



REGULATION GG UNLAWFUL INTERNET GAMBLING ENFORCEMENT ACT

ARLO Bank has established this written policy and procedures to screen and prevent unlawful Internet gambling businesses from opening a new account or utilizing an already existing account by attempting to use a restricted transaction. Regulation GG prohibits any person engaged in the business of betting or wagering (as defined in the Act) from knowingly accepting payments in connection with the participation of another person in unlawful Internet gambling. The purpose of this policy is to prevent unlawful Internet gambling businesses from utilizing the banking system.

Although there may be some lawful Internet gambling businesses, ARLO Bank will not knowingly open an account for an Internet gambling business.

The focus of this regulation falls on commercial customer accounts. The following steps are to be taken during the new account opening process to determine whether the customer engages in Internet gambling. This due diligence will be performed in conjunction with existing account opening processes that are already required with the Bank Secrecy Act.

- For commercial accounts where the determination can be made that there is "minimal risk" of business being an Internet casino, no further steps are required.
- For commercial accounts where it cannot be immediately determined that the business does not operate as an Internet casino, the business will be requested to certify that they do not engage in an Internet gambling business. For those that certify this, no further steps are required.
- For commercial accounts where the business customer refuses to certify their business activity, the Bank would not open the account.

At account opening all commercial customers will be given the 'Unlawful Internet Gambling Notice' as part of the disclosure for terms and conditions of the account. The Bank's website also includes this notice.

Financial institutions are not required to monitor or determine whether its customer is a gambler, but they must ensure that unlawful credit and debit card transactions are blocked. ARLO Bank will rely on Fiserv to ensure that Visa network procedures are in place to meet the UIGEA Final

Rule requirements. ARLO is not required to block ACH, wire, or check payments related to unlawful Internet gambling to be in compliance with the Final Rule.

When the Bank has "actual knowledge" that a commercial customer is participating in restricted transactions, management will discuss the infraction with the customer or decide that it may be more appropriate to close the account. Discovery of restricted and unlawful gambling will initiate a Suspicious Activity Report (SAR) filing by the Bank Secrecy Act (BSA) Officer.

When the Bank is notified of a restricted transaction, the customer will be sent a notice using the model language stated in Appendix A of the Regulation.

At this point in time, the Bank has risk rated our business customers and found none who are involved in any internet gambling. We believe our risk is low. A review of Regulation GG will be included within the Compliance Reviews & Monitoring Program.

All officers and employees will be trained on their responsibilities for this regulation.