

AML/CFT Guideline No. 1: Introduction to AML/CFT



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1.0 Introduction

1.1.1 The primary objective of Liberia's AML/CFT measures is to help detect and deter ML and TF activities. It is also to facilitate investigations and prosecutions of ML and TF offenses. This includes implementation of reporting and other requirements for financial service providers and those that engage in businesses, professions or activities susceptible to being used for ML or TF. The AML/CFT measures also establish the FIU as the authority responsible for the collection, analysis and disclosure of information to assist in the detection, prevention and deterrence of ML and TF.

1.1.2 This guideline introduces the concepts of ML and TF as well as the associated predicate offenses, including their international nature. It also provides an overview of Liberia's AML/CFT measures including the legislative and institutional frameworks.

1.1.3 The FIU will provide a series of AML/CFT Guidelines as part of its outreach program. Included in the series of AML/CFT Guidelines are:

- a) *AML/CFT Guideline No. 1: Introduction to AML/CFT* introduces the concepts of ML and TF as well as the associated predicate offenses, including their international nature. It also provides an overview of Liberia's AML/CFT measures including the legislative, institutional and implementation frameworks.
- b) *AML/CFT Guideline No. 2: Overview of the FIU* discusses topics such as establishing the FIU, core functions of the FIU, enhancing the effectiveness of the FIU, and international assessment of the FIU.
- c) *AML/CFT Guideline No. 3: Implementing a Compliance Program* explains the requirement for reporting entities to implement an AML/CFT Compliance Program to ensure compliance with their obligations under the legal framework. In addition, FIU will develop AML/CFT Guidance for specific industries.
- d) *AML/CFT Guideline No. 4: Reporting Transactions to the FIU* explains how to report currency transactions, suspicious transactions, cross-border currency and bearer negotiable instrument transactions, and terrorist-related transactions to the FIU. It also provides guidance on how to identify suspicious, terrorist-related and cross-border currency and bearer negotiable instrument transactions, including general and industry-specific indicators that may help when conducting or evaluating transactions.

1.1.4 These guidelines are for information purposes only. They are not legal instruments and do not intend to provide legal advice or replace the legal instruments. The FIU is not responsible for the accuracy or reliability of the information contained in references made throughout these guidelines.

2.0 Money Laundering

2.1 What is Money Laundering?

2.1.1 The United Nations defines money laundering as “any act or attempted act to disguise the source of money or assets derived from criminal activity.” Essentially, money laundering is the process whereby “dirty money”—produced through criminal activity—is transformed into “clean money,” the criminal origin of which is difficult to trace. There are three recognized stages in the money laundering process.

- a) **Placement** involves placing the proceeds of crime in the financial system.
- b) **Layering** involves converting the proceeds of crime into another form and creating complex layers of financial transactions to disguise the audit trail and the source and ownership of funds. This stage may involve transactions such as the buying and selling of stocks, commodities or property.
- c) **Integration** involves placing the laundered proceeds back in the economy to create the perception of legitimacy.

2.1.2 The money laundering process is continuous, with new dirty money constantly being introduced into the financial system. In most countries, a money laundering offense involves various acts committed with the intention to conceal or convert property or the proceeds of property (e.g., money) knowing or believing that these were derived from the commission of a designated offence referred to as predicate offenses.

2.2 What is the Offense of Money Laundering?

2.2.1 §15.2, Section 1 of the Anti-Money Laundering and Terrorist Financing Act, 2012 provides that “a person or body corporate or other legal entity commits the offense of ML if that person knowing or having reason to believe that property is the proceeds of crime:

- a) converts or transfer the property with the intent of concealing or disguising the illicit origin of that property, or of aiding any person involved in the commission of the criminal conduct to evade the legal consequences of the conduct;
- b) conceals or disguises the true nature, origin, disposition, movement or ownership of the property;
- c) acquires, possesses or uses the property;
- d) engages directly or indirectly in any transaction which involves the property;
- e) receives, possesses, conceals, disguises, transfers, disposes of, remove from or brings the property into Liberia; or
- f) participates in, associates with or conspires to commit, attempt to commit or aids, abets or facilitates the commission of any of the above acts.”

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2.3 What is Predicate Offense for Money Laundering?

§15.3. of the Anti-ML and TF Act provides that “Predicate Offenses” for money laundering are those original crimes and/or acts which result in proceeds. Predicate offenses are serious crimes which give rise to the separate crime of money laundering. Predicate offenses include, but are not limited to the following criminal acts:

No.	Criminal Acts	Lead Agency*	Lead Court*	Reference Law*
1.	Participation in an organized criminal group and racketeering	LNP	Court “C” Circuit Courts	None
2.	Terrorism, including terrorist financing	NSA, FIU	Court “D” Circuit Courts	The Penal Law Anti-Money Laundering & Terrorist Financing Act.
3.	Trafficking in human beings and migrant smuggling	LNP, LIS, MOL	Court “B” Circuit Courts	Extortion, Environmental Crime, & Illicit Trafficking in Human Beings & Migrant Smuggling Act
4.	Sexual exploitation, including sexual exploitation of children	LNP, MOL	Court “E” Circuit Courts	The New Rape Law
5.	Illicit trafficking in narcotic drugs and psychotropic substances	LDEA	Court “C” Circuit Courts	Controlled Drugs & Substances Act
6.	Illicit arms trafficking	LNP, NSA	Court “D” Circuit Courts	Firearms & Ammunition Control Act of Liberia
7.	Illicit trafficking in stolen and other goods	LNP	Court “C” Circuit Courts	The Penal Law
8.	Corruption and bribery	LNP, LACC	Court “C” Circuit Courts	The Penal Law, LACC Act, PPCC Act,
9.	Fraud	LNP, LACC	Court “C” Circuit Courts	Fraud Act
10.	Counterfeiting currency	LNP	Court “C” Circuit Courts	The Penal Law
11.	Counterfeiting and piracy of products	LNP	Court “C” Circuit Courts	Fraud Act, 2012, Liberia Intellectual Property Act
12.	Environmental crime	LNP, EPA	Court “C” Circuit Courts	Extortion, Environmental Crime, & Illicit Trafficking in Human Beings & Migrant Smuggling Act
13.	Murder, grievous bodily injury	LNP	Court “A” Circuit Courts	The Penal Law
14.	Kidnapping, illegal restraint and hostage-taking	LNP, NSA	Court “B” Circuit Courts	The Penal Law
15.	Robbery or theft	LNP	Court “C” Circuit Courts	The Penal Law
16.	Smuggling	LNP, LIS, LRA	Court “C” Circuit Courts	The Penal Law
17.	Extortion	LNP	Court “C” Circuit Courts	Extortion, Environmental Crime, & Illicit Trafficking in Human Beings & Migrant Smuggling Act
18.	Forgery	LNP, LACC	Court “C” Circuit Courts	Fraud Act
20.	Insider trading and market manipulation	None	None	None
21.	Tax evasion	LRA, LACC		Revenue Code of Liberia & Consolidated Tax Amendments Act

** Some of the information in this column maybe subject to correction.*

2.4 Methods of Money Laundering

2.4.1 There are as many methods to launder money as the imagination allows, and the schemes being used are becoming increasingly sophisticated and complicated as technology advances. The following are some examples of common money laundering methods.

a) Nominees

This is one of the most common methods of laundering and hiding assets. A launderer uses family members, friends or associates who are trusted within the community, and who will not attract attention, to conduct transactions on their behalf. The use of nominees facilitates the concealment of the source and ownership of the funds involved.

b) Structuring or “smurfing”

Many inconspicuous individuals deposit cash or buy bank drafts at various institutions, or one individual carries out transactions for amounts less than the amount that must be reported to the government, and the cash is subsequently transferred to a central account. These individuals, commonly referred to as “smurfs,” normally do not attract attention as they deal in funds that are below reporting thresholds and they appear to be conducting ordinary transactions.

c) Asset purchases with bulk cash

Individuals purchase big-ticket items such as cars, boats and real estate. In many cases, launderers use the assets but distance themselves from them by having them registered in a friend's or relative's name. The assets may also be resold to further launder the proceeds.

d) Exchange transactions

Individuals often use proceeds of crime to buy foreign currency that can then be transferred to offshore bank accounts anywhere in the world.

e) Currency smuggling

Funds are moved across borders to disguise their source and ownership, and to avoid being exposed to the law and systems that record money entering into the financial system. Funds are smuggled in various ways (such as by mail, courier and body-packing) often to countries with strict bank secrecy laws.

f) Gambling in casinos

Individuals bring cash to a casino and buy gambling chips. After gaming and placing just a few bets, the gambler redeems the remainder of the chips and requests a casino cheque.

g) Black-market peso exchange

An underground network of currency brokers with offices in North America, the Caribbean and South America allows drug traffickers to exchange pesos for U.S. dollars. The dollars stay in the United States and are bought by South American (mainly Colombian) companies, which use them to buy American goods for sale back home.

2.5 Importance of Countering Money Laundering

2.5.1 The vast majority of criminals would not be in the “business” of crime if it were not for the tremendous profits to be made. There is a direct relationship between the profitability of most types of crime and their prevalence. A major objective of the battle against crime, therefore, is to deprive criminals of the profits from their efforts. Only by effectively laundering illegal assets can criminals use them and thereby benefit from their crimes.

2.5.2 The sheer magnitude of money laundering activities demonstrates the importance of implementing strong anti-money-laundering regimes in countries throughout the world. The International Monetary Fund has stated that the aggregate amount of money being laundered in the world could be somewhere between two and five percent of world gross domestic product. Money laundering is an integral element of organized criminal activity, and is the proven method by which organized crime groups seek to transform the proceeds of drug trafficking, contraband goods and people smuggling, extortion, fraud and other activities into apparently legitimately earned funds.

2.5.3 Laundered proceeds of crime provide seemingly legitimate financial support to drug dealers, terrorist organizations, arms dealers and other criminals to amass wealth and operate and expand their criminal empires. Investigations have revealed that those involved in money laundering attempt to manipulate financial systems around the world to foster a wide range of illicit activities. The economic and political influence of criminal organizations can potentially weaken the social fabric, collective ethical standards and, ultimately, the democratic institutions of society.

2.5.4 Money laundering activities have the potential to distort economic data and to cause economic growth to suffer. International Monetary Fund studies on the relationship between gross domestic product growth and money laundering in industrial countries have found evidence that significant reductions in annual gross domestic product growth rates were associated with increases in money laundering activities.

2.5.5 These are some of the reasons why many nations are committed to Countering money laundering. The increasingly international character of business and the often multinational nature of money laundering activities have resulted in stepped up international efforts and co-operation in the fight against money laundering.

2.6 International Efforts to Counter Money Laundering

2.6.1 An important objective of money laundering activities is to remove the proceeds of crime from the jurisdiction in which they were obtained to help disguise their origins. This frequently involves the international movement of those proceeds, which is facilitated by the increasingly international character of business, financial and criminal activity. Although money laundering has become a large global phenomenon that affects all countries in varying ways and degrees, jurisdictional boundaries have made international law enforcement difficult. International co-operation and co-ordination have become essential to the deterrence, detection and prosecution of money laundering, leading to the development of many international initiatives over the past decade to address this issue.

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2.6.2 The international efforts to Counter Money Laundering (ML) is overseen by the FATF - an independent inter-governmental body that develops and promotes policies to protect the global financial system against ML, Terrorist Financing (TF) and Financing of Proliferation (FP). It was established in July 1989 by a Group of Seven (G-7) Summit in Paris, initially to examine and develop measures to Counter ML. In October 2001, it expanded its mandate to incorporate efforts to Counter TF, in addition to ML.

2.6.3 The objectives of the FATF are to set standards and promote effective implementation of legal, regulatory and operational measures for Countering money laundering, terrorist financing and other related threats to the integrity of the international financial system. Starting with its own members, the FATF monitors countries' progress in implementing the FATF Recommendations; reviews money laundering and terrorist financing techniques and counter-measures; and, promotes the adoption and implementation of the FATF Recommendations globally.

2.6.4 FATF Recommendations are recognized as the global AML/CFT standards:

- a) AML guidelines came into prominence globally as a result of the formation of FATF and the promulgation of an international framework of anti-money laundering standards.
- b) CFT guidelines came into limelight worldwide after the September 11, 2001 terrorist attacks in the United States.
- c) FATF made 40 recommendations for ML (issued in 1990 and revised in 1996), and 9 special recommendations for TF (issued 8 in 2001 and 1 in 2002).
- d) The FATF 40 + 9 Recommendations were revised in 2003 to the FATF 40 Recommendations have been endorsed and are universally recognized as the international standard for AML/CFT.

2.6.5 Structure of FATF: headquartered in Paris France, and headed by a President and Vice President appointed by FATF Plenary from among its members for 1 year term (July 1st to June 30th). The President convenes and chairs the meeting of the FATF Plenary and the Steering Group, and oversee the FATF Secretariat. The Vice President who is a President-designate assists the President in carrying out his/her responsibilities and stands in for the President when necessary.

2.6.6 Membership of FATF: 36 members - 34 countries and 2 regional organizations (European Union and Gulf Cooperation Council) representing most major financial centers in all parts of the globe. 1 Observer country (Malaysia). 8 FSRBs as associate members including GIABA. Several international organizations (World Bank, IMF, etc.) have observer status. The FATF Plenary, which is the decision making body, meets three times per year - February, June and October. FATF website: www.fatf-gafi.org.

2.6.7 The next well-known of these initiatives is the Egmont Group of FIUs, established in 1995, is an association of FIUs globally. It was established as result of meeting held at the Egmont Arenberg Palace in Brussels, Belgium calling on the establishment of a networks of FIUs to foster exchange of information among FIUs and international cooperation in the fight against ML and TF. The Egmont Group FIUs meet regularly to find ways to promote

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the development of FIUs and to cooperate, especially in the areas of information exchange, training and the sharing of expertise. Egmont website: <http://www.egmontgroup.org>.

2.6.8 The regional efforts to Counter ML in West Africa is overseen GIABA, an institution of ECOWAS responsible for facilitating the adoption and implementation of AML/CFT in West Africa. It is also a FATF-Styled Regional Body (FSRB) working with its member States to ensure compliance with international AML/CFT standards.

2.6.9 Structure of GIABA: Secretariat is headquartered in Dakar, Senegal. Ultimate decisions of GIABA are made by the ECOWAS Council of Heads of States. Decisions of GIABA Plenary are adopted by the GIABA Council of Ministers (the Ministers of Finance, Justice and Interior/Security). GIABA Secretariat is headed by a Director General and Deputy Director General.

2.6.10 Membership of GIABA: Benin, Burkina Faso, Cabo Verde, Cote D'Ivoire, The Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Sao Tome & Principe, Senegal, Sierra Leone, and Togo.

2.6.11 Meetings of GIABA: GIABA Plenary meets twice a year - May and November. The Council of Ministers meet once a year in May. GIABA website: **www.giaba.org**

2.6.12 Other regional groupings include:

- a) Asia Pacific Group on Money Laundering (APG): www.apgml.org
- b) Caribbean Financial Action Task Force (CFATF): www.cfatf-gafic.org
- c) Eurasian Group (EAG): www.eurasiangroup.org
- d) Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG): <http://www.fatf-gafi.org/pages/easternandsouthernafrikaanti-moneylaunderinggroupesaamlg.html>
- e) Central African Anti-Money Laundering Group (GABAC)
- f) Financial Action Task Force of Latin America (GAFILAT): <https://pilac.law.harvard.edu/americas-region-efforts//latin-america-anti-money-laundering-group-gafilat>
- g) Middle East and North Africa Financial Action Task Force (MENAFATF): www.menafatf.org
- h) Committee of Experts on the Evaluation of Anti-Money Laundering Measures (MONEYVAL): <http://www.coe.int/t/dghl/monitoring/moneyval/>

For more information on money laundering, you can also refer to the following:

- a) International Money Laundering Information Network (<http://www.imolin.org/>)
- b) Moneylaundering.com (<http://moneylaundering.com>)

3.0 Terrorist Financing

3.1 What is Terrorist Financing?

3.1.1 Terrorist financing is the financing of terrorist acts, and of terrorists and terrorist organizations. Financing of Proliferation is the financing of terrorists and terrorist organizations for the proliferation of weapons of mass destructions (terrorist act).

3.1.1 Terrorist financing provides funds for terrorist activity. Terrorist activity has as its main objective to intimidate a population or compel a government to do something. This is done by intentionally killing, seriously harming or endangering a person, causing substantial property damage that is likely to seriously harm people or by seriously interfering with or disrupting essential services, facilities or systems.

3.1.2 Terrorist activity is undertaken for political, religious or ideological purposes. This does not mean that an expression of political, religious or ideological beliefs alone is a terrorist activity, unless it is part of a larger conduct that meets the definition explained above.

3.1.3 Terrorists need financial support to carry out terrorist activities and achieve their goals. In this respect, there is little difference between terrorists and other criminals in their use of the financial system. A successful terrorist group, much like a criminal organization, is one that is able to build and maintain an effective financial infrastructure. For this, it must develop sources of funding and means of obscuring the links between those sources and the activities the funds support. It needs to find a way to make sure that the funds are available and can be used to get whatever goods or services are needed to commit terrorist acts.

3.1.4 The fundamental aim of terrorist financing is to obtain resources to support terrorist activities. The sums needed to mount terrorist attacks are not always large and the associated transactions are not necessarily complex.

3.1.5 The line between money laundering, and terrorist financing and financing of proliferation is where laundered money is used to finance terrorist acts, terrorists and terrorist organizations as well as the proliferation of weapons of mass destructions. Other monies could also be used to finance terrorist acts, terrorists and terrorist organizations as well as the proliferation of weapons of mass destructions.

3.2 What is the Offense of Terrorist Financing?

3.2.1 §15.4, Section 1 of the Anti-Money Laundering and Terrorist Financing Act, 2012 provides that “any person or body corporate, or other legal entity, commits the offense of terrorist financing that willfully, directly or indirectly, provides or collects funds, or attempt to do so, with the intention that they should be used or in the knowledge that they are to be used in whole or in part:

a) in order to carry out a terrorist act; or

- b) by a terrorist to facilitate that person's activities related to terrorist acts or membership in a terrorist organization; or
- c) by a terrorist organization.”

3.2.2 *Terrorist Act* is an act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a Government or an international organization to do or to abstain from doing any act.

3.2.3 *Terrorist* is any natural person who: (i) commits, or attempts to commit, terrorist acts by any means, directly or indirectly, unlawfully and wilfully; (ii) participates as an accomplice in terrorist acts ; (iii) organizes or directs others to commit terrorist acts ; or (iv) contributes to the commission of terrorist acts by a group of persons acting with a common purpose where the contribution is made intentionally and with the aim of furthering the terrorist act or with the knowledge of the intention of the group to commit a terrorist act.

3.2.4 *Terrorist Organization* is any group of terrorists that: (i) commits, or attempts to commit, terrorist acts by any means, directly or indirectly, unlawfully and willfully; (ii) participates as an accomplice in terrorist acts; (iii) organizes or directs others to commit terrorist acts; or (iv) contributes to the commission of terrorist acts by a group of persons acting with a common purpose where the contribution is made intentionally and with the aim of furthering the terrorist act or with the knowledge of the intention of the group to commit a terrorist act.

3.3 Methods of Terrorist Financing

3.3.1 There are two primary sources of financing for terrorist activities. The first involves getting financial support from countries, organizations or individuals. The other involves revenue-generating activities.

a) Financial Support

Terrorism could be sponsored by a country or government, although this is believed to have declined in recent years. State support may be replaced by support from other sources, such as individuals with sufficient financial means.

b) Revenue-Generating Activities

The revenue-generating activities of terrorist groups may include criminal acts, and therefore may appear similar to other criminal organizations. Kidnapping and extortion can serve a dual purpose of providing needed financial resources while furthering the main terrorist objective of intimidating the target population. In addition, terrorist groups may use smuggling, fraud, theft, robbery, and narcotics trafficking to generate funds.

3.3.2 Financing for terrorist groups may also include legitimately earned income, which might include collection of membership dues and subscriptions, sale of publications, speaking tours, cultural and social events, as well as solicitation and appeals within the

community. This fundraising might be in the name of organizations with charitable or relief status, so that donors are led to believe they are giving to a legitimate good cause.

3.3.3 Only a few non-profit organizations or supposedly charitable organizations have been implicated in terrorist financing networks in the past, worldwide. In these cases, the organizations may in fact have carried out some of the charitable or relief work. Members or donors may have had no idea that a portion of funds raised by the charity was being diverted to terrorist activities.

3.3.4 This type of “legitimately earned” financing might also include donations by terrorist group members of a portion of their personal earnings.

3.4 Laundering of Terrorist-Related Funds

3.4.1 As explained above, the methods used by terrorist groups to generate funds from illegal sources are often very similar to those used by “traditional” criminal organizations. Like criminal organizations, they have to find ways to launder these illicit funds to be able to use them without drawing the attention of the authorities.

3.4.2 For this reason, transactions related to terrorist financing may look a lot like those related to money laundering. Therefore, strong, comprehensive anti-money laundering regimes are key to also tracking terrorists’ financial activities.

3.5 Importance of Countering Terrorist Financing

3.5.1 Acts of terrorism pose a significant threat to the safety and security of people all around the world. Business relationships with terrorist groups could expose financial institutions or financial intermediaries to significant reputational and operational risk, as well as legal repercussions. The risk is even more serious if the terrorist group is subsequently shown to have benefited from the lack of effective monitoring or wilful blindness of a particular institution or intermediary that enabled them to carry out terrorist activities.

3.6 International Efforts to Counter Terrorist Financing

3.6.1 Following the horrific events of September 11, 2001, the United Nations called on member states to freeze the assets of all groups or individuals involved in terrorist activities and to prohibit the provision and collection of funds for terrorist activities. The G-7 Finance Ministers and Central Bank Governors met on October 6, 2001, and released an action plan to Counter the financing of terrorism. Shortly after, the FATF also issued *Special Recommendations on Terrorist Financing* that its members should apply to Counter TF.

3.6.2 To be successful, the fight against terrorism has to be conducted on many fronts. Many nations are working together in confronting and stamping out terrorism around the world.

3.6.3 For more information about international efforts to Counter terrorism and terrorist activities, click <http://www.un.org/terrorism/>

4.0 Legislative Measures to Counter Money Laundering and Terrorist Financing

4.1 Anti-Money Laundering

4.1.1 Money laundering is an offence in many countries around the world. Some countries have introduced or amended their legislative measures to give law enforcement the ability to search, seize, freeze and confiscate property believed to be proceeds of crime.

4.1.2 To assist in the detection and deterrence of money laundering, components of an AML program include certain client identification requirements and record keeping. These requirements apply to both financial and non-financial entities, including insurance companies, securities dealers, casinos, foreign exchange dealers, and any person engaged in a business, profession or activity that received cash for payment or transfer to a third party.

4.1.3 A compliance program also includes reporting requirements, such as reporting suspicious transactions, currency transactions above a designated threshold, and wire transfers/electronic funds transfers.

4.2 Anti-Terrorism

4.2.1 The *United Nations Suppression of Terrorism Regulations* provide for a list of individuals or entities believed to be involved in or associated with terrorist activity. They make it an offense for anyone to provide or collect funds if they know these would be for use by anyone on the list.

4.2.2 These Regulations also make it an offense for anyone to deal in any way with property if they know it is owned or controlled by anyone on the list. This includes any financial service or transaction relating to such property. It also includes making property available to anyone on the list.

4.2.3 In addition, these Regulations require that financial institutions determine on a continuing basis whether they are in possession or control of property owned or controlled by or on behalf of anyone on the list. These financial institutions include banks, credit unions, and trust and loan companies. They also include insurance companies, fraternal benefit societies, and entities that deal with securities.

4.3 Objectives of the legislative measures

4.3.1 In most countries the legislative measures to fight money laundering have the following general objectives:

- a) to implement specific measures to detect and deter money laundering and the financing of terrorist activities and to facilitate investigations and prosecution of the related offences;

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- b) to respond to the threat posed by organized crime by providing law enforcement officials with the information they need to deprive criminals of the proceeds of their criminal activities, while protecting individual privacy; and
- c) to help fulfill international commitments to fight multinational crime.

4.3.2 In accordance with FATF Recommendations, a country's legislative measures may also include the following:

a) **Record keeping and reporting**

The compliance program may include requirements to keep certain records, ascertain client identification, and report suspicious transactions and certain types of financial transactions to the FIU.

b) **Cross-border reporting**

The import or export of currency or monetary instruments in amounts at or over a designated threshold will have to be declared

c) **Creation of the FIU**

The FIU is responsible for collecting, analyzing and, in appropriate circumstances, disclosing certain information to law enforcement agencies. The FIU may be required to ensure that personal information under its control is protected from unauthorized disclosure.

4.3.3 These measures contribute to maintaining the integrity of a country's financial infrastructure and help minimize the risk of being exposed to ML or TF and their negative consequences. These measures are consistent with FATF's initiative to establish international standards aimed at improving national legal systems, enhancing the role of financial systems and strengthening international co-operation in the fight against ML and TF. The measures may help detect and deter organized criminal activities and terrorist activities.

4.4 Legislative Measures in Liberia

Below are the laws and regulations that comprise the AML/CFT legal and regulatory framework of Liberia:

a) Complete and Published Laws

Name of Law	Publication Date	Purpose
Financial Intelligence Unit Act, 2012	May 2, 2013	Establishes the FIU & define its function, governance, and: -mandates reporting entities to file STR, CTR & CDR to the FIU -empowers the FIU to request other reports from reporting entities -permits FIU to issue regulation (in collaboration with sector regulators) & to levy administrative sanctions for non-compliance -grants immunity to directors, officers, employees or agents of the FIU in the implementation of the FIU Act.

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Name of Law	Publication Date	Purpose
Anti-Money Laundering & Terrorist Financing Act, 2012	May 2, 2103	Criminalizes ML & TF; concealing or transferring proceeds of crime; establishing anonymous accounts; establishing shell banks; tipping off. Lists 21 categories of predicate offense for ML
Provisional Remedies for Proceeds of Crime Act, 2012	May 3, 2103	Establishes provisional remedies in cases involving proceeds of crime, ML & TF such as: temporary restraining order; confiscation order; benefits recovery order; freezing order.
Distribution of UN List of Terrorists & Terrorist Groups Act, 2012	May 3, 2103	Establishes procedures for domestic distribution of the UN List of terrorists & terrorist groups. However, repealed & replaced by the Target Sanctions against Terrorists Act (2016)
Mutual Legal Assistance in Criminal Matters Act, 2012	May 3, 2103	Establishes procedures for international assistance in criminal matters.
Fraud Act, 2012	May 3, 2103	Criminalizes mail fraud; & fraud by wire, radio & television.

Name of Law	Publication Date	Purpose
Extortion, Environmental Crime, Illicit Trafficking in Human Beings and Migrant Smuggling Act, 2012	May 2, 2103	Criminalizes extortion; environmental crime; & illicit trafficking in human beings & migrant smuggling.
Firearms and Ammunition Control Act, 2015	August 5, 2016	Establishes control of firearms & ammunition. -Criminalizes trafficking in small arms including illicit manufacturing, repairs, possession, markings etc. -Criminalizes arm-trafficking related offenses & confirms same as predicate offenses for ML in accordance with the AML/CFT Act -Provides for seizure, confiscation and forfeiture
Liberia Intellectual Property Act, 2015	July 22, 2016	-Establishes procedures, governance, etc. for the protection of intellectual property rights. -Criminalizes willful and intentional infringement of IT property rights – including theft and unlawful appropriation -Criminalizes IT piracy and theft & confirms same as predicate offenses for ML in accordance with the AML/CFTF Act -Provides for seizure, confiscation & forfeitures of instrumentalities of crimes
Liberia Anti-Terrorism Act, 2016	Feb. 16, 2017	-Expand the scope of conduct proscribed as terrorist offenses to include conduct prohibited under UNSCR 1267, 1373, 2253 -Criminalizes the financing of individual terrorists for any purpose, without requiring a link to a specific terrorist act
Special Criminal Procedures for Offenses involving Terrorist Acts, 2016	Feb. 16, 2017	Provides powers to allow LEAs to identify & trace property that is subject to confiscation or suspected to be the proceeds of crime, among others.
Targeted Sanctions against Terrorist Acts, 2016	Feb. 16, 2017	Designates competent authority responsible for proposing designations to the UN & for making designations at the national level, & review the mechanisms in place to handle foreign requests as mandated under UNSCR 1267, 1373, 2253 & successors resolutions.

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b) Complete and Published Regulations

Name of Regulation	Publication Date	Purpose
Regulation Concerning Transfer of Foreign Currency	November 3, 2001	Sets out the mode for businesses & individuals to transfer foreign currency, & penalties for non-compliance.
AML/CFT Regulations for Financial Institutions in Liberia	July 29, 2013	Sets out AML/CFT regulations for financial institutions under the supervision of the CBL.
Regulation on Suspicious Transaction Reporting for Financial Institutions	March 18, 2016	Sets out procedures & format for reporting STRs to the FIU by FIs.
Regulation on Currency Transaction Reporting for Financial Institutions	March 18, 2016	Sets out the threshold, procedures & format for reporting CTRs to the FIU by FIs.
Regulation for Further Distribution & Action on the UN List of Terrorists & Terrorist Groups	March 18, 2016	Sets out procedures for domestic distribution of the UN List of Terrorists & Terrorist Groups.
Regulation Dealing with Cross-Border Transportation of Currency & Bearer Negotiable Instruments	March 18, 2016	Sets out policy for declaration regime, procedures for declaration and penalties for non-compliance.

c) Regulations in Progress

Name of Regulation	Status	Purpose
Regulation for Politically Exposed Persons (PEPs)	Awaiting submission for approval.	Establishes standards & procedures for identifying, verifying & applying enhanced due diligence in the provision of financial services for PEPs.

5.0 Institutional Measures to Counter ML and TF

5.1 International Institutions

5.1.1 There are international institutions involved in the efforts to Counter ML and TF worldwide. Two of these institutions are the Financial Action Task Force and the Egmont Group of FIUs. Also involved in the efforts to Counter ML and TF are the World Bank and International Monetary Fund.

5.2 Regional Institutions

5.2.1 Regionally institutions involved in the efforts to Counter ML and TF are referred to as the FATF-Styled Regional Bodies (FSRB) including is the APG, CFATF, EAG, ESAAMLG, GABAC, GAFILAT, GIABA, MENAFATF and MONEYVAL. Also are the African Development Bank (AfDB) and Central Bank of West African States (BCEAO).

5.3 Domestic Institutions

5.3.1 In Liberia, like in most countries, institutions involved in the efforts to Counter ML and TF are grouped into Reporting Entities, Regulators or Supervisors, the FIU, LEAs, Prosecution and the Judiciary. Together these institutions are referred to as Stakeholders in

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the AML/CFT regime. Other Stakeholders in the AML/CFT regime are Board of Directors of the FIU, the Financial Crime Working Group, and the Ministry of Foreign Affairs; and Civil Society Organizations, the Media and the General Public.

5.3.2 Reporting Entities: are those entities that are required to submit suspicious transaction reports, currency transaction reports and other reports to competent authority concerning ML, TF, and associated predicate offenses. Reporting entities include financial institutions (banks, insurance, securities, micro-finance, exchange bureau, western union, money gram, mobile money, etc.), and designated non-financial businesses and professions {casinos; real estate agents; dealers in high-value goods, such as precious stones or metals, or works of art, auctioneers, dealers in automobiles (including used cars), boats, antiques, etc.; trust and company service providers; lawyers, notaries, other independent professionals and accountants in certain defined circumstances; etc.}

5.3.3 Competent Authority: is any entity that receives suspicious transaction reports, currency transaction reports and other reports; share/exchange information; and receives results of analysis and preliminary investigation concerning ML, TF, and associated predicate offenses. Competent authority includes regulators or supervisor, FIU, LEAs, Prosecution and Judiciary.

5.3.4 The FIU is a competent authority that is mandated to: a) receive suspicious transaction reports, currency transaction reports and other reports from reporting entities, other public and private entities, and individuals; b) request information from reporting entities, other public and private entities, and individuals; c) share/exchange information with other competent authority; and d) disseminate to other competent authority reports of intelligence arising from the conduct of analysis and preliminary investigation of the various reports it receives; concerning ML, TF, and associated predicate offenses.

5.3.5 Competent Authority is any entity that the FIU is mandated to: a) request information from; b) share/exchange information with; and b) disseminate reports of intelligence arising from the conduct of analysis and preliminary investigation of the various reports it receives to; concerning ML, TF, and associated predicate offenses. Competent authority include regulators/supervisors, LEAs, and Prosecution.

5.3.6 Below is a table highlighting stakeholders in the AML/CFT regime as well as their AML/CFT roles and reporting responsibilities:

a) Reporting Entities

Name of Entity	AML/CFT Roles	AML/CFT Reporting
Financial Institutions DNFBPs	a) Have in place an effective AML/CFT Compliance Program. b) Submit STRs, CTRs & other reports to the FIU c) Implement all AML/CFT legal & regulatory requirements.	Compliance Officer periodic AML/CFT Report to the FIU & Supervisor. .

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b) Competent Authority (AML/CFT Supervisors)

Name of Entity	AML/CFT Roles	AML/CFT Reporting
Central Bank of Liberia	- Supervises the Financial Sector. - Ensures that all FIs under its supervision comply fully with the AML/CFT obligations to: - Have in place an effective AML/CFT Compliance Program. - Submit STRs, CTRs & other reports to the FIU - Implement all AML/CFT legal & regulatory requirements.	- Update the FIU on entities' non-compliance with the AML/CFT obligations. - Update the FIU on sanctions imposed on entities as well as their Directors, Officers or Staffs. - Receive from the FIU updates on entities non-compliance with the AML/CFT obligations; as well as sanctions imposed on the entities & their Directors, Officers or Staffs.
Liberia National Lotteries Authority	- Supervises the gaming industry. - Ensures that all gaming entities under its supervision comply fully with the AML/CFT obligations to: - Have in place an effective AML/CFT Compliance Program. - Submit STRs, CTRs & other reports to the FIU - Implement all AML/CFT legal & regulatory requirements.	- Update the FIU on entities' non-compliance with the AML/CFT obligations. - Update the FIU on sanctions imposed on entities as well as their Directors, Officers or Staffs. - Receive from the FIU updates on entities non-compliance with the AML/CFT obligations; as well as sanctions imposed on the entities & their Directors, Officers or Staffs.
FIU	- Regulate the AML/CFT regime. - Receive/request, analyze & disseminate results of STR, CTR & other reports from reporting entities. - Enter into MOUs & exchange information with other stakeholders. - Enter into MOUs & exchange information with other FIUs. - Issue regulations (in collaboration with regulators, where applicable) - Issue circulars & guidelines (in collaboration with regulators, where applicable) - Work with CBL & LNL in ensuring that all FIs & DNFBPs under their supervision comply fully with the AML/CFT obligations. - Assume AML/CFT supervisory authority for all other DNFBPs & ensure that they comply fully with the AML/CFT obligations to: - Have in place an effective AML/CFT Compliance Program. - Submit STRs, CTRs & other reports to the FIU. - Implement all AML/CFT legal & regulatory requirements.	- Collate information from all stakeholders & prepare FURs for GIABA. - Prepare reports on CTR, STR, other reports; MOUs signed; regulations, circulars & guidelines issued. - Prepare reports on compliance outreach exercises conducted. - Prepare reports on training, awareness & sensitization conducted. - Update regulators on non-compliance with AML/CFT obligations by DNFBPs under the supervision of the FIU. - Update regulators on sanctions imposed on DNFBPs; as well as their Directors, Officers or Staffs; under the supervision of the FIU. - Update CBL & LNL on non-compliance with AML/CFT obligations by FIs & DNFBPs under their supervision. - Update CBL & LNL on sanctions imposed on FIs & DNFBPs; as well as their Directors, Officers or Staffs; under their supervision.

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c) Competent Authority (Industry Regulators)

Liberia Registry	Business	1. Registrar of Businesses / Regulator of business registration 2. Assist in the identification of business established for the sole purpose of facilitating ML/TF. 3. Assist in preventing shell companies from being registered. 4. Assist in identifying the beneficial ownership of companies. 5. Report suspicious business registrants to the FIU.	Update the FIU on the # of businesses established to facilitate ML/TF; # of shell companies registered; # of suspicious business registrants.
Ministry of Commerce & Industry		Regulator of commerce & industry.	Update the FIU on all AML/CFT matters key to ensuring that Liberia commercial & industrial actors do not use the sectors for ML/TF activities
Ministry of Lands, Mines & Energy		Regulator of the natural resources industry	1. Update the FIU on entities' non-compliance with the AML/CFT obligations. 2. Update the FIU on sanctions imposed on entities as well as their Directors, Officers or Staffs. 3. Receive from the FIU updates on entities non-compliance with the AML/CFT obligations; as well as sanctions imposed on the entities & their Directors, Officers or Staffs.
Ministry of Transport		Regulator of the Transportation Industry.	1. Update the FIU on entities' non-compliance with the AML/CFT obligations. 2. Update the FIU on sanctions imposed on entities as well as their Directors, Officers or Staffs. 3. Receive from the FIU updates on entities non-compliance with the AML/CFT obligations; as well as sanctions imposed on the entities & their Directors, Officers or Staffs.
Ministry of Finance & Development Planning		Regulator of the NPO/NGO industry. NPO/NGP should be required to: a) Keep record of all domestic & international transactions & making them available for public authorities to verify that funds were spent in a manner consistent with the purposes & objectives of the organization. b) Set up standard/criteria that promote transparency & accountability to guarantee that they are not used as vehicles for ML/TF.	1. Update the FIU on entities' non-compliance with the AML/CFT obligations. 2. Update the FIU on sanctions imposed on entities as well as their Directors, Officers or Staffs. 3. Receive from the FIU updates on entities non-compliance with the AML/CFT obligations; as well as sanctions imposed on the entities & their Directors, Officers or Staffs.
Ministry of Labor		Regulator of the labor industry.	1. Update the FIU on entities' non-compliance with the AML/CFT obligations. 2. Update the FIU on sanctions imposed on entities as well as their

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		Directors, Officers or Staffs. 3. Receive from the FIU updates on entities non-compliance with the AML/CFT obligations; as well as sanctions imposed on the entities & their Directors, Officers or Staffs.
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d) Competent Authority (Law Enforcement Entities)

Name of Entity	AML/CFT Roles	AML/CFT Reporting
National Security Agency	Conduct counter-terrorism activities.	Provides the FIU information pertaining to terrorist activities.
Liberia National Police	1. Coordinate with other LEA's to investigate ML/TF & predicate offenses & file charges or indictments against accused (in conjunction with MOJ in some cases). 2. Coordinate with other LEA's to effects arrests, searches, & seizures as well as make application for freezing of assets relating to ML/TF & predicate offenses.	Update the FIU on ML/TF & predicate offenses investigations & indictment including number of arrests, searches, seizures, applications for freezing of assets relating to ML/TF & predicate offenses.
Liberia Immigration Service	1. Interception of transnational ML/TF & predicate offenses alleged criminals & conducting of preliminary investigation & turn-over to competent authorities. 2. Assist in the implementation of the regulation on cross-border transportation of currencies & bearer negotiable instruments.	Update the FIU on # interception of transnational ML/TF & predicate offenses alleged criminals & criminals made, preliminary investigation conducted, & turn-overs made to competent authorities; & # of interceptions made in relation to the regulation on cross-border transportation of currencies & bearer negotiable instruments.
Liberia Drugs Enforcement Agency	Intercepting illicit traffickers in narcotic drugs & psychotropic substances, & drug-money launderers including drugs running conducted by organized national & transnational criminal gangs.	Update the FIU on # of interceptions made of illicit traffickers in narcotic drugs & psychotropic substances & drug-money launderers including number of arrests, searches, seizures, application for freezing of assets relating to drug traffickers & drug-money launderers.
Transnational Crime Unit	Play key roles in investigating ML/TF & predicate offenses relating to transnational criminal acts.	Update the FIU on transnational ML/TF & predicate offenses.
Liberia Revenue Authority	Investigate economic crimes involving tax evasion, smuggling & counterfeiting.	Update the FIU on cases of tax evasion, smuggling & counterfeiting as well as number of interceptions made & cases related to the regulation on cross-border transportation of currencies & bearer negotiable instruments.
Liberia Anti-Corruption Commission	1. Investigate acts of corruption & other financial crimes, & prosecute where the MOJ has not prosecuted within 90 days. 2. Effect seizure, & make application for freezing & confiscation.	Update the FIU on cases of corruption & other financial crimes including indictment, convictions, seizures, freezing & confiscation.

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General Auditing Commission	Perform external audits of all institutions of government.	Update the FIU any suspicious transactions/activities related to ML/TF & associated predicate offenses during the conduct of audits or in audit reports.
Internal Audit Agency	Perform internal audits of all institutions of government.	Update the FIU any suspicious transactions/activities related to ML/TF & associated predicate offenses during the conduct of audits or in audit reports.

e) Competent Authority (Prosecution)

Name of Entity	AML/CFT Roles	AML/CFT Reporting
Ministry of Justice	1. Superintend the indictment & prosecution of offenders of ML/TF & predicate offenses statutes/laws. 2. Effects seizures, & make application for freezing & confiscation of assets relating to ML/TF & predicate offenses.	Update the FIU on the execution of ML/TF & predicate offenses statutes/laws including reporting on the # of indictments, seizures, freezing & confiscation of assets relating to ML/TF & predicate offenses.

f) Competent Authority (Judiciary)

Name of Entity	AML/CFT Roles	AML/CFT Reporting
Courts (Judges & Magistrates)	1. Interpret the various statutes/laws on ML/TF & predicate offenses. 2. Render decision in requests for freezing or confiscation of assets relating to ML/TF & predicate offenses	Update the FIU on outcome/status of ML/TF & predicate offenses cases, including number of freezing & confiscation of assets relating to ML/TF & predicate offenses.

g) Other Stakeholders

Name of Entity	AML/CFT Roles	AML/CFT Reporting
Board of Directors of the FIU	1. Governing body of, & supports the overall purpose & functions of the FIU. 2. Formulate & ensure the implementation of policies necessary for the achievement of the objective of AML/CFT laws, & oversees the implementation of AML/CFT policies in Liberia.	Reports on the performance of the FIU & AML/CFT regime.
Financial Crime Working Group	Interagency & multi-disciplinary working group that focuses on identifying & resolving obstacles to the effective implementation of the AML/CFT regime.	Monthly Meeting Minutes & Activity Reports
Ministry of Foreign Affairs	Provide diplomatic outreach in international assistance in criminal matters.	1. Receives from the Liberia Ambassador to the UN, the UN List of Terrorists & Terrorist Groups & disseminate to the FIU, CBL & MOJ. 2. Receives & sends out requests for

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		mutual legal assistance in criminal matters.
Non-State Actors (Civil Society Organizations, the Media & the General Public)	Assist in a holistic & aggressive campaign on AML/CFT.	Make voluntary reports to the FIU on any suspicious transactions/activities related to ML/TF & associated predicate offenses.

6.0 RESOURCES

6.1 Below are some resources for reference. You may use google to find each of these documents on the internet or refer to the “Financial Intelligence Unit: An Overview by IMF and World Bank on the internet by clicking this link: <http://www.imf.org/external/pubs/ft/FIU/fiu.pdf>.

- a) Procedure for Being Recognized as an Egmont Group FIU
- b) The Egmont Group: Operational Financial Intelligence Units of the World
- c) Interpretive Note Concerning the Egmont Definition of an FIU
- d) Egmont Group: Principles for Information Exchange Between FIUs for ML Cases
- e) Egmont Group: Best Practices for the Improvement of Exchange of Information Between FIUs
- f) FATF 40 Recommendations (2003)
- g) International Convention for the Suppression of the Financing of Terrorism
- h) United Nations Convention Against Transnational Organized Crime
- i) United Nations Convention Against Corruption

7.0 PUBLICATION

7.1 This guideline is part of the outreach program of the Financial Intelligence Unit of Liberia. This guideline will be reviewed, edited and updated on a periodic basis. Therefore, if you have any comments or suggestions, please send them to:

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