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SAMUELS ADELSBERG  
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To: Michael Steinmetz, Manager, Alain Ohayon, Compliance Officer,  
Senior Management  
From: Tester and Reviewer of Leo Schachter Diamonds, LLC AML Programs  
Date: January 31, 2024  
Re: Report of Periodic Testing

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This document has been prepared in compliance with Section 352 of the USA PATRIOT Act and 31 C.F.R. 103.140 (c) (4). This document evidences a review of Leo Schachter Diamonds, LLC AML Program and Policy. The purpose of the review is to ensure that the AML Program and Policy is functioning as designed.

This review covers the period starting on **December 1, 2023** and ending on **January 31, 2024**.

The review was conducted by S. Adelsberg and Company (hereinafter, "reviewer.") Reviewer is not and does not act as the Compliance Officer of Leo Schachter Diamonds, LLC. Reviewer is knowledgeable in the requirements of Section 352 of the USA PATRIOT Act, the Bank Secrecy Act and any rules implementing said laws applicable to Leo Schachter Diamonds, LLC.

Report of Testing and Review

**A. Compliance Officer**

Leo Schachter Diamonds, LLC has assigned an employee, Alain Ohayon, as the Compliance Officer (CO) for the company. That assignment is current. Alain Ohayon is knowledgeable in the requirements of Section 352 of the USA PATRIOT Act, the rules prescribing minimum standards applicable to dealers *in* precious metals, stones, jewels and other covered goods and all laws applicable pursuant to the Bank Secrecy Act. The CO is maintaining all relevant records in connection with USA PATRIOT Act AML compliance.

**B. Risk Assessment**

Leo Schachter Diamonds, LLC Risk Assessment has been reviewed and has been found to be current and updated. The Risk Assessment addresses those functions and activities covered by the AML Program and those where risks for use of the business to facilitate money laundering or the financing of terrorist activities.

**C. AML Program and Policy**

Leo Schachter Diamonds, LLC's AML Program and Policy (**LSD AML**) is in written form and has been reviewed. It adequately addresses all areas of risk identified in the risk assessment document. It covers all relevant purchases and sales covered by the **LSD AML** program. It was written in February 2011 and was updated on September 29, 2014, August 23, 2017 and most recently December 2022. The policy addresses identification of customers and business partners, monitoring business transactions and chains of distribution, compliance with Bank Secrecy Act requirements (cash transaction reporting procedures), reporting of red flags to the CO, sharing information and responding to requests and inquiries from Treasury or other governmental authorities. All reports and inquiries are recorded and the records maintained by the CO. Leo Schachter Diamonds, LLC's implementation of the AML program and Policy is ongoing. Identification information from customers and suppliers is current or in the process of being updated for older customers. This information has been reviewed for internal consistency and completeness. Transaction monitoring is in place, with any suspicious transactions, (including payment to or from third parties) have been investigated, and the results of the investigation recorded. Government-sponsored watch lists have been periodically checked.

**D. Employee Training**

Leo Schachter Diamonds, LLC has trained all appropriate employees in compliance with the AML Program and Policy during the period covered in this report. Any new employees have been trained. This training took place during the period of December 1, 2023 – January 31, 2024 and the CO maintains records of employees trained.

Signed:

  
S. Adelsberg and Company

Dated:

January 31, 2024