

Multidisciplinary Academic Grants in Cryptocurrencies  
**Grants Anti-Money Laundering and Counter-Terrorist Financing Policy**  
Revised 2022-09-17

**Introduction**

Multidisciplinary Academic Grants in Cryptocurrencies (MAGIC Grants) takes its responsibility to prevent money laundering and terrorist financing very seriously.

MAGIC Grants is a 501(c)(3) public charity. MAGIC Grants is not a money transmitter because it does not conduct any money transmission activities.

MAGIC Grants issues scholarships and grants to individuals for the advancement of MAGIC Grants' charitable purposes. MAGIC Grants may also issue pay to employees and contractors from time to time.

MAGIC Grants invests in various areas with its assets from time to time.

**Money Laundering and Terrorist Financing Background**

Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the proceeds appear to have derived from legitimate origins or constitute legitimate assets. Generally, money laundering occurs in three stages. Cash first enters the financial system at the "placement" stage, where the cash generated from criminal activities is converted into monetary instruments, such as money orders or traveler's checks, or deposited into accounts at financial institutions. At the "layering" stage, the funds are transferred or moved into other accounts or other financial institutions to further separate the money from its criminal origin. At the "integration" stage, the funds are reintroduced into the economy and used to purchase legitimate assets or to fund other criminal activities or legitimate businesses.

Terrorist financing may not involve the proceeds of criminal conduct, but rather an attempt to conceal either the origin of the funds or their intended use, which could be for criminal purposes. Legitimate sources of funds are a key difference between terrorist financiers and traditional criminal organizations. In addition to charitable donations, legitimate sources include foreign government sponsors, business ownership and personal employment. Although the motivation differs between traditional money launderers and terrorist financiers, the actual methods used to fund terrorist operations can be the same as or similar to methods used by other criminals to launder funds. Funding for terrorist attacks does not always require large sums of money and the associated transactions may not be complex.

Our AML policies, procedures and internal controls are designed to ensure compliance with all applicable OFAC rules and will be reviewed and updated on a regular basis to ensure appropriate policies, procedures and internal controls are in place to account for both changes in regulations and changes in our organization.

### **Risk Factors for Disbursing Funds or Resources to Grantees**

MAGIC Grants takes a risk-based approach in assessing risks for disbursing funds or resources of grantees. The table below assists in determining the relative risk level.

<b>Low Risk</b>	<b>Medium Risk</b>	<b>High Risk</b>
The grantee has explicit charitable purposes and discloses how funds are used with specificity.	The grantee has general charitable purposes and discloses how funds are used with specificity.	The grantee has general charitable purposes and does not disclose how funds are used.
The charity and the grantee have a written grant agreement that contains effective safeguards. For example, provisions addressing proper use of funds by the grantee, delineation of appropriate oversight, and programmatic verification.	The charity and the grantee have a written grant agreement with limited safeguards.	The charity and the grantee do not have a written grant agreement.
The grantee has an existing relationship with the charity.	The grantee has existing relationships with other known charities but not with this charity.	The grantee has no prior history with any charities.
The grantee can provide references from trusted sources.	The grantee's references are from sources with which the charity is unfamiliar.	The grantee can provide no references or sources to corroborate references provided.

The grantee has a history of legitimate charitable activities.	The grantee is newly or recently formed, but its leadership has a history of legitimate charitable activities.	The grantee has little or no history of legitimate charitable activities.
Charity performs on-site grantee due diligence through regular audits and reporting.	Charity performs remote grantee due diligence through regular audits and reporting.	Charity performs no grantee due diligence, or due diligence is random and inconsistent.
Grantee provides documentation of the use of funds in the form of video, receipts, photographs, testimonies, and written records.	Grantee provides documentation of the use of funds. Documentation may only include receipts and written records.	Grantee provides no documentation of use of funds.
The charity disburses funds in small increments as needed for specific projects or expenditures.	The charity authorizes grantee discretion within specified limits.	The charity disburses funds in one large payment to be invested and spent over time or for unspecified projects selected by the grantee.
Reliable banking systems or other regulated financial channels for transferring funds are available and used by the grantee, subjecting such transfers to the safeguards of regulated financial systems consistent with international standards.	Reliable banking systems or other regulated financial channels for transferring funds are not reasonably available for the grantee's relevant activity, but the charity and the grantee agree on alternative methods that they reasonably believe to be reliable, trustworthy, and protected against diversion.	The grantee does not use regulated financial channels or take steps to develop alternative methods that the charity and grantee reasonably believe to be reliable, trustworthy, and protected against diversion.

Detailed procedures and processes for the suspension of grantee funds are included within the written agreement and enforceable both in the United States and at the grantee's locale.	Detailed procedures and processes for the suspension of grantee funds are included within the written agreement but may not be enforceable at the grantee's locale due to instability or other issues.	There exist no procedures or processes for suspension of grantee funds in the event there is a breach of the written agreement.
The charity engages exclusively in charitable work in the U.S. or in foreign countries/regions where terrorist organizations are not known to be active.	The charity engages in some work in foreign countries/regions where terrorist organizations may be active.	The charity primarily engages in work in conflict zones or in countries/regions known to have a concentration of terrorist activity.

### Information Required from Grantees

MAGIC Grants is a charity, not a money services business. MAGIC Grants collects information necessary to verify the legitimacy of its business relationships and grant recipients. It does not collect information for account onboardings, since MAGIC Grants does not conduct these relevant activities.

MAGIC Grants requests the following information from individual grantees:

- Tax document (W-9, W-8, etc)
- Verification document (eg: photo ID, bank statement, utility bill, etc)
- *Anything else the board deems is necessary*

MAGIC Grants requests the following information from entity grantees:

- Tax document (W-9, W-8, etc)
- Beneficial owner names
- Verification document for each beneficial owner (eg: photo ID, bank statement, utility bill, etc)
- *Anything else the board deems is necessary*

MAGIC Grants will collect the information necessary to submit 1099s.

### Board Certification

The MAGIC Grants Board of Directors shall review and certify this Policy annually.

**Resources**

<https://sanctionssearch.ofac.treas.gov/>

## **Multidisciplinary Academic Grants in Cryptocurrencies**

### **Adoption of Anti-Money Laundering and Counter-Terrorist Financing Policy**

The Board of Directors has received a copy of, read and understood, and agreed to comply with the terms and conditions of the Anti-Money Laundering and Counter-Terrorist Financing Policy.

Approved and accepted on September 17, 2022.



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President, Justin Ehrenhofer



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Vice President, John Murphy



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Secretary/Treasurer, Matt Shroyer