetrisno Suryoputr	Golmediator	59	7,235,013.00	31.73%		0.00%		0.00%		0.00%
2	Ebuygold Ltd.	Ebuygold Ltd. (Epayxchange.com)	51	5,689,110.00	[Illegible]		0.00%		0.00%		0.00%
3	Global Net Persada	Indochanger	134	5,637,[Illeg.]	24.63%		0.00%		0.00%		0.00%
4	Dagensia Finance SRO	Ecardone Limited/eCardOne Financial	37	2,2[Illeg.]	10.08%		0.00%	[Illegible]	100.00%		0.00%
5	Webnet Systems Company	E-naira	65	[Illegible]	[Illegible]		0.00%		0.00%		0.00%
6	Fernandus Antonius Guanawar	Great Achiever	6	[Illegible]	1.91%		0.00%		0.00%		0.00%
7	Straighthold Global Links Limited	Instant Gold Nigeria (Ayobami Talwo Nurudeen)	40	[Illegible]	1.75%		0.00%		0.00%		0.00%
8	Entelnova Global Service	Entelnova	4	[Illegible]	[Illegible]		0.00%		0.00%		0.00%
9	Thomas Larsson	Skand Way	4	[Illegible]	0.44%		0.00%		0.00%		0.00%
10	Michael Patryn	Midas Gold Exchange M-Gold.com	1	[Illegible]	0.22%		0.00%		0.00%		0.00%
11	Hiram Erick Gomez Perez	Hispagold	15	[Illegible]	0.55%		0.00%		0.00%		0.00%
12	Tacoauthorized		4	26,000.00	0.11%		0.00%		0.00%		0.00%
13	Instant Gold Nigeria	Nwoku Emeka	2	10,000.72	0.04%		0.00%		0.00%		0.00%
14	Kelly Graham Francis	GoldNow	1	5,901.00	0.30%		0.00%		0.00%		0.00%
15	Digital Unity Limited	Centre Gold Limited			0.00%		0.00%		0.00%		0.00%
16	GCE-Com Services Inc.	Getemoney			0.00%		0.00%		0.00%		0.00%
17	Grandeco Corp	Goldexpay			0.00%		0.00%		0.00%		0.00%
18	Gusky Anatoly	Swiftexchanger.com	3		0.00%	\$426,800.00	100.00%		0.00%	€ 232,800.00	100.00%
19	International Trade Services	WM-Center			0.00%		0.00%		0.00%		0.00%
20	Epaymaster	Epaymaster			0.00%		0.00%		0.00%		0.00%
<b>Total</b>			<b>426</b>	<b>[Illegible]</b>	<b>100.00%</b>	<b>\$426,800.00</b>	<b>100.00%</b>	<b>[Illegible]</b>	<b>100.00%</b>	<b>€ 232,800.00</b>	<b>100.00%</b>

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And, with regard to the client risk profiles, I would inform you that this is being calculated based on the membership risk matrix, which is part of the process of client verification, and is thus in the Compliance Manual. For a better understanding of the foregoing, below please find the client membership risk matrix.

**Table 4  
Membership Risk Matrix**

**Name of Company / Individual:**

**I. Risk analysis of potential client**

**Risk analysis based on web page and questionnaire filled in**

	<b>Criterion</b>	<b>Risk</b>
<b>1. Qualitative risks</b>	60.0%	
1.1 Type	8 pts	
Applying as an individual?	2.0	0.00
Applying as an entity?	6.0	0.00
1.2 Payment methods accepted on web page	16 pts	
Accepts Money Orders?	6.0	0.00
Accepts other electronic platforms?	5.0	0.00
Accepts bank transfers?	2.0	0.00
Accepts credit/debit cards?	2.0	0.00
Accepts checks?	1.0	0.00
1.3 Country	20 pts	
What level of risk is seen in the country based on agreements to prevent money laundering and financing of terrorism?	5.0	0.0
Does the country have a financial regulatory entity?	5.0	0.00
Does the country have public records?	5.0	0.00
Is the country considered a tax haven?	5.0	0.00
1.5 Commercial activity	6 pts	
What level of risk is seen in his/her/its commercial activity?		0.00
1.6 Regulation of potential client	10 pts	
Is the company or interested party supervised by any financial regulatory entity?	10.0	0.00
<b>2. Quantitative risks (Select only one option)</b>	40.0%	
Will the average monthly LR transactions range from \$1 to \$5000?	8.0	0.00
Will the average monthly LR transactions range from \$5001 to \$10000?	15.0	0.00
Will the average monthly LR transactions range from \$10001 to \$25000?	24.0	0.00
Will the average monthly LR transactions range from \$25001 to \$50000?	32.0	0.00
Will the average monthly LR transactions exceed \$50000?	40.0	0.00
	100 pts.	0.00

Risk levels:



Low Medium High

Potential client risk

\* Take into account the following risk only if one of the following exceptions is met:

Accepts cash?

Is the interested party classified as a PE-Politically?

Is the interested party subject to Article 15 or does he/she/it handle third-party funds?

Yes

Risk of potential client

Name and signature of Verification Agent

Date





Furthermore, Liberty Reserve S.A. is working on the implementation of the transactional risk matrix established in the “Methodology for Classification of Client Risk,” and thus it could be said that its implementation status is “in process.”

With regard to point ii. Administrative Structure, I would inform you that the company currently has 19 officers who perform work at the operational, supervisory or management levels, who are distributed in accordance with the following table:

**Table 5**  
**Positions and number of staff**

Level	Position	Number of staff
Operational	Client Support Agent	6
Operational	Verification Agent	3
Operational	Accounting Assistant	1
Operational	Miscellaneous	1
Operational	Bilingual Receptionist	1
Supervisory	Deputy Head of Client Support	1
Supervisory	Head of Client Support	1
Supervisory	Head of Verification	*
Supervisory	Accountant	1
Management	General Manager	1
Management	Financial Manager	1
Management	Operations Manager	1
Management	Administrative Manager for Human Resources	*
Management	Compliance Officer	1
Total		19

\* Vacancy

Appendix 1 attaches the descriptive manual for company positions, containing a detailed description of the duties for each position and the administrative structure.

Finally, with regard to the analysis of risks inherent to the activity carried out by my client, pursuant to the provisions of Article 3 of SUGEF Order 12-10 which provides the following:

*Article 3. Risk evaluation of the audited subject. Risk management related to legitimation of assets and financing terrorism should be an integral part of the process of risk evaluation of each audited subject. This process of evaluation should be approved by the Board of Directors or equivalent joint governing body. The risk factors should be segmented by criteria such as, for example, type of client, products and services, distribution channels and geographic location. The process of risk evaluation should be reviewed at least once every twelve months and the results should be reported to the Board of Directors [Bates] 00001214 t governing body of the audited subject. Management should define cc remedy any weaknesses evidenced, and these must indicate actions, persons responsible, and deadlines for their correction. The minutes of the Board of Directors or equivalent joint governing body must reflect the mechanisms approved for verification of compliance.*



We indicate that Minutes No. 4 of the Board of Directors show that the Methodology for Classification of Client Risk was approved on February 14 of this year, and was updated last August 12. Appendix 2 attaches a copy of the minutes reflecting this approval together with the requested document.

Sincerely,

*[Illegible signature]*

Allan Hidalgo  
General Manager

Cc: María de los Ángeles Portela, Legal Manager  
Silvia López Sáenz, Compliance Officer  
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