



REAL ESTATE SECTOR MONEY LAUNDERING/TERRORIST FINANCING RISK ASSESSMENT REPORT



ML/TF Risk

REPUBLIC OF LIBERIA

2024

CONTENTS

ACRONYMS.....	5
TABLE OF FIGURES AND TABLES	6
INTRODUCTION	7
Objectives	8
Scope	8
Methodology.....	8
Limitations	10
EXECUTIVE SUMMARY	11
CHAPTER 1: REAL ESTATE ML THREAT ASSESSMENT	15
1.1 ANALYSIS OF THE THREAT ASSESSMENT	15
1.1.1 Prevalent crimes in the Sector.....	15
1.2 Legal Framework Relating to Real Property	16
1.3 ML Combating Ability	36
1.4 Comprehensiveness And Effectiveness of Real Property Laws, Regulations, and Policies 41	
CHAPTER 2: REAL ESTATE SECTOR VULNERABILITY TO MONEY LAUNDERING ..	52
2.0 REAL ESTATE SECTOR VULNERABILITY ASSESSMENT.....	52
2.1 Effectiveness of Supervision, Procedures and Practices	52
2.2 Enforcement of Administrative Sanctions	53
2.3 AML/CFT Knowledge and Training	54
CHAPTER 3: AML/CFT CONTROLS AND MEASURES FOR REPORTING ENTITIES ...	55
3.0 Assessment of the Quality of AML/CFT Controls and Measures for Reporting Entities	55
3.1 Effectiveness of Suspicious Transaction and Activity Reporting.....	57
3.2 Availability And Effectiveness of Internal Controls.....	57
3.3 Identification and Verification Requirements	57
3.4 Enhance Due Diligence	58
3.5 Financial Transaction.....	59
CHAPTER 4: REAL ESTATE AGENTS.....	60
4.0 Assessment Of Vulnerabilities Associated with Real Estate Agents.....	60
4.1 Legal/Regulatory Status.....	60
4.2 KYC Requirements	61
4.3 Identification And Verification (SDD, CDD, EDD) of clients (buyer & Seller)	62

4.4	Effectiveness Of Suspicious Transaction and Activity Reporting.....	62
4.5	Recordkeeping requirements	62
4.6	AML/CFT Knowledge and training.....	62
4.7	Financial Transaction	63
CHAPTER 5: BUYING & SELLING OF REAL PROPERTIES.....		64
5.0	Assessing the ML Vulnerabilities associated with Buying and Selling of Real Properties	64
5.1	KYC, SDD, CDD, EDD Requirements for Sellers (Granters/ property owners).....	65
5.2	Recordkeeping Requirements.....	66
5.3	AML/CFT Knowledge for property owners (granters).....	66
5.4	Medium of financial transactions	66
CHAPTER 6: RURAL & URBAN FACTORS IN BUYING AND SELLING OF REAL PROPERTIES.....		68
6.0	Assessing the ML vulnerabilities associated with buying and selling real properties in rural & urban communities	68
6.1	Rural Factor.....	68
6.2	Urban Factor	69
CHAPTER 7: LNBA/LAWYERS-LAW FIRMS		71
7.0	Assessing the ML Vulnerabilities associated with LNBA/Lawyers-Law Firms	71
7.1	Lawyers-Law Firms	71
7.2	Liberia National Bar Association.....	71
CHAPTER 8: NOTARY PUBLIC.....		73
8.0	Assessing the ML Vulnerabilities associated with Notary Public	73
8.1	SDD, CDD, EDD Requirements	74
8.2	Recordkeeping.....	74
CHAPTER 9: PROBATE COURT		76
9.0	Assessing the ML Vulnerabilities associated with Probate Courts	76
9.1	The Probate Process - Grand Bassa County.....	76
9.2	The Probate Process - Montserrado and Margibi Counties	77
9.3	The Probate Process – Nimba County.....	77
9.4	SDD, CDD, EDD requirements	78
9.5	Beneficial ownership verification.....	78
9.6	Recordkeeping obligations.....	78
CHAPTER 10: THE LEASING/MORTGAGING OF REAL PROPERTIES.....		80
10.0	Assessing the ML Vulnerabilities associated with Leasing/Mortgaging of Real Properties.....	80

11.0 LIBERIA REAL ESTATE TERRORIST FINANCING RISK.....	82
11.1 TERRORIST FINANCING THREAT ANALYSIS.....	82
12.0 FINDINGS.....	83
13.0 CONCLUSION	84
14.0 RECOMMENDATIONS.....	85
BIBLIOGRAPHY	87

ML/TF Risk Assessment of the Real Estate Sector in Liberia-2024

ACRONYMS

ALCC	-	Association of Liberia Construction Contractors
AML	-	Anti-Money Laundering
BOs	-	Beneficial Owners
BOI	-	Beneficial Ownership Information
CDD	-	Customers Due Diligence
CFT	-	Countering Financing of Terrorism
CLDMA	-	Community Land Development Management Agency/Committee
CNDRA	-	Center for National Documents, Records Agency
CO	-	Compliance Officer
CTR	-	Currency Transaction Reporting
DNFBPs	-	Designated Non-Financial Businesses and Professions
EDD	-	Enhanced Due Diligence
FATF	-	Financial Action Task Force
FE-REAL	-	Federation of Real Estate Agents of Liberia
FIA	-	Financial Intelligence Agency of Liberia
FIU	-	Financial Intelligence Unit
GIABA	-	Inter-Governmental Action Group Against Money Laundering in West Africa
GOL	-	Government of Liberia
INTERPOL	-	International Police
KYC	-	Know Your Customer
LACC	-	Liberia Anti-Corruption Commission
LBR	-	Liberian Business Registry
LLA	-	Liberia Land Authority
LNBA	-	Liberia National Bar Association
LNHA	-	Liberia Housing Authority
LNP	-	Liberia National Police
LRA	-	Liberia Revenue Authority
LREU	-	Liberia Real Estate Union
ML	-	Money Laundering
MOJ	-	Ministry of Justice
MPW	-	Ministry of Public Works
NRA	-	National Risk Assessment
PEPs	-	Political Exposed Persons
REs	-	Reporting Entities
RETD	-	Real Estate Tax Division
RBA	-	Risk-Based Approach
SDD	-	Simplified Due Diligence
STR	-	Suspicious Transactions Report
TF	-	Terrorist Financing

TABLE OF FIGURES AND TABLES

Figures:

- Figure 1: Legal framework rating chart
- Figure 2: Real Property Tax collection 2021-2023
- Figure 3: ML Threat rating for Effective Investigation-Confiscation
- Figure 4: ML Vulnerability rating for supervisors
- Figure 2: ML Vulnerability for internal control/compliance program

Tables:

- Table 1: Real estate regulators and stakeholder entities
- Table 2: Real estate professionals, agents, property owners/realtors, lawyers, REs
- Table 3: ML Threat rating
- Table 4: Prevalent crimes in the real estate sector
- Table 5: AML/CFT Legal framework rating
- Table 6: STR report related to real estate
- Table 7: Effectiveness of ML/TF Investigation, Prosecution, conviction, & Confiscation
- Table 8: Variable for REs, professionals, and supervisors
- Table 9: ML Vulnerability rating for Internal control/compliance program
- Table 10: Real Estate Institutions/Respondents
- Table 11: REs financial transactions 2021-2023
- Table 12: Variables and rating for real estate Agents
- Table 13: Assessment of financial, legal status, recordkeeping, and supervision
- Table 14: ML Vulnerability associated with buying and selling real properties
- Table 15: ML Vulnerability assessment of Property owners' legal status, financial transaction and knowledge of AML
- Table 16: ML Vulnerability rating for Notary Public

INTRODUCTION

The Financial Intelligence Agency of Liberia (FIA) was established by the Financial Intelligence Agency Act of 2021 to serve as the central, national agency of Liberia responsible for the receipt, analysis and conduct preliminary investigations, of suspicious transactions or activities reports, currency transactions or activities reports, other information relevant to money laundering, associated predicate offenses, terrorist financing, financing proliferation of weapons of mass destruction and proceeds of crime and other transactions or activities reports determined by the FIA and in the Anti Money Laundering /Countering the Financing of Terrorism (AML/CFT) Act.

Liberia's money laundering and terrorist financing ¹National Risk Assessment (NRA) report of 2019 found that the real estate sector is a profitable sector, lacks formal regulator, lacks relevant AML/CFT Regulations, no awareness/training of AML/CFT related activities. The report recommended that the country strengthens the regulatory framework of the sector, provide training and awareness, and increase collaboration and information sharing amongst stakeholders. Another factor discovered by the NRA is that "most real estate properties are on leased lands, which are traceable to prominent Liberian families. Due to our laws, which prohibit non-Liberians from land ownership, most of the lands are also purchased in the name of minor children born by Liberian mothers. The real estate sector is not organized as a professional body. There is great potential for the sector, and it is also seen as the best option to invest."

The second round of ²Mutual Evaluation Report (MER2) of Liberia 2023 outlined additional findings, including findings from the NRA and further recommended that Liberia enhances the legal and regulatory frameworks of the real estate sector to ensure full compliance, enhance due diligence procedures in the sector, promote transparency, record-keeping, enhance the implementation of measures targeting the informal economy, and expand future risk assessments to include the real estate sector.

Key stakeholders included in the assessment process among others were; the Liberia Revenue Authority, Liberia Business Registry, Ministry of Justice, the probate and circuit courts, notaries public, the Financial Intelligence Agency of Liberia, Liberia National Police, Liberia Anti-Corruption Commission, Liberia Land Authority, lawyers/law firms, Association of Liberia

¹ National ML/TF Risk Assessment (NRA) Report 2019

² Liberia's Second Round of Mutual Evaluation Report 2023

Construction Contractors, Liberia Real Estate Union, the Federation of Real Estate Agents of Liberia (FE-REAL), etc. These entities/individuals play significant roles in regulating, buying, selling, leasing, and mortgaging including but not limited to the processes leading to documentation, investigation, prosecution and adjudication of cases deriving from the real estate sector.

Objectives

The objective of this risk is to assess ML and TF risks affecting Liberia's Real Estate sector. It aims to:

1. Review legal and regulatory framework that relate to the Liberia real estate sector
2. Identify nature of money laundering threats and vulnerabilities besetting the estate sector
3. Identify nature of terrorism financing threats and vulnerabilities besetting the real estate sector
4. Identify features and types of Real Estate institutions, professional, and/or products and services that are expose to ML/TF threats and vulnerabilities
5. Recommend mitigating and monitoring measures

Scope

There are several nomenclatures in Liberia's Real Estate sector. The scope of this exercise is tailored to assess the ML/TF risk (threats & vulnerabilities) associated with the legal framework, predicate crimes, real estate developers, brokers, agents, concessionaires, construction companies, community/private land administrators, real estate unions (self-regulator), supervisors/regulators and stakeholder institutions. The geographical locations considered due to their population and economic/real estate activities include; Montserrado, Margibi, Grand Bassa, Bong, and Nimba Counties.

Methodology

The assessment was guided by international best practice measures. FIA broke the assessment processing into 4 phases. Phase one was the stakeholders engagement (preparation, awareness and sensitization of stakeholders, real estate institutions/professionals, gatekeepers, etc.); phase two – data collection (urban Montserrado-Monrovia), phase three – data collection (rural) face-to-face engagement with stakeholders, realtors, and property owners in five counties selected to have economic activities relating to buying and selling of real properties; phase three – data collation, analysis, report writing, and report validation, and the last; phase four - being the development of the proposed action plan following the assessment. The membership of the teams for the face-to-

face engagement comprised staff of FIA (Risk and Strategic Analysis Section, Regulation & Supervision Section, Analysis Section) and staff of Liberia Land Authority (County Land Administrators). The FIA reviewed other sectorial risk assessment tools developed by international organizations and developed forms, questionnaires, templates, and tools for the assessment. For the ratings, a scale of zero to one (0, 0.1, 0.2, 0.3, 0.5, 0.7, & 1) was used to rate threats and vulnerabilities respectively. The composition of the assessment teams, stakeholders, and respondents are seen in the below tables.

Table 17: Real estate regulators and stakeholder entities

Name of institution	Category	Location	# Questionnaires Distributed
Liberia Revenue Authority (LRA)	Stakeholder/LEA	Monrovia/HQs	3
Liberia Business Registry (LBR)	Stakeholder	Monrovia/HQs, Grand Bassa	2
Ministry of Public Works (MPW)	Stakeholder/Supervisor	Monrovia/HQs	2
Liberia Land Authority (LLA)	Stakeholder/Regulator	Monrovia/HQs, Nimba, Margibi, Grand Bassa,	2
Liberia Housing Authority (LNHA)	Stakeholder	Monrovia/HQs	1
Liberia Real Estate Union (LREU)	Self-Regulator	Monrovia/HQs	2
Association of Liberia Construction Contractors (ALCC)	Regulator	Monrovia/HQs	2
Probate courts	Stakeholder/gatekeeper	Montserrado, Nimba, Margibi, Grand Bassa	4
Circuit/Civil Law Courts	Stakeholder/Judicial	Montserrado, Margibi, Nimba, Grand Bassa	4
Liberia Anti-Corruption Commission (LACC)	Stakeholder/LEA	Monrovia/HQs	2
Ministry of Justice (MOJ)	Stakeholder/Prosecutor	Monrovia/HQs	2
Liberia National Police (LNP)	Stakeholder/LEA		1
Liberia National Bar Association (LNBA)	Stakeholder	Monrovia/HQs	2
Federation of Real Estate Agency of Liberia (FE-REAL)	Self-Regulator	Monrovia/HQs	2

Table 18: Real estate professionals, agents, property owners/realtors, lawyers, REs

Name of REs/Professionals	Category	Location	# Questionnaires Distributed
Real Estate Institutions/REs	RE	Monrovia-Montserrado	5
Agents	gatekeeper	Monrovia-Montserrado	7
Property owners/Realtors	Seller/buyer	Montserrado, Margibi, Grand Bassa, Nimba, and Bong counties.	15
Lawyers/Law firms	gatekeeper	Monrovia, Montserrado, Nimba	3
Notary Public	Stakeholder/Gatekeeper	Monrovia/Montserrado, Margibi, Grand Bassa, Margibi	4

Limitations

Below are highlights of the main challenges encountered during the data-collection process:

- a) Data from some stakeholder entities were not provided while some delayed due to lapses in recordkeeping.
- b) Budgetary and time constraints slowed the progress of the assessment at various stages.
- c) Access to data in rural areas was limited. Some respondents in rural communities could not be reached.
- d) Most institutions/professionals did not have adequate and effective recordkeeping mechanism to generate and provide the required data requested in a timely manner.

EXECUTIVE SUMMARY

³The Financial Action Task Force (FATF) is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. The FATF Recommendations are recognised as the global anti-money laundering (AML) and counter-terrorist financing (CFT) standard. ⁴Recommendation 22; DNFBPs customer due diligence

The customer due diligence and record-keeping requirements set out in Recommendations 10, 11, 12, 15, and 17, apply to designated non-financial businesses and professions (DNFBPs) including the estate sector “(Real estate agents) when they are involved in transactions for their client concerning the buying and selling of real estate.

The ⁵FATF Guidance for a Risk-Based Approach in the Real Estate Sector was primarily developed to outline the principles and benefits of adopting a risk-based approach to tackling ML/TF. It is designed to be read alongside the FATF Recommendations (2012) and provides real estate professionals involved in real estate transactions, with the requisite tools and examples to support the implementation of FATF standards enabling the implementation of a risk-based approach to anti-money laundering and countering the financing of terrorism (AML/CFT). Such an approach is the foundation of a country’s AML/CFT framework, which must reflect the characteristics of legal, regulatory and financial frameworks.

The second round of Mutual Evaluation Report (MER2) of Liberia 2023 outlined additional findings, including findings from the NRA and further recommended that Liberia enhances the legal and regulatory frameworks of the real estate sector to ensure full compliance, enhance due diligence procedures in the sector, promote transparency, record-keeping, enhance the implementation of measures targeting the informal economy, and expand future risk assessments to include the real estate sector.

Considering the obligation of the FATF 40 Recommendations and the guidance relating to the real estate sector, this sectoral ML/TF risk assessment of the real estate sector attempts to foster the ML/TF risk understanding in Liberia. The exercise identifies and evaluates threats, vulnerabilities and their influences in the sector and to a greater extent on the Liberian economy

³ www.fatf-gafi.org

⁴ FATF Recommendation (updated October 2020)

⁵FATF Guidance for a Risk-Based Approach – Real Estate Sector

and its financial system. The objective was to review legal and regulatory frameworks that relate to the Liberia real estate sector, identify the nature of money laundering and terrorist financing threats and vulnerabilities besetting the sector, and identify features and types of real estate institutions, professional, and/or products and services that are exposed to ML/TF threats and vulnerabilities. Consistent with the findings and recommendations of this assessment report, a robust strategic plan will be developed and aimed at helping to mitigate deficiencies identified. The report and its strategic plan would prove Liberia's commitment to fight against money laundering, terrorist financing and other financial and organized crimes in the real estate sector.

⁶According to Chapter III, Article 22 (a) of the Constitution of Liberia, the acquisition of properties which include real properties in Liberia is restricted to Liberian citizens only. "Every person shall have the right to own property alone as well as in association with others, provided that only Liberian citizens shall have the right to own real property within the Republic". The constitution however outlined the requirements for citizenship in Chapter IV, Article 27 (b) that "in order to preserve, foster, and maintain the positive Liberian culture, values and character, only persons who are negroes or of Negro decent shall qualify by birth or by naturalization to be citizens of Liberia". However, a child born by a non-negro and a Liberian parent (male/female) can decide at 18 years which nationality he/she can become.

With these provisions in Liberia's constitution, there has been trends and patterns through which non-negros acquire real properties using children of a Liberian and a non-negro, though the child may not be the ultimate beneficial owner of the property. Naturalized negroes from neighboring countries and other African countries also have rights to own real properties in Liberia. A trend identified by this assessment points to non-negros who may not have a child by a Liberian largely engaging in the leasing/mortgaging of real properties (Land/estates) for longer periods ranging from five (5) to about fifty (50) years since they have no right to own. This category of non-negros including naturalized Liberians involved in the leasing and/or mortgaging are involved in the construction and development of real estate for rent, lease, and sublease over a period.

The assessment of the legal, regulatory, and transactional frameworks of the real estate sector identified significant ML/TF threats and vulnerabilities. Regarding the ML threat analysis, it was determined that criminal conveyance of land is the prevalent crime in the sector thus rating the overall ML threat as **high** and TF threat as **Low**. The assessment of ML vulnerability centered

⁶ *The constitution of the Republic of Liberia*

around 18 plus variables with fluctuating levels of capacity to deal with threats. The overall assessment of ML vulnerability indicates the existence of a legislative framework but lacks known and effective regulatory framework for monitoring and enforcement activities. It was concluded that the overall sectoral vulnerability is **high**.

In context, Liberia expanded the risk assessment beyond real estate agents to include key players such as property owners (private/community), lawyers/law firms, notary public, probate courts, investigators, prosecutors, etc. when buying and selling real properties. While buying and selling are the two key variables/components to assess ML/TF risk, more attention was drawn to leasing and mortgaging of real properties in Liberia due to the provision on who can acquire real property in Liberia. It was determined that the ML vulnerability related to the leasing and mortgaging of real properties in Liberia is **high** as compared to the buying and selling of real properties.

The assessment among others found that the available legal framework for the real estate sector is not comprehensive to cover all players in the sector for AML/CFT purposes, property owners are not knowledgeable of their AML/CFT responsibilities relating to KYC, SDD, CDD, and EDD before and when conducting transactions (buying/selling/leasing) of real properties, there is no AML/CFT regulation, guideline, or directive for the real estate sector, etc. It was concluded there is on average, the lack of AML/CFT knowledge and awareness in the sector across stakeholders, reporting entities, and agents is the underlining factor for the **high** ML threat and vulnerability in the sector. Key amongst the recommendations are that:

1. the FIA and stakeholders institutions develop AML/CFT regulation, guidelines, and/or directives to include preventive measures/obligations for property owners (individual & community), supervisory entities, lawyers/law firms, notary public, probate court, surveyors, takeholders, and other players in the buying, selling, leasing, and mortgaging of real properties by May 2025.
2. the government of Liberia allocate resources for staffing and technology upgrades to include electronic filing system for stakeholder/supervisory entities, including but not limited to mapping technologies to identify, trace, and verify all real properties in the country in realtime to be readily available upon request by December 2025.
3. the AML/CFT regulation for real estate sector mandate the LLA to regulate and supervise all agents and professionals in the real estate sector for their prudential obligations/requirements and ensure that all measures required for onboarding clients and verifying them are effective. The supervision agents and professionals should include licensing of agents and professionals,

licensing real property owners, especially private and community land and estate owners and all leases/mortgages in the country.

4. the FIA regulate reporting entities, agents, and professionals in the real estate sector for AML/CFT purpose, including but not limited to collaborating and coordinating with other sectoral supervisors, unions, self-regulatory bodies (SRBs) to streamline measures to prevent, detect, and combat ML/TF in the sector.

ML/TF Risk Assessment of the Real Estate Sector in Liberia-2024

CHAPTER 1: REAL ESTATE ML THREAT ASSESSMENT

Table 19: ML Threat rating

No.	Variable	ML Threat Rating
1.	Prevalent crimes in the Sector (Criminal Conveyance of Land)	High
2.	Legal framework relating to real property	Medium
3.	ML Combating Ability	High
4.	Comprehensiveness and effectiveness of real property laws, regulations, and policies	High
5.	Effectiveness of Investigation, Prosecution, and Adjudication of Real Property Cases.	High

1.1 ANALYSIS OF THE THREAT ASSESSMENT

1.1.1 Prevalent crimes in the Sector

Below are summary prevalent crimes identified in the real estate sector.

Table 20: Prevalent crimes in the real estate sector

Crimes in the sector	ML Threat Rating			
	High	Medium	Low	Ranking
Criminal conveyance of Land	High			1
Fraud	High			2
Theft of property	High			3
Unauthorized sale of land/property		Medium		4
Encroachments on land		Medium		5
Coniving of surveyors with land buyers to defraud land sellers		Medium		6
Illegal extension of corner stones			Low	7
Forging of signatures on land/property deeds or documents.			Low	8
False claims to property			Low	9

The private ownership of land in particular extends to individual, families, and communities. There were instances where family members claim that the family land administrator sold land but was not signed or the signature on the deed is not the administrator's signature. Montserrado & Margibi counties share similar crimes when it comes to the process of buying and selling land. Land buyers have not made it their duties to understand the process required to buy land and often do not verify sellers' documents. Family members of land administrators criminally sell and resell land without the legal authority to do so. Bong county is experiencing fraudulent behavior of buyers attempting to steal from sellers.

Statistics from the ⁷First Judicial Circuit Court, Criminal Assizes “C” trial docket for the November Term of Court 2024 highlights 29 cases on criminal conveyance of land Act 2016. Out of the 29 Criminal conveyance cases, 10 cases were reported for 2021-2024. The statuses of those cases could not be determined. Additionally, there were no statistics from investigation and prosecution on cases relating to real property.

The ML threat relating to the prevalent crime (criminal conveyance of land) sector cases was rated as **High**

1.2 Legal Framework Relating to Real Property

1.2.1 The AML/CFT Act 2021

Table 21: AML/CFT Legal framework rating

Input Variable	Weight	Indicator	ML Threat Rating
AML/CFT Laws on real estate	0.5	The laws provide minimum AML/CFT measures to combat ML and TF.	Medium
AML/CFT regulations on real estate	1	There are no regulations to combat ML/TF	High
AML/CFT Guidelines, standards, policies, directives on real estate	1	There are no guidelines, standards, policies, or directives to combat ML/TF	High

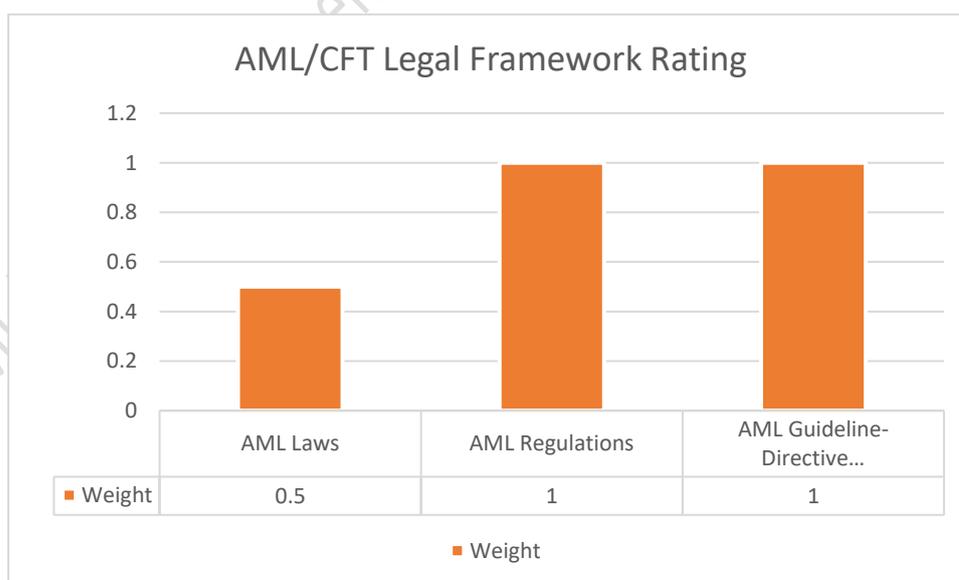


Figure 3: Legal framework rating chart

⁷ First Judicial Circuit, Criminal Assizes “C”

⁸Section 15.3 (Preventive Measures) of the AML/CFT Act 2021 speaks to AML/CFT obligations and administrative sanctions for reporting entities. Below are key points of AML/CFT obligations relatively relevant to the real estate sector ML/TF risk assessment.

Reporting entities refer to financial institutions (FIs) and Designated Non-Financial Business and Professionals (DNFBPs), which encompasses a wide range of professionals such as lawyers, real estate agents/brokers/developers, notaries, legal professionals, accountants, and virtual assets/virtual assets service providers etc. shall have the following obligations:

1.2.1.1 Risk Assessment Obligation

Pursuant to section 15.3.1 of the AML/CFT act 2021, reporting entities shall identify, assess and monitor their ML/TF risks for pre-existing and new customers, products, services, geographic location and delivery channel mechanisms.

They shall also employ a risk-based approach to manage and mitigate their ML/TF risks and shall also develop policies and procedures to help manage and mitigate the ML/TF risk identified in compliance with the AML/CFT act and other relevance regulatory guidelines issued.

Reporting entities shall apply enhanced CDD measures where the money laundering and terrorism financing risks are found to be high and may, subject to the Act and the regulations, apply simplified CDD measures to be applied where such risks are found to be low.

Reporting entities shall document the risk assessment in writing, keep it up to date and make it available to relevant supervisory authorities and self-regulatory bodies upon appropriate request.

1.2.1.2 Customer Due Diligence obligations

A reporting entity shall not establish or maintain anonymous account or account in fictitious name. Reporting entities shall undertake customer due diligence measures by means of reliable and independent source documents or information in the following circumstances:

- When establishing a business relationship with a customer.
- Whenever doubts exist about the veracity or adequacy of previously obtained customer identification information.

⁸ Section 15.3 (Preventive Measures) of the AML/CFT Act 2021

- Whenever there is suspicion of money laundering or terrorism financing involving the customer(s).

Furthermore, reporting entities shall apply the following customer due diligence measures:

- in addition to the above-mentioned measures, reporting entities are also obligated under AMLCFT 2021 act, reporting entities shall Identify the customer and verify the customer's identity using reliable, independent source documents, data or information.
- For a customer that is a natural person, a reporting entity shall obtain and verify the full legal and any other names, telephone number and email address, permanent address, date and place of birth, nationality, occupation, public position held and/or name of the employer, official personal identification number or other unique identifier contained in an unexpired official document that bears a photograph of the customer, and signature.
- For a legal arrangement or customer that is a legal person, reporting entities shall obtain and verify the name, legal form, status and proof of existence, provisions governing the authority to regulate and bind the legal person or legal arrangement; the names of any director, or other person holding a senior management position in the legal entity or legal arrangement; and the address of the registered office or principal place of business and for a trust, the trustee, protectors and beneficiaries of a trust.
- Reporting entities are also obligated under the AML/CFT act 2021 to Identify and verify the identity of any person purporting to act on behalf of the customer and verify that such person is properly authorized to act in that capacity and should identify and verify the identity of that person.
- Reporting entities should understand and obtain information on the purpose and intended nature of the business relationship.
- Reporting entities shall also Identify the beneficial owner and take reasonable measures to verify the identity of the beneficial owner so that the reporting entity is satisfied it knows who the beneficial owner is.
- Reporting entities shall determine the beneficial owner of a customer. It shall; for customers that are legal persons, obtain and take reasonable measures to verify the identity of any natural person(s) who ultimately owns or controls a legal entity by directly or indirectly owning more than applicable percentage threshold of the shares or voting rights or ownership interests in the legal person, including through bearer share holdings, trust arrangements or other means; or if there is doubt under as to whether the person(s) with controlling ownership interests are the beneficial owner(s), or where no natural person

under is identified, the identity of the natural person(s) exercising ultimate effective control over the legal person through other means; or where no natural persons are identified, the identity of the natural person(s) who hold the position of senior managing official.

- For legal arrangements like trust, reporting entities shall obtain and take reasonable measures to verify the identity of the settlor, the trustee(s), the protector if any, the beneficiaries or where the individuals that benefit from the legal arrangement or entity have yet to be determined, the class of persons in whose main interest the legal arrangement or entity is set up or operates, and any other natural person directly or indirectly exercising ultimate effective control over the trust, including through a chain of control or ownership.

1.2.1.3 On-going Due Diligence Obligation

In accordance with section 15.3.3 of the AML/CFT act 2021, a reporting entity shall:

- conduct ongoing due diligence employing a risk-based approach on the business relationship and transactions with its customers.
- conduct ongoing scrutiny of any transaction undertaken throughout the course of the business relationship with a customer to ensure that any transaction that is being conducted is consistent with the reporting entity's knowledge of the customer, the customer's business and risk profile, including, where necessary, the source of funds.
- pay special attention and examine as far as possible the background and purpose of all complex, unusually large transactions and all unusual patterns of transactions, which have no apparent economic or visible lawful purpose or from a customer in a country or area that lacks satisfactory measures to combat acts of money laundering or terrorist financing.

1.2.1.4 Enhanced Customer Due Diligence Obligation

Pursuant to section 15.3.3 of the AML/CFT Act 2021, reporting entities are obligated to examine, as far as reasonably possible, the background and purpose of all complex, unusual large transactions, and all unusual patterns of transactions, which have no apparent economic or lawful purpose. The findings shall be maintained in writing in client files and shall be made available promptly if requested by the FIA or competent supervisory authority that should have access. Where the risks identified are higher, the reporting entity shall apply enhanced customer due diligence measures consistent with the risks identified. Enhanced due diligence measures that reporting entities shall apply include but are not limited to:

- Increase the degree and nature of monitoring of the business relationship to determine whether those transactions or activities appear unusual or suspicious;
- Obtaining additional information on the customer (e.g. occupation, volume of assets, information available through public databases, internet, etc.), and updating more regularly the identification data of customer and beneficial owner;
- Obtaining additional information on the intended nature of the business relationship;
- Obtaining information on the source of funds or source of wealth of the customer;
- Obtaining information on the reasons for intended or performed transactions;
- Obtaining the approval of senior management to commence or continue the business relationship;
- Conducting enhanced monitoring of the business relationship, by increasing the number and timing of controls applied, and selecting patterns of transactions that need further examination;
- Requiring the first payment to be carried out through an account in the customer's name with a bank subject to similar CDD standard.
- Supervisory authorities shall issue regulations with respect to additional enhanced due diligence measures or variations to be undertaken by reporting entities.

1.2.1.5 Simplified Customer Due Diligence Obligation

In accordance with section 15.3.5 of the AML/CFT Act 2021, reporting entities shall have the following obligations; apply simplified customer due diligence procedures to customers that have been identified as low risk through a documented risk assessment. This risk assessment should be kept up to date. The simplified customer due diligence measures should commensurate with the risk factors and should include, but are not limited to the following:

- Reducing the frequency of customer identification updates;
- Reducing the degree of on-going monitoring and scrutinizing transactions;
- Not collecting specific information or carrying out specific measures to understand

the purpose and intended nature of the business relationship.

Reporting organizations shall not apply simplified customer due diligence measures whenever there is a suspicion of money laundering or terrorism financing or when the customer has a business relationship with or in countries not applying sufficient measures to prevent money laundering and terrorist financing or those who are from countries identified as high-risk countries.

1.2.1.6 Inability to Fulfill Customer Identification Obligations

⁹Where a reporting entity is unable to verify the identity of the customer and beneficial owner(s) or comply with other CDD measures, it shall refrain from commencing the business relationship or carrying out the transaction, or it shall terminate the business relationship. In such cases, the reporting entity shall consider filing a suspicious transaction report to the FIA. A reporting entity should also consider submitting a suspicious transaction report to the Financial Intelligence Agency (FIA) when the customer refuses to provide information required by Law.

1.2.1.7 Politically Exposed Persons (PEP) Obligation

In pursuant to section 15.3.7 of the AML/CFT act 2021, a reporting entity shall have in place appropriate risk management systems to determine whether a customer or beneficial owner is a politically exposed person (PEP) and take reasonable measures to identify the source of wealth and source of funds. They should also conduct enhanced on-going monitoring of the business relationship and all the customer due diligence and reporting requirements thereof.

1.2.1.8 ¹⁰Internal Controls Obligation to Combat ML/TF

Compliance Officers: Reporting entities shall appoint AML/CFT Compliance Officers at a management level, which shall be responsible to implement and promote compliance with all AML/CFT obligations within Reporting Entities. The compliance officer shall have unrestricted access on demand to all books, records and employees of the reporting entity as is necessary to fulfill her/his responsibilities.

Policies and Procedures: Reporting entities shall develop and implement internal programs for the prevention of money laundering and terrorism financing and for the management and mitigation of money laundering and terrorist financing risks and such programs shall be regularly updated.

1.2.1.9 ¹¹Higher Risk Countries Obligation

Reporting entities shall apply enhanced customer due diligence to business relationships and transactions with customers, beneficial owners, or reporting entities from higher risk jurisdictions identified by the FIA or a supervisory authority. Such enhanced measures shall be effective and proportionate to the risks identified.

⁹ Section 15.3.6 AML/CFT act 2021

¹⁰ Section 15.3.12 AML/CFT act 2021

¹¹ Section 15.3.14 AML/CFT Act 2021

The FIA or the supervisory authorities may require reporting entities to impose counter measures on transactions associated with countries or geographic regions that are identified as being a high-risk Money Laundering or Terrorist Financing jurisdictions by the FIA or the supervisory authority or international organizations including the Financial Action Task Force.

1.2.1.10 Record-keeping Obligation

According to section 15.3.16 of the AML/CFT Act 2021, reporting entities should obtain and maintain documents and records in accordance with this section and applicable regulations for the respective sector or profession.

Reporting entities should also obtain and maintain the following documents and records accurately and securely for minimum seven years after the termination of business relationship or from the date of transaction in the case of an attempt or execution of a transaction or of an occasional transaction. Record keeping should include:

- all documents and other information related to the identification and verification of customer and beneficial owner;
- all documents, records and conclusion of the analysis of customer or beneficial owner and transaction;
- Documents, correspondence and details of account and business relation of reporting entity;
- All documents and records relating to domestic and foreign transactions;
- Record and documents on attempted transactions;
- Records of all risk assessments undertaken; and
- Other documents and records as prescribed by regulations.

Reporting entity shall keep and maintain documents and records pursuant to subsections (1) and (2) in such a way that it shall be sufficient to reconstruct such information for use as evidence.

Documents and records to be maintained pursuant to this section should be kept in such way that it could be made readily available to competent authorities upon demand.

Reporting entities shall keep reports of suspicious transactions, cash transactions and attempted suspicious transactions for seven years.

1.2.1.11¹² Obligation to Report Suspicious Transactions

1. *Suspicious Transaction Reporting:*

- a) All financial institutions, designated non-financial businesses and professions, must submit a Suspicious Transaction Report (STR) as soon as possible but no later than three (3) days to the FIA if they suspect or have reasonable grounds to suspect that any funds, property or transaction is related to, intended for use in, or linked in any other way to money laundering or its predicate offences, proceeds of crime, or terrorism, terrorist acts or terrorist organizations, or is to be used for terrorism, terrorist acts or terrorist organizations or those who finance terrorism.
- b) The said reports must be submitted either by email or through a designated method prescribed by the FIA or in hard copies and addressed to the Director of the FIA. Reports must be accompanied by any and all documentation that led to such suspicions being raised.
- c) The STR reporting obligation must also apply in cases where there are suspicions of money laundering, or its predicate offences, terrorist financing, terrorism, terrorist acts or terrorist organizations, or is to be used for terrorism, terrorist acts or terrorist organizations or those who finance terrorism or that the property or assets involved might be proceeds of crime with respect to:
 - i. attempted transactions, including attempted transactions which are cancelled or retracted for reasons suspected to include avoiding or evading reporting obligations or other laws;
 - ii. when an application to open an account for the use of any financial products or services is rejected by the reporting entity due to the suspicion that the property or assets may be proceeds of crime or linked to criminal activity;
- d) Lawyers, accountants, and other professionals should however submit suspicious transaction reports only when:
 - i. they engage, on behalf of or for a client, in a financial transaction associated with an activity specified by the FIA.
 - ii. the relevant information upon which the suspicion is based was not received from or obtained on a client;
(A) in the course of ascertaining the legal position of their client; or

¹² Section 15.3.20 AML/CFT act 2021

- (B) in performing their task of defending or representing that client in, or concerning judicial, administrative, arbitration or mediation proceedings, including advice on instituting or avoiding proceedings, whether such information is received or obtained before, during or after such proceedings.

Supervisory authorities and auditors of reporting entities must report suspicious transactions if, in the course of their responsibilities, they obtain information on a transaction and business relationships that is reasonably construed to be related to money laundering or terrorist financing or any other crime.

1.2.1.12¹³ Obligation to Report Currency Transactions and other reports

Currency transaction reports ("CTR"). Reporting entities must submit, within 3 working days, a report to the FIA of any currency transaction in an amount equal or above amounts prescribed in regulations.

Other Reports. All financial institutions, designated non-financial businesses and professions, must also promptly respond to requests from the FIA for additional information in accordance with the procedures established by the FIA.

1.2.1.13 Authorities Responsible for Supervision

Supervisory bodies in addition to their prudential responsibilities shall also ensure reporting entities are supervised for AML/CFT/PF purposes in meeting their mandatory obligation in keeping with this act, regulations, circulars, procedures, policies and guidance issued pursuant to the law or with any other AML/CFT laws or regulations, including Financial Intelligence Agency Act and Targeted Financial Sanctions Act and Regulations.

Supervisors and competent authorities shall adopt a risk-based approach to the AML/CFT supervision of the reporting entities subject to their supervision and control and for this purpose shall:

- i. Ensure that they understand the risks of the sector they supervise;
- ii. Undertake frequency and intensity of supervisory activities in accordance with the risks identified.
- iii. Apply supervisory resources using a risk-based approach.

¹³ Section 15.3.21 ANL/CFT act 2021

1.2.2 An Act Against Criminal Conveyance of Land 2014

This act amends chapter 15, subchapter 8, section 15.21 (4) of the Panel Law.

¹⁴Subsection 15.23 – Criminal Conveyance

2. Definitions

- i. Conveyance – the voluntary transfer of a right or of property to land.
- ii. Convey - to convey means to transfer or deliver something, such as a right or property to another person, especially by deed or other writing.
- iii. Criminal conveyance - to knowingly, willfully, or purpose transfer or deliver something such as a right or property to another person or persons, or group of persons or an institution or institutions, entity or entities, including all natural and judicial persons.
- iv. Lease – a contract by which a rightful possessor or real property conveys the right to use and occupy the property in exchange for consideration most often rent.
- v. Occupied structure – any structure, vessel, vehicle or place adapted for overnight accommodation of persons, or for carrying on business therein, whether or not a person is actually present.
- vi. Night – the period between six o'clock in the evening and six o'clock in the morning.
- vii. Mortgage – A conveyance of title to property that is given as security for the payment of a debt or the performance of a duty and that will become void upon the payment of the debt or performance according to the stipulated terms.
- viii. Multiple sale – the transfer of the same right or property to more than one buyer.
- ix. Urban area – a place located in a township or a city.

3. Offenses:

- a) A person is guilty of criminal conveyance of land, a felony of the second degree if he/she conveys to another through sale, gift or mortgage or lease, a parcel of land that he/she has no title to by purchase, gift or inheritance evidenced by a deed, traceable to the Republic of Liberia, from the lawful owner or by any other lawful means.
- b) A person is guilty of third-degree felony if he knowingly purchases a parcel of land which he knows or has reason to know does not belong to the seller or is being criminally conveyed.
- c) A Surveyor who encourages, persuades, surveys, uses his influence or in any other way participates or conspires with anyone in the sale or purchase of a parcel of land knowing

¹⁴ “An Act Against Criminal Conveyance of Land- Subsection 15.23

- or being in the position to know that the seller of such land has no lawful title is guilty of a first degree felony punishable by both a fine to be determined by a court of competent jurisdiction, and a prison term of not less than ten years.
- d) A surveyor who surveys a parcel of land without a notice to all adjoining property owners, consistent with existing law, regulation or executive order or procedure, is guilty of a felony of the third degree.
 - e) A district commissioner, land commissioner, city mayor, township commissioner, of any other local government official, or a person charged with the responsibility to archie land dees and records, or traditional chief, elder, or any person holding a powerful traditional position, who abuses his/her authority to unduly influence or compel an individual or group of individuals to convey a parcel of land or any portion thereof, knowing or being in position to know that the land so conveyed belongs not to the person or persons conveying same or knowing or being in the position to know that without the use of such influence or compulsion a conveyance of said land is not possible is guilty of a felony of the second degree.
 - f) A legislator or a person holding a national level position such as minister, deputy minister, director general, deputy director general, any ranking officer of a law enforcement agency, or any other public official or law enforcement officer, who abuses hi/her office by influencing or compelling the conveyance of a parcel of land knowing or having reason to know that without the use of such influence or compulsion a conveyance of said land is not possible is guilty of a second degree felony.

Affirmative Defense

It is not an affirmative defense that at the time of the conveyance the seller did not know that he/she did not have lawful title. It shall be an affirmative defense, however, that the purchaser did not know or could not have known or had no reason to know that the seller of the land conveyed did not have title and that the land was purchased in good faith based on representation made by the seller. In that case the purchaser shall be considered a good faith purchaser and therefore, a victim and shall be entitled to restitution from the seller of the amount paid for the land and the total amounts spend to develop the criminally conveyed land.

1.2.3 Liberia Land Authority Act 2016

The Liberian Land Authority was established by an act of legislature with a primary mandate to develop policies on a continuous basis, undertake actions and implement programs in support of land governance, including land administration and management. It is the entity that is responsible

for land reforms in the country. The Liberia Land Authority (LLA) has comprehensive functions and powers towards enhancing the effectiveness of land governance, including land administration, and land use and management. Some of the key functions or duties of the LLA of relevance relative to the assessment include but not limited to:

Section 8.1 subsection (a) (iii) of the LLA Act 2016: “compiles and maintains an up-to-date inventory of all Lands within the republic”.

- (d) “implement programs to support the implementation of property rights in land...”
- (e) “administer the deed registry and land registry system, implementing the relevant laws and registering all land transactions and successions required by law to be registered”.
- (f) “establish standards and regulate survey and mapping services in the country”
- (g) “administer public survey and mapping services, and the national cadaster, and promote and regulate the proper development of private surveying profession.”
- (h) “value land and buildings for the Authority’s land registry system, in collaboration with the relevant agencies of government and which valuation may be used for taxation and other purposes”.
- (i) “create and administer, or cause to be created and administered, an accurate and complete database of all landholdings and rights in land in Liberia and seek to ensure their integration into broader databases such as a Land Information System database”.
- (l) “initiate research and implement programs for improvement of land governance and related matters”.
- (n) advise the president on needed changes in the policies and laws governing land rights, and land governance, including land administration and management”.
- (m) “cooperate with other relevant stakeholders with regard to all matters relating land governance, including land administration and management”.

Amongst the many efforts to ensure the Liberia Land Authority carries out its duties, the Authority developed a five-year strategic plan to effectively carry out the land administration and management functions given it by the LLA Act.

The five years strategic plan which covered the period from 2018-2023 had strategic objectives and actions plan to help the Authority effectively implement its core function and duties by enhancing effective land governance, including land administration and management.

The objectives or activities of this strategic action plan was developed based on extensive research of land issues in Liberia, widespread consultations with actors in the land sector, and engagements of development partners that are currently assisting Liberia in the sector. The strategic plan is essentially a “road-map” that identifies key strategic objectives and several core actions that have been purposefully selected to be carried out towards the achievement of those objectives.

Unfortunately, the objectives and activities of the initial strategic plan of 2018-2023 could not be accomplished in the time frame set thereof. In 2022 the initial strategic plan was revised. Maintaining its formula and model, the revised strategic plan covers the period of 2022-2027.

¹⁵The revised strategic plan captures the institution’s core ambitions over the period of five years (2022-2027) into four Strategic Directions.

1.2.3 Policy and Procedure of the Alternative dispute resolutions (ADR)

The Alternative dispute resolution is a system or procedure setup to collectively resolve dispute and conflict. Empowering participant to work together to identify or build consensus agreement that satisfy their individual and common needs and interest. Parties may voluntarily engage in third-party decision making in which an acceptable intermediary make a strong non- bidding decision for how to resolve their differences since the history of Liberia is filled with dispute and violent conflict over land, the Alternative dispute resolution bring parties together to talks or negotiate to reach voluntary amicable agreement.

To address some of the challenges in buying/selling of land, the Government of Liberia (GOL) created the Liberian Land Authority (LLA or “authority”) with a comprehensive mandate to address and manage land matters in the country. The Authority has primary authority and broad responsibilities to implement policies, laws and programs related to land governance, administration, and to resolve land disputes.

To advance the practice use of ADR, the Liberia Land Authority (LLA) has developed a ADR Land Dispute Resolution Policy. The purposes of the Policy are to, (few to be listed):

- Promote the rapid and timely settlement of land disputes.

¹⁵ Liberia Land Authority Revised Strategic plan 2022-2026

- Promote agreements or outcomes to land disputes that result in voluntary compliance by involved parties.
- Promote peaceful coexistence among people.
- Develop resolutions or outcomes of land disputes that do not require extensive mechanisms and actions to enforce them.

This Policy is intended to provide current and future guidance for Land Alternative Dispute Resolution (ADR) as the Government goes through the process of strengthening institutions, procedures, and providers of assistance for the resolution of land disputes. The procedure alternative dispute resolution is using in settling land dispute is not new in Liberia. They have been practiced in the past and continue to be used to manage land disputes where relationships among communities are important.

In early 2000s, the Government of Liberia (GOL) has been interested in promoting and supporting the use of the alternative dispute resolution (ADR) to resolve land disputes. In August of 2009, the Government established a Land Commission (LLC) with a mandate to propose, advocate and coordinate land policy, laws, and programs. To accomplish its mandate, the LLC formulated a Land Rights Policy, drafted a Land Rights Act, completed a final Land Administration Policy, gathered evidence to inform the formulation of an Urban Land Use Policy, and drafted a Land alternative dispute resolution (ADR) Policy.

In 2022, the GOL approved new regulations for the LLA, that codified how land disputes over community land would be handled. It is proceeding to create and approve regulations for how disputes concerning private land will be settled.

Negotiation and arbitrate agreement

Presently, there are significant numbers of Alternative dispute resolution (ADR) institutions and procedure available to citizens in Liberia. There are ways of problem solving or dispute resolution process that involved parties engage in unassisted talks to identify or develop mutually acceptable consensus agreements that address issues of concern. Negotiation provides parties with maximum control over both the process and outcome of talks and is often the first procedure used to resolve disputes while Arbitration agreement is where both parties must agree to resolve their dispute through arbitration, often stipulated in a contract or as part of a pre- dispute agreement. The entire alternative dispute resolution laws are centered around resolving land related issues through an amicable procedure and was drafted by the Liberia land authority (LLA) settling a standard way to

settle dispute among others. The crafter aims to setup a process/procedure in dealing with land dispute laws/ standard commonly used to guide parties' deliberation or third-party recommendation are natural justice and/or customary laws.

To formally institutionalize and implement effective Land Alternative Dispute Resolution (ADR), providers of assistance must be members of and come from diverse communities in the country. Providers must include different genders, youth, and individuals from groups that have historically been marginalized. Some of the functions of the Liberia Land Authority is to recruit and identify prepared individual from diverse background and community to provide effective dispute resolution assistance.

Pathway for solving land dispute.

The crafter of this laws tries his best in forming some way for landowners/buyers/sellers to amicably settle their dispute firstly, in house and when there is no understanding among them, they can involve the Liberia Land authority. For any dispute there are potential path for dispute resolutions and choices are commonly influenced by few factors.

The type of land in question

1. Resource available to each party etc.

If amicable agreements are not able to be reached, or one or more parties does not accept a third-party's recommendation or decision, a dissatisfied has the right to appeal to a higher institution or provider of assistance. The exception is an appeal to the Supreme Court of Liberia, whose decision is final and not appealable.

Consideration for effective alternative dispute resolution (ADR) implementation

Implementing effective alternative dispute resolution methods requires careful consideration of several factors to ensure the process is efficient, fair, and tailored to the need of the party involved. The success of the ADR often hangs on the neutrality and impartiality of the mediator or arbitrator. Selecting a neutral third party with no vested interest in the dispute is essential to maintaining fairness and trust in the process, while establishing clear and transparent rules and procedures is critical to the ADR process. Both parties should understand the steps involved, timelines, and expectations. These procedures should be accessible and understandable to ensure fair participation.

Legal and institutional frameworks for land-based Alternative dispute resolution

Particularly in property, land use, and land rights disputes vary by jurisdiction, but they generally involve a combination of legal principles, institutional mechanisms, and procedural rules. This framework was designed to provide alternative means of solving land-related conflicts outside traditional litigation. There is a lack of awareness particularly among women and other marginalized groups, regarding the dispute resolution options available for their use, how procedures relate to each other, and how the legal system works. Legal literacy of relevant laws, rules, and regulations as they pertain to land is also often lacking.

1.2.4 Land Rights Act

Lease:

¹⁶According to chapter 12 of the Land Rights Act which speaks to the Sale, Lease, and other transfer of customary land, specifically, article 49; explains that a Customary Land may be leased on terms and conditions as the Community may determine by and thru its Community Land Development Management Agency/committee (CLDMA) for lands smaller than fifty (50) acres, and by votes of the community membership for lands larger than fifty (50) acres. It further explains that a lease agreement in respect of any Customary Land shall include payment of rent and equitable benefits to the Community, an agreed payment schedule, and mechanism to ensure full and timely payment of rent and performance of all obligations assumed by the lessee thereunder.

Subsection 6 of article 49 explains the two conditions under which customary land can be leased. It states that a customary land can be leased to both Liberians and non- Liberians based on the following:

- i. the Community must organize and establish a CLDMA; and
- ii. the lease or transfer is duly authorized in keeping with the Constitution, Bylaws and relevant procedures adopted by the CLDMA.

The first condition stated above indicates that the community within which the customary land is situated must first organize and establish a CLDMA. The CLDMA is a governing body of land and natural resources that is established by the community it is situated in. Article 35 of the Land Rights Act creates the CLDMA for the use and management of customary land own by the

¹⁶ *Land Right Act*

community, while article 36 of the Land Right Act gives authority to the highest decision-making body (CLDMA) to carries out the following responsibilities:

- adopt and amend the by-laws of the CDLMA;
- approve the appointment of the governing board of the Community's CLDMA;
- Approve the term of any transfer of Customary Land to Community Members or non-members.
- Approve any proposed/requested lease or donation of Customary Land to the Government;
- Review and decide on complaints arising from allocation and/or use of Customary Land, including matters relating to the allocation of Residential Areas, including seeking the support of the county authority for enforcement of the provisions of this Act or their decisions made pursuant to this Act and their by-laws;
- Decide whether to approve an investor's request to lease any area of Customary Land larger than fifty (50) acres or to contract or receive a permit over any such area.
- Decide when to sell any or all of the Community Land, subject to the ninety nine-year prohibition on sale of Customary Land as provided in Articles 49 and 51 of the Land Rights Act;
- Investigate all complaints involving one or more members of the governing body of the CLDMA and, in connection therewith, remove one, some or all of the members of the governing body; provided that the successor of any removed member(s) shall be pursuant to the self-selection procedure established in Section (4) of the Land Rights Article (36);
- Decide any such matters relating to the Community Land consistent with the provisions of the by-laws

Chapter 15 of the Land Rights Act, specifically article 61, speaks to the nature, creation and extinction of Lease of all lands such as, private land, customary land, government land, and public land. It states that such land as mentioned above may be properly/validly leased by owners or a person duly authorized to act on behalf of the owner to any person, irrespective of nationality or nature of existence. This provision gives property owners the right to lease to both Liberians and foreigners each with its own terms and conditions. For person who is eligible (Liberians) to hold title to land the lease may be for as long as the parties agree, except for Customary Land where the term shall not be more than 99 years. On the other hand, for person who is not eligible (non-Liberians) to hold title to land the lease shall be limited by term as follows:

- where the Lessee undertakes to improve the land by investing not less than US\$100,000.00 (One Hundred Thousand United States Dollars) or its Liberian Dollar equivalent, the lease may be for a certain term of up to twenty (20) years plus a single optional term of up to 20 years.
- where the Lessee undertakes to improve the land by investing not less than US\$500,000.00 (Five Hundred Thousand United States Dollars) or its Liberian Dollar equivalent, the lease may be for a certain term of up to thirty (30), plus a single optional term of up to 30 years.
- where the Lessee undertakes to improve the land by investing not less than US\$1,000,000.00 (One Million United States Dollars) or its Liberian Dollar equivalent, the lease may be for a certain term of up to fifty (50) year plus a single optional term of up to 50 years.
- Where the Lessee undertakes to improve the land by investing US\$1,500,000.00 (One Million Five Hundred Thousand United States Dollars) or its Liberian Dollar equivalent, the lease may be for a certain term of up to sixty-five years (65) years plus an optional term of a maximum duration as the certain term.

However, there are no guidelines in this provision that allows for property owners or a person duly authorized to act on the behalf of the owner to undertake safety measures in collecting and verifying information on those who they lease real property(land) to or the beneficiaries of the lease for the purpose of establishing their nationalities, occupation or location of transaction (High Risk Jurisdiction) or determine whether they are PEPs.

Moreover, title 7: chapter 3 of the Liberian Commercial Code which speaks about the formation or construction of a lease agreement including requirement of the agreement does not indicate any measures that a lessor must conduct when it comes to collecting lessee's identity and verifying same for the purpose of KYC, CDD, SDD, EDD, etc.

As a result of these deficiencies, there are huge vulnerabilities posed to the sector when it comes to leasing of real property by private property owners, community, or the State.

Mortgage

Chapter 18 of the Land Rights Act, specifically, article 69 speaks to the nature, creation and extinction of Mortgages. It relies mostly on the terms and conditions in accordance with the mortgage chapter of the Liberia Commercial Code (2010) under which a real property may be mortgaged as a security for the payment of a credit/loan. There are little measures or obligations

on mortgagor (any person or financial institutions) who grants loan to undertake safety measures in collecting and verifying information on not just the real property being mortgaged but also on those individuals who are granted loans, for the purpose of establishing their identities, nationalities, occupation, etc. in order to safeguard the real property sector from being abused by criminals. However, title 7: chapter 6, subchapter 3, section 6.10 of the Liberia Commercial Code 2010 spells out the required elements of a mortgage agreement. It states that,

Every mortgage agreement shall, at a minimum, provide in writing the:

- names and addresses of the mortgagor and mortgagee;
- full description of the mortgaged property;
- names of persons whose consent is required, if any;
- full description and registration details of at least one parent deed of the mortgagor;
- nature of the mortgagor's interest in the mortgaged property;
- extent to which the mortgagor's interest is subject to the mortgage;
- nature of the charge created, in case of a floating charge, the nature of the restriction on the power of the mortgagor to grant further charges that rank in priority or at the same level with the charge created;
- Insurance for the Mortgaged property, including the party responsible for the insurance
- interest on the principal amount;
- due date for payment;
- events of default;
- conditions for foreclosure.

The abovementioned requirement of a mortgage agreement satisfies some level of KYC obligation on mortgagee thus minimizing ML vulnerability during mortgaging agreement.

Assessor's Analysis

In context for the purpose of this risk assessment, the AML/CFT Act 2021 focuses on the preventive measures obligations required by reporting entities, gatekeepers, and supervisory entities. The AML/CFT compliance program is adequately expanded including EDD, high risk countries, and BO requirements. The Act Against Criminal Conveyance of Land 2014 spotlights the land surveyor, the property owner and community/city leadership in the buying and selling of real property (land) outlining specific sanctions against each player accordingly. Liberia Land

Authority Act 2016 obligates the institution to regulate/supervise all land related activities in Liberia including but not limited to reforms, developing guidelines, regulations, directives, standards, dispute resolutions, etc. It is based on the role of LLA that the Policy and Procedure of the Alternative dispute resolutions (ADR) was developed to draw up a step-by-step process and procedure in settling land disputes in Liberia.

Though chapter 9 of article 36 of the Land Rights Act clearly spells out the responsibilities of the CLDMA in the use and management of customary land, it is prudent to consider two key points; subsection (f) & (g) which talk about the authority of the CLDMA to approve an investor's request to lease any area of Customary Land and also to make sale in any or all of the Community Land, respectively. As this Act gives communities the rights to lease or sell real property (land) to Liberians and non-Liberian investors, it however, doesn't indicate any guidelines that the CLDMA must apply in approving investors' requests to the lease or sale of land. It lacks measures that the CLDMA should apply in the leasing and selling of community land in respect to verifying the actual identities of those investors, including their nationalities and occupation or to determine whether they are a public figure (PEP) or to determine the actual beneficial owners of the purchase or lease.

In respect to the last condition which indicates that the lease or transfer should be duly authorized in keeping with the Constitution, bylaws and other relevant procedures adopted by the CLDMA, there are, however, no fixed bylaws or procedures adopted by the CLDMA in leasing and selling of customary lands as it regards identifying and verifying investor's information. This can only go as far as the terms and conditions that are applied to those eligible and ineligible to hold title, which is further explained below.

Though both Acts, Land Rights Act and The Liberian Commercial Code 2010 give property owners including private individuals, communities or the State the rights to lease and mortgage real property to Liberians and Non-Liberians with different sets of terms and conditions, they however, exert little efforts to establish a robust measure or guidelines for a leaser or mortgagor to identify and verify information on lessee and mortgagee, and BOs as well, thus creating vulnerability that could lead to the sector being abused by criminals.

*The ML threat analysis for the legal framework related to real property was rated as **Medium***

1.3 ML Combating Ability

This section of the report assesses the ability of relevant stakeholders to combat financial crimes including ML in the real estate sector.

1.3.1 Liberia Land Authority

According to findings from the assessment, when it comes to the registration of deed for real property or land by the LLA, there is little, or no effort made to identify or verify beneficial owner(s) or ultimate beneficial owner(s) of that property. Assets like real property are sometimes placed in the control of a third party or a minor to conceal or obfuscate who really owns them. As a result, it is appropriate to identify or establish who really controls or benefits from the asset through the process of identifying and verifying beneficial owners. Therefore, in this circumstance it is expedient to draft, adopt or develop policy on BOs for land deed registry. The assessment revealed that LLA does not have a centralized/regional database for landholdings or real property ownership in the country.

*LLA ML combating ability was rated as **low***

1.3.2 Financial Intelligence Agency of Liberia.

The provisions of the AML/CFT Act on preventive measures, the criminalization of money laundering, terrorist financing, including the financing of the proliferation of weapons of mass destruction are milestone in the fight against financial crime in the real estate sector. The Act covers the obligations for majority of the players in the real estate sector to include reporting entities, businesses and professionals, supervisors/regulators, and law enforcement agencies. However, there is no specific provision/obligation for property owners (private/community) when it comes to buying, selling, leasing/mortgaging. Based on REs reporting obligations, the below table outlines real property related STRs reported during the period 2021-2023.

Table 22: STR report related to real estate

No.	Year	Reason/description For Suspicion
1.	2022	A DOMESTIC PEP REQUESTING A LOAN TO PURCHASE A PROPERTY. spouse of a government official (Minister) requested a personal loan of about US\$90,000.00(+/-) to purchase a property in the city. The applicant pledged to repay the loan from proceeds generated from a business overseas.
2.	2022	HUGE TRANSFER FROM A PEP ACCOUNT TO AN INDIVIDUAL ACCOUNT. The fund was believed to have derived from a sale of a real property

3.	2022	STRUCTURING OF WIRE TRANSFER TRANSACTIONS The aggregated amount of the structured transfer was over US\$4million. The company is believed to be engaged in real estate business.
4.	2023	SAVING ACCOUNT RECEIVED AN INFLOW OF US DOLLARS FROM A FOREIGN JURISDICTION WITHOUT ANY BUSINESS RELATIONSHIP claimed that the fund was sent to purchase property on behalf of the sender who does not have any link to Liberia.

The assessment was unable to determine the statuses of the above STRs whether they were disseminated, investigated, prosecuted, or adjudicated. Transactions linked to international transfer could be the result of TF or ML. The domestic transaction could however be a result of a scam to clean money deriving from corruption.

*FLA ML combating ability was rated as **Medium***

1.3.3 Liberia Anti-Corruption Commission

The LACC Act of 2022 mandates and empowers the Commission to investigate all acts of corruption, including Fraud on the Internal Revenue and Economic Sabotage, among others. The Commission is currently making effort to collaborate with the Liberia Land Authority and other Sectors to coordinate, identify and to bring people to book involve in false declaration of assets including money laundering & terrorist financing in the Sector. The LACC ascertains the existence and truthfulness of real property through collaboration with relevant institutions like, the Liberia Revenue Authority (LRA), the Liberia Land Authority (LLA), and Center for National Documents and Records Agency (CNDRA). The LACC also carries on site/field verification to establish ownership, means of acquiring and verifying the information provided. The LACC requests declarant to submit title deed to the Asset Declaration & Verification Unit (ADVU) during verification. Also, the use of additional information through the LLA, CNDRA and the LRA assist in the process. Predicated upon information provided by the declarant, LACC Asset Verification analyses the declarant real estate properties component and if the Unit has reason to believe that the information is false, altered or manufactured, said information will be sent to the Monitoring & Investigation Department, responsible for investigation and Asset recovery for further action. The LACC, for the purpose of its investigation do verify through a private assessor to appraise the value of real property(ies). The LACC investigated three (3) cases involving real estate properties; 1) The Pan African Plaza, 2) The 24th Street demolition affecting properties after payments made to property owners, and 3) The NASSCORP property centered around conflict of interest.

*LACC ML combating ability was rated as **Medium***

1.3.4 Liberia Business Registry (LBR) -

LBR role with the real estate is related to business registration/certification and renewal of certification. LBR requires real estate businesses to provide full details of their shareholders and beneficial owners with valid ID (Citizen ID/Passport). Requirements for business registration and certification including real estate businesses are:

- Liberia businesses: citizen identification cards, or passport, pay LR\$2,000.00 for sole proprietorship, LR\$4,000.00 corporation, LR\$3,000.00 partnership, and
- Foreign businesses: US\$700.00 sole proprietorship, US\$900.00 corporation, US\$800.00 partnership.

For verification of registration documents for beneficiary ownership requirements, the respondents noted that verification of Liberia business owners' identity is done through a verification platform shared by the ID Registry. In other service centers outside of the headquarters, verification is based on the information provided for ownership details. "Businesses update their status immediately after doing admendment or change of particular in LBR system. There has been instances on many occasions where a third party does registration of business (fronting), though some business registrars in the counties have been legally advised that fronting is acceptable through a trust agreement. In most instances, BO verification is limited to what is provided on the BO information form. For noncompliance with business registration requirements, businesses are fined for non-compliance and business certificates/licenses are withdrawn or cancelled. Additionally, other institutions have the obligation through analysis to investigate if noncompliance is observed.

Analysis of the data received from the LBR in November 2024, approximately 381 real estate entities were registered. Of this number, 10 foreign institutions, 130 Liberian institutions, and 4 Liberian & Foreign institutions totaling 144 real estate institutions are illegally operating in Liberia without valid business registration certificate. Some of the institutions since their initial registration 2-4 years ago have not regularized their legal status (recertification as required yearly). Out of 1,293 entities involved with constructions, 12 foreign companies, 435 Liberian companies, and 3 Liberian & foreign owned companies amounting to 450 companies are illegally operating in Liberia. The total of **594 institutions** and construction companies are operating in Liberia illegally thus depriving Liberia of the lawful revenue for development. LBR needs to put in place a mechanism to effectively monitor and enforce compliance where required.

*LBR ML combating ability was rated as **Low***

1.3.5 Liberia Revenue Authority (LRA)

The Real Estate Tax Division (RETD) is responsible for the recovery, assessment, valuation, enforcement, collection, and accounting of taxes on land and buildings and to enforce the Revenue Code, regulations, and related laws regarding real estate in Liberia. RETD is one of four divisions under the Domestic Tax Department and is specifically responsible to enforce, educate, regulate, and administer the affairs of real property tax within the Republic of Liberia. Real properties are categorized as developed and undeveloped. Developed properties will include developed farmland, residential, Commercial, and Industrial properties, while undeveloped will include vacant land. Some challenges identified during the assessment for the collection of real property tax are as follow:

- Technical challenges:
 - centralized system
 - Transitioning from manual to digital system
 - Difficulty in locating and verifying real properties
- Logistical challenges
 - Mobility for tax authority in the counties
- Other challenges
 - Limited or lack of political will for enforcement on non-compliance
 - Reaching real property owners is difficult because most real property owners are either out of the county or out of country.

*LRA ML combating ability was rated as **Low***

Assessor's analysis

Apparently, there seems to be weaknesses in the enforcement of tax law or compliance policy standards especially when Liberia's tax regime is "*based on voluntary tax payment system*". Limited resources from central government to implement new technology might lead to creating more vulnerabilities in the real estate sector. Mitigating measures suggested by LRA respondents to address the challenges include but not limited to the following:

- For technical, the digitization process is ongoing though at a very slow pace. Currently, LRA has started the transitioning in Montserrado and parts of Grand Bassa Counties, with plans to expand into other counties.
- The LRA is collaborating with the Ministry of Post & Telecommunication, and Humanitarian Open Street Mapping Team (HOT), to create a national mapping and addressing system.

- Conducting awareness and sensitization workshop/training for realtors/property owners about the essence of tax compliance.

LACC demonstrated robust measures in identifying and verifying beneficial owners during asset related verification when declared. This will unveil early false declaration with criminal intent thus protecting the real estate sector from abuse by criminals. It is highly commendable that LACC collaborates with other relevant institutions to establish or verify information provided by declarant. Furthermore, where there is doubt about the information received by declarant, an enhanced due diligence process is followed. While a private assessor appraising the value of real property is commendable, the non-collaboration with LRA valuation of real property department during verification indicates some level of weakness in the due diligence process.

Identifying and verifying owners or shareholders of real estate businesses should require not only reliable but also more independent sources. The platform provided by the ID registry as the only source/platform of verifying document or information is insufficient. Verification is a cumulative process; it is not appropriate to rely on a single piece of documentary evidence. Ineffective recordkeeping on client's information by some stakeholders was identified. As a matter of recordkeeping, maintaining all current records on the identity of real estate business owners through ongoing due diligence process/monitoring is relevant for consistency, or identifying change in business activity and ownership, as well as keeping record up to date. LBR has in its database real estate businesses who have not regularized their legal statuses (recertification) in two or more years. There are lapses in the monitoring and enforcement of LBR standards in relation to real estate businesses. Best practice suggests that update of KYC and BOI records of business owners be mandatory every year before renewal of certificate where applicable. The lack of other required documents to verify/confirm information or the truthfulness of the information provided on the (BO)'s form highlights a weakness in the CDD process.¹⁷The BO registry is now online but with limited or no data input.

*The ML combating ability in the real sector was rated as **Medium Low***

¹⁷ <https://www.beneficialownershiplr.com/Public/Apps/Index>

1.4 Comprehensiveness And Effectiveness of Real Property Laws, Regulations, and Policies

1.4.1 Liberia Land Authority

According to section 8.1, subsection (h) (i) of the LLA act, they have the responsibility to create and administer an accurate and complete database for all landholdings and rights in land in the country. Additionally, the below responsibilities of LLA were found to have deficiencies:

- Effective administering of the deed registry and land registry system.
- Establishing standards and regulating survey and mapping services in the country.
- administering public survey and mapping services, and the national cadaster, and promote and regulate the proper development of private surveying profession.
- Valuing of land and buildings for the Authority's land registry system, in collaboration with the relevant agencies of government and which valuation may be used for taxation and other purposes.
- Creating and administering, or causing to be created and administered, an accurate and complete database of all landholdings and rights in land in Liberia and seek to ensure their integration into broader databases such as a Land Information System database.
- Cooperate with other relevant stakeholders regarding all matters relating land governance, including land administration and management.

Liberia Land Authority Revised Strategic plan 2022-2026

Strategic Objective 1: Broaden, deepen and strengthen policy, legal and regulatory frameworks.

The key actions in this is to finalizing all existing draft regulations for the full and successful implementation of the LLA Act and LRA; Develop and enact a Surveying and Mapping law; Develop regulations on government and public lands; In collaboration with LRA develop and enact law on land valuation; Review and amend the law on title and Deed registration, finalized and enact draft law on Land Acquisition and Valuation, Research and drafting of regulation for title registrations, in collaboration with the Ministry of Public Works, research and develop new Zoning Law, Develop regulations for County Land Boards, Review, finalize and adopt a non-judicial land Alternative Dispute Resolution policy and law, Collaborate with the relevant agencies of government to develop draft Gender equity Law on land, Collaborate with relevant stakeholders/MACs to develop and enact the ADR Law, Ensure that the LLA has Quasi-Judicial

power as enshrined in the ADR Policy; Finalize and approve draft regulation for County Land Board; Constitute and operationalize the County Land Boards, Finalize and approve draft law on Gender equity, Develop a communications strategy for implementation of the Strategic Plan, Review and amend the LLA Act.

Strategic Objective 2): Strengthen the adjudication and documentation of land rights by surveying, mapping, and registering the entire land mass of Liberia into a national registry.

The key actions under this would be to undertake a national program that maps the entire land mass of Liberia; Work with the LRA to develop a program that provides specific land valuation information for tax purposes, Place the resultant information from the national mapping program into a national registry for planning, referencing, and commercial use, Demarcate on the ground all clans, chiefdoms, districts and county boundaries and settle disputes emanating from the process, Privatize the survey, mapping and valuation sub-sectors under the regulatory auspices of the LLA, support the development of a land property market, Establish a National Spatial Data Infrastructure for the standardization and validation of spatial data collection, analysis, and sharing, Design and develop a Land Information Management System (LIMS) based on the integrated LLA business processes and existing digitized deed records, develop a service delivery models, using technologies such as robotics, GNSS technology and drone-based technology for surveying and mapping, Capacity-building in Robotic and drone technologies; Densification of Geodetic network to second and third orders; Training of Surveyors in the utilization of Geodetic Points; Procurement of additional equipment and tools; and Acquisition of licenses (RTX and Smartlink) for equipment, source additional support from land development partners coordination.

Strategic Objective 3: Develop, adopt and employ a framework (policies, laws, and regulations) for land use and management.

The key actions under this strategic plan are to validate national land use and management instruments including the National Land Use and management Policy. The Policy should seek to achieve optimal use of land resources, and later, enact the land use policy into a law, Adopt a land use planning model that specifies procedures to be followed for land plan preparation, validation, approval, and monitoring and evaluation, Establish an Institutional Coordination Mechanism for the sharing of information and experiences from land users, Train local communities and authorities in Land Use planning, Develop a monitoring and evaluation process for Land Use Planning implementation.

Strategic Objective 4: Strengthen the delivery of land services (title registration, permits, land market information, valuation data), records management and undertake organizational development of the Liberia Land Authority to build its organizational capacity and capability as well as those of industry actors.

Key action under this strategic direction is to operationalize the County Land Offices in the Counties with access to LIMS customized to meet the needs of citizens inside and outside of Liberia, upgrade the SOPs for CLOs as the need may arise, fully operationalize County Land Offices to support land activities in the counties, in collaboration with the County Land Boards, Undertake organization development activities that rationalize work units, structure, staffing pattern, internal processes and systems, and logistical requirements, Locate a suitable land, design-build and furnish a technology-supported, work-friendly head office for the Land Authority, Maintain the existing stakeholders' coordinating platform, strengthen donors' engagement in a way that increases donors' confidence, support and trust in land reforms,

Assessor's Analysis

The law creating the LLA provides more obligations/responsibilities to carry out reforms and upgrade the processes and procedures in buying, selling, and preservation of land and real properties (public and private) to a reliable and robust digital system to enhance accountability and effectiveness in the real estate sector. While it is true that some reforms were accomplished, the assessment identified major deficiencies in the processes leading to land administration in Liberia.

The processes and procedures leading to the registration of land deeds and the use of a land registry system across the counties were inconsistent and ineffective, there were no known standards to regulate survey and mapping services, no national cadaster, and no record for the valuation of land and buildings for the Authority's land registry system. Additionally, LLA did not provide records of effective collaboration and coordination with major stakeholders in the sector in whose valuation and information may be used for taxation, prevention, investigation, and other purposes. For the creating and administering an accurate and complete database of all landholdings and rights in land in Liberia and seeking to ensure their integration into broader databases such as a Land Information System database, it was observed that the processes and procedures across the country is to a large extent manual where photocopies of deeds and documents are piled up in shelves and boxes.

Though the strategic plan for land administration has about two years to meet its timeline, not much effort/progress was identified to accomplish the goals in the past years. Under this strategic direction for example, the FIA through its finding can recommend or collaborate with the LLA to draft and develop guidelines for all land administrators or those who have letter of administration or court decree of sale from the court which would guide them in real property transaction that would help safeguard Liberia's financial system from abuse. The strategic direction for example, has no policy/regulation for entities or players in the land sector to implement procedures relating to KYC, SDD, CDD, EDD or other verification measures, including other AML/CFT related requirements.

*The comprehensiveness and Effectiveness of LLA Laws, Regulations, and Policies to fight ML/TF was rated as **Medium***

1.4.2 The Act Against Criminal Conveyance of Land 2014

This law provides stringent measures for surveyors and property owners when it comes to criminal conveyance of land in relation to buying and selling. The penalties appear to be dissuasive but not proportionate when it comes to authorities who may aid or abet in the criminal conveyance of the property. *The comprehensiveness and Effectiveness of the Criminal Conveyance of Land Act to fight ML/TF was rated as **Medium***

1.4.3 AML Laws and regulations

Section 15.3 (Preventive Measures) of the AML/CFT Act 2021 speaks to AML/CFT obligations and administrative sanctions for reporting entities. The law did not consider other players and professionals who are not entities, especially realtors, individual property owners and/or communities who own real properties.

*The comprehensiveness and Effectiveness of AML/CFT laws and regulations to fight ML/TF was rated as **Medium Low***

1.4.4 Liberia Revenue Authority

REAL PROPERTY TAX COLLECTION				
TAX KIND	2021	2022	2023	Grand Total
Admin.Interest on Property taxes	23,923	24,205	32,546	80,674
Admin.Penalties on Property taxes	36,505	28,741	28,699	93,945
Business or commercial use	3,977,541	3,412,542	3,327,503	10,717,586
City or town lot (within city. town. municipal or commonwealth district)	249,571	180,784	205,532	635,886
Comm. use buildings and other improvements situated on public land	183,471	168,967	131,693	484,131
Estate. inheritance. and gift taxes	-	-	21	21
Farm use in urban areas	175,011	171,605	223,618	570,233
Farm use outside of urban areas	1,024	5,269	1,292	7,585
Farmland (outside city. town. municipal or commonwealth district)	40,259	19,161	15,193	74,613
Farmland (within city. town. municipal or commonwealth district)	7,246	3,790	3,422	14,459
Industrial use	168,457	141,276	362,669	672,402
Other land use 1 acre or above (within city. town. municipal or common)	114,874	106,122	95,100	316,096
Other non-recurrent taxes on property	-	129	-	129
Residential use	419,130	336,336	418,407	1,173,873
GRAND TOTAL	5,397,013	4,598,927	4,845,695	14,841,635

Figure 2: Real Property Tax collection 2021-2023

Liberia is said to be running the “voluntary tax regime” where taxpayers willfully decide when to pay their lawful taxes. However, there are time stipulations for tax payment in the revenue code of Liberia. As described in the “combating ability of laws”, the LRA has several deficiencies ranging from manpower, effective digital system, enforcement of tax collection, etc. Analysis of ¹⁸figure 1 above indicates the payment of US\$80,674.00 as administrative interest on property taxes for the three years and US\$93,945.00 as penalties on property taxes. The two amounts are based on property owners who paid taxes only because they needed some kind of tax clearance for business, court, etc. after avoiding taxes for many months or years. Of all the taxes, the taxes on business or commercial use tops the list with US\$10,717,586.00. This may not only be as a result of the business and/or commercial use of properties that triggered the tax so high but due to Liberia’s law on who can own a real property (land) in Liberia and the recent trend in the leasing and construction of commercial buildings in urban areas in Liberia. Most of those involved in leasing land from Liberian owners and constructing commercial buildings for rent or lease are foreigners. There is limited or no robust mechanism to verify ownership of those structures, monitor the financial transactions, and conduct ongoing EDD on foreigners who are constructing and leasing these commercial properties to determine if they are high risk persons and/or transacting from or to a high-risk country.

*The comprehensiveness and Effectiveness of the Revenue code to fight ML/TF was rated as **Medium***

¹⁸ LRA Database-Real property division

1.4.5 Administrative/Criminal Sanctions

Section 15.3.29 AML/CFT Act 2021

A supervisory authority under Section §15.3.27 that discovers a failure by a reporting entity it supervises to comply with the provisions of this Act, regulations, instructions or guidelines issued thereunder may impose one or more of the following sanctions:

- i. issue written warnings;
- ii. require prompt corrective actions within specified timelines;
- iii. impose fines;
- iv. impose full or partial restriction on the business, profession or transaction;
- v. suspend the registration or permission or license;
- vi. revoke the permission or license or cancel the registration;
- vii. Order the reporting entity to do all or any of the following:
 - (i) remove an administrator, officer or employee of the reporting entity from office;
 - (ii) ensure that an administrator, officer or employee of the reporting entity does not take part in the management or conduct of the business of the reporting entity, or any other reporting entity, except as permitted by the appropriate supervisory authority;
 - (iii) appoint a person or persons acceptable to the appropriate supervisory authority as administrator of the reporting entity for such term as the order specifies;
 - (iv) take corrective action to remedy any deficiencies under this law or relevant procedures issued under this law; or
 - (v) cease engaging in certain actions or practices.

An Act Against Criminal Conveyance of Land

Penalty

- b) A person guilty of a second-degree felony shall be given a prison term of not more than five years and made to restate an amount equal to double the gain received from the criminal conveyance land, for the first offense.
- c) A person guilty of criminal conveyance for the second time shall be given a mandatory five-year prison term, the maximum prison term for a second-degree felony and required to restate the amount equal to double the gain received from the criminal conveyance of

land. Any other repeated offense shall be punished similarly, with no right of parole or probation.

- d) A person guilty of a third-degree felony under this law shall be punished by both a fine to be determined by court, the maximum which shall not be more than double the gain and a prison term of not more than three years.
- e) A surveyor guilty of a first-degree felony under this law shall be punished both by fine and a prison term of not less than ten years and a permanent revocation of his license to practice as a surveyor.
- f) The minimum length of time a person guilty under this subchapter shall be imprisoned for is one year for a third-degree felony, three years for a second-degree felony and five years for a first-degree felony.

¹⁹Liberia Revenue Authority (LRA)

Section 2002. Payment Date; Interest and Penalty on Late Payment

The real property tax prescribed by this Chapter covers the period from January 1 to and including December 31 of each year and shall become due on July 1st of the year in which it is levied. It may be paid without the imposition of interest or penalty at any time prior thereto from January 1. Interest at market, in accordance with Section 11 shall be charged thereon if the tax is not paid on or before July 1st of the year in which it is levied and if it is not paid on or before July 31st of the year in which it is levied, the Minister, in addition, shall assess and add to the amount due, or to any underpayment thereof, an administrative penalty of 5 percent per month for each month or part of a month elapsing after July 31st that it remains unpaid, but not to exceed 25 percent in the aggregate.

Section 2008. Recovery Of Delinquent Real Property Taxes

Upon receipt of a report of delinquency in the payment of real property taxes, the Minister of Justice may bring suit in the Tax Court in the county in which the property is situated to recover the delinquent real property tax and all penalties and interest thereon and to foreclose the lien thereon. The case shall be tried in a summary manner. If the Minister of Justice establishes that the alleged delinquency exists, judgment of foreclosure of the tax lien shall be rendered and execution ordered against the real property involved returnable before the judge of the said court.

¹⁹ *Revenue Code of Liberia Act of 2000*

Thereupon, the ministerial officer of the court shall be directed first, to give due notice to all persons concerned and then, to sell the real property involved at public auction to the highest bidder and convey title to the purchaser. The proceeds arising from the sale shall be applied in the following manner: first, to the payment of taxes, penalties and interest due; second, to the costs of the court; and last, the balance if any, after the payment according to their priorities, of the other liens against the real property, if any shall be paid to the owner of the real property Department of Revenue Ministry of Finance involved. Nothing in this Section, however, shall be construed to prevent the said owner from bidding in at the public auction provided for herein.

Section 2010. Payment Of Delinquent Taxes as Condition Precedent To Conveyance Of Interests in Real Property.

- a) Production of Official Tax Receipt Required. The production of an official tax receipt evidencing that all delinquent real property taxes have been paid in full for the premises involved shall be a condition precedent to the probate and registration of any deed, lease agreement or other instrument affecting or relating to the passage of title or other interest in real property, whether by sale of lease, and title or any other interest in real property shall not be deemed vested in the purchaser or lessee until all delinquent taxes have been paid; provided that the foregoing shall not apply to the sale of public land.
- b) Probate and Registrar Officials Restrained from Proceeding Until Official Tax Receipt Produced. The Judge of the Probate Court, the Registrar of Deeds and any other person or agency responsible for effectuating the passage of title or any other interest in and to Department of Revenue Ministry of Finance real property or responsible for giving due notice of such passage interest in and to real property, shall withhold action on any deed, until an official tax receipt is produced showing that all delinquent real property taxes have been paid in full for the premises involved.

*The proportionate and dissuasiveness of the administrative and criminal sanctions was rated as **Medim***

1.4.6 Effectiveness of ML/TF Investigation, Prosecution, and Adjudication of Real Property Cases.

Table 23: Effectiveness of ML/TF Investigation, Prosecution, conviction, & Confiscation

Input Variable	Weight	Indicator	ML Threat Rating
Confiscation relating to ML/TF	1	There was no confiscation related to ML/TF during the last 3 years	High
ML/TF Convictions	1	There was no conviction related to ML/TF during the last 3 years	High
Number of ML/TF Prosecutions	1	There was no prosecution related to ML/TF during the last 3 years	High
Number of ML/TF Investigations	1	There was no investigation related to ML/TF during the last 3 years	High
STR linked to Real Estate that were Submitted by other reporting entities (banks, fintech, insurance etc.)	0.2	There were limited STRs (below 10) related to ML/TF during the last 3 years	MedLow
Prevalent crimes in the sector	0.5	Theft of property, Criminal Conveyance of Land	Medium

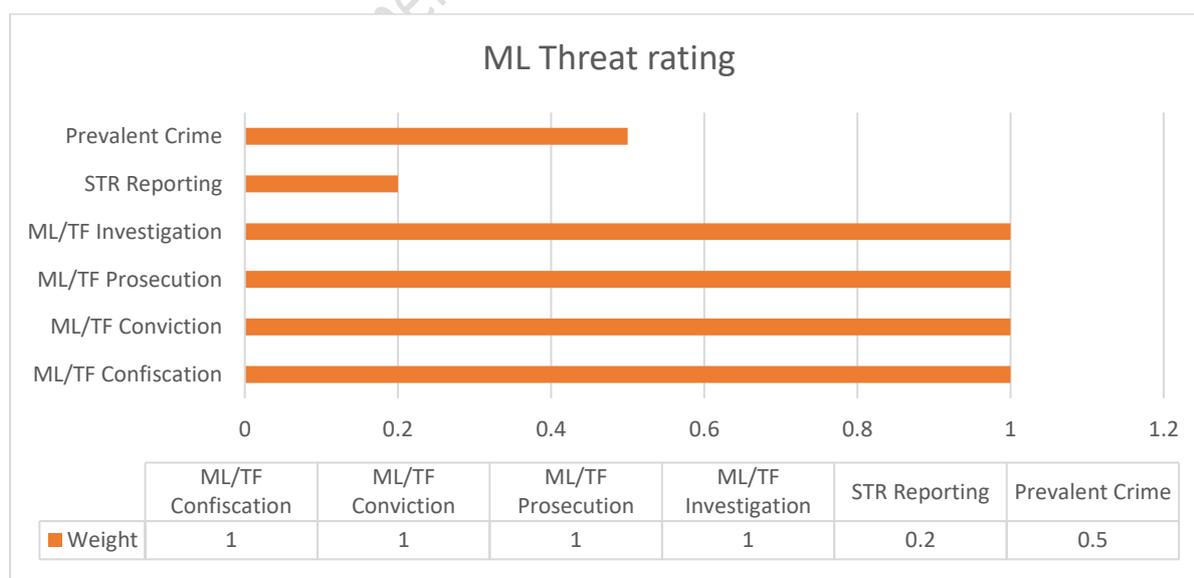


Figure 3: ML Threat rating for Effective Investigation-Confiscation

Responses from real estate stakeholders and other actors suggest that most real property cases derive from disputes caused by the multiple sale of land/property, encroachments on land by adjacent owners, unauthorized sale of land/property by family members or “caretakers”, false claims to properties, theft of property, fraud, criminal conveyance of land, etc. Some of these cases have been forwarded by investigators for prosecution and adjudication. There were 29 cases reported by criminal court C on cases involving criminal conveyance of land from 2016 to 2024. Full assessment of the effectiveness of investigation, prosecution, and adjudication of real property cases was not possible due to the following:

1. Unavailability of statistics/records on investigations conducted by LNP and LLA during the period
2. Unavailability of statistics/records on prosecutions conducted by MOJ during the period.
3. Unavailability of statistics/records on adjudication of real property cases from other circuit courts including status of the cases from criminal court C.

1.4.7 AML/CFT Knowledge of Investigators, prosecutors, stakeholders

- **LACC** investigators have attended some training in money laundering & terrorist financing offered by GIABA, INTERPOL, among others. The training was not related to ML/TF risk associated with real properties.
- All **LRA** respondents including staff in the selected counties, have no AML/CFT Knowledge nor the ML/TF risk associated with real properties, especially for the collection of lawful revenue in the sector.
- **MOJ** lawyers/prosecutors have had occasional AML/CFT training. Additionally, there is a Financial Crime Unit (FCU) within the prosecution department that benefits from AML/CFT training from GIABA and other partners. However, MOJ lawyers/prosecutors’ knowledge of the real estate sector and their AML/CFT role in prosecuting real property cases was not ascertained.
- **LBR**: staff of LBR have appreciable knowledge/understanding on AML/CFT. They have attended training and workshops conducted by domestic (FIA) and regional/international (UNDP, GIABA) partners. Some of those trainings centered around Beneficial ownership.

Assessor’s analysis

The unavailability of statistics/records were mostly due to poor recordkeeping for the most part and the creation of bottlenecks in providing data by stakeholders, LEAs, prosecutors, and the

courts. However, it was not determined if any real property cases resulted to ML/TF crimes or associated predicate offenses.

Criminal Conveyance of Land- The penalties appear to be dissuasive but not proportionate when it comes to authorities who may aid or abet in the criminal conveyance of the property. The law did not provide robust procedures for KYC, SDD, CDD, and/or EDD measures for the buyer, seller, surveyor, and town or city leadership.

For the Land Right Act, there are no administrative or criminal sanctions for non-compliance and/or due diligence processes to require investors to provide relevant KYC, BOI, including the conduct for CDD and EDD.

*The effectiveness of investigations, prosecutions, and adjudications of real property cases was rated as **Low***

ML/TF Risk Assessment of the Real Estate Sector in Liberia-2024

CHAPTER 2: REAL ESTATE SECTOR VULNERABILITY TO MONEY LAUNDERING

2.0 REAL ESTATE SECTOR VULNERABILITY ASSESSMENT

Variables considered for Real Estate Sector Vulnerability Assessment

Table 24: Variable for REs, professionals, and supervisors

Variables
Number of STRs/SARs reported
Number of CTRs reported
KYC requirements for clients during onboarding
Simplified Due Diligence (SDD) requirement
Customer Due Diligence (CDD) requirement
Enhanced Due Diligence (EDD) requirement
Recordkeeping
AML/CFT Knowledge/training
AML/CFT Internal control system, policies, procedures
Beneficial ownership Identification and verification
Financial transaction (Buying & Selling)
Financial transaction (Leasing/Mortgaging)
AML/CFT Compliance Officer

2.1 Effectiveness of Supervision, Procedures and Practices

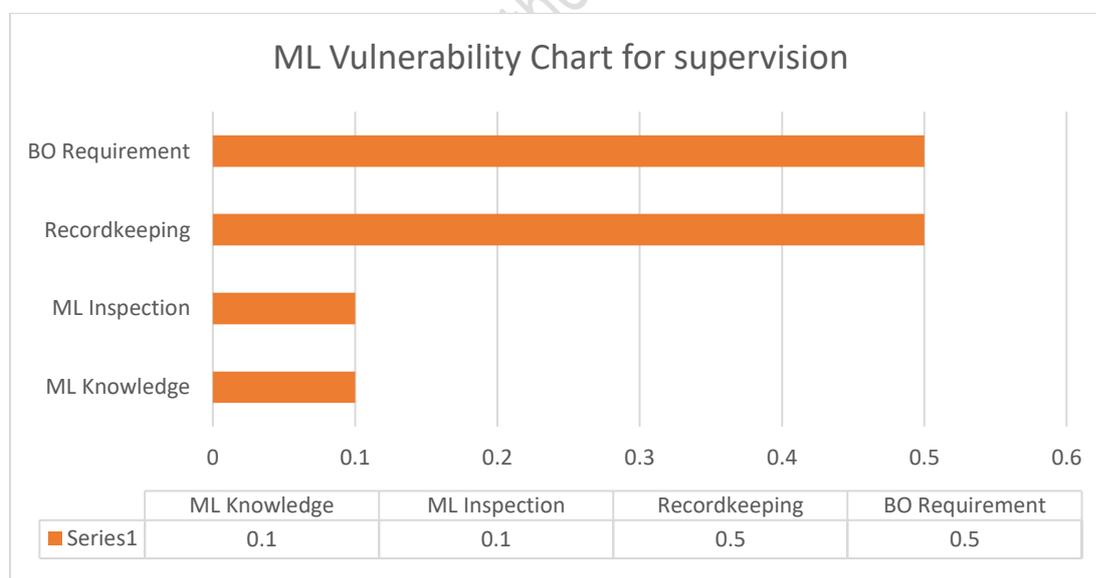


Figure 4: ML Vulnerability rating for supervisors

The FIA identified and worked with one self-regulatory body (LREU) and a subsector regulatory institution (ALCC) responsible for institutions involved with construction contracts. The ALCC is legislated by An Act to Establish Association of Liberian Construction Contractors with branches in 15 counties in Liberia. ALCC regulates construction companies who function in three

major categories; industrial roads, residential buildings, and agricultural (development of agricultural land), etc. The Liberia Real Estate Union is a self-regulatory body comprising of members who are real estate developers, realtors, construction companies, etc. with headquarter in Monrovia, Montserrado County, Liberia. Their supervisory obligations according to the AML/CFT Act 2021 were assessed below.

2.1.1 AML/CFT Examination or Inspection of REs

The basic and essential examination/inspection ALCC has carried out in the past three years is prudential inspection; inspecting the offices, equipments, and tools required for companies to function. There was no AML/CFT related inspection/examination conducted. The LREU did not provide any data/information on conducting sectoral examinations or inspections during the past three years.

2.1.2 Effective Recordkeeping

For the most part, ALCC demonstrated to have in place a centralized digital system to keep and track records of registered construction companies considering their locations and categories/operations. LREU on the other hand also stores entities' records in a digital form using the names, contact information, and categories/operations of the entities. Both ALCC and LREU, however, did not prove to update records periodically suggesting inconsistencies in some of the data provided.

2.1.3 Beneficial Ownership Requirements

ALCC requires companies to submit full name, date of birth, residential address, identification, bank detail, shareholders information & others during onboarding but does not verify and/or request for beneficial owner(s) information. Documents that are additionally required for onboarding are business registration certificates, operational license, details of a certified engineer, information on subsidiaries or branches, bank statements, etc. LREU on the other hand requires institutions to provide some KYC documentations except for beneficial owners. Like the ALCC, LREU does not have a policy or procedure to verify the information provided for constancy including the verification to identify and verify the beneficial owners of the companies/institutions.

2.2 Enforcement of Administrative Sanctions

The regulators did not provide any data on enforcement actions taken during the assessment period under consideration. LREU being a self-regulated body whose members also own real

estate businesses or institutions may not have enforcement powers to demand compliance. ALCC, however, has legal authority to enforce compliance based on its own standards but did not provide enforcement records.

2.3 AML/CFT Knowledge and Training

2.3.1 AML/CFT Knowledge Of Real Estate Institution/Professionals Staff

There was no proof of AML/CFT training conducted by supervisors for REs and professionals during the period. Supervisors themselves have had limited or no AML/CFT training or knowledge to be transferred to REs.

2.3.2 AML/CFT Knowledge of Real Estate supervisors

- **ALCC** did not conduct any AML/CFT awareness/training activities in the past three years for its staff nor the reporting entities (construction companies) they supervise. The first time to hear and understand the concepts of AML/CFT was during the period covering the risk assessment in the real estate sector when stakeholders' meetings and workshop/training were conducted to outline the specific roles and responsibilities of stakeholders' institutions and the effect of ML/TF in the real estate sector.
- **LREU** - A limited number of staff from LREU have general AML/CFT knowledge from FIA and GIABA engagements during the National ML/TF Risk Assessment (NRA), the 2nd round of Mutual Evaluation, and engagements during the conduct of the real estate sector ML/TF risk assessment. LREU has conducted prudential (sectoral) training for over 100 agents in the real estate sector as inspectors (April 2-4, 2018, June 1-3, 2020, February 1-3, 2022, & May 8-10, 2023).

*The ML Vulnerability for supervision, procedures, and practices was rated as **Low***

CHAPTER 3: AML/CFT CONTROLS AND MEASURES FOR REPORTING ENTITIES

3.0 Assessment of the Quality of AML/CFT Controls and Measures for Reporting Entities

Table 25: ML Vulnerability rating for Internal control/compliance program

Input Variable	weight	Indicator	ML Vulnerability Rating
Number of STRs/SARs reported	0	There were no STRs/SARs related to ML/TF reported from Real estate institutions or their representatives (including employees, volunteers, or other individuals acting in an official capacity representing a real estate institution).	High
Number of CTRs reported	0	There were no CTRs related to ML/TF reported from Real estate institutions or their representatives (including employees, volunteers, or other individuals acting in an official capacity representing a real estate institution).	High
KYC requirements for clients during onboarding	1	Full range of KYC requirements (including name, date of birth, nationality, unique address, some form of national identification, etc.) are carried out by real estate professionals/institutions during onboarding of clients and/or before the buying and selling of real properties.	Low
Simplified Due Diligence (SDD), Customer Due Diligence (CDD), and Enhanced Due Diligence (EDD) requirements	0.3	Minimum SDD requirements are carried via phone calls and expertise in visual identification of legitimate clients/documents by real estate professionals/institutions during onboarding of clients and/or before the buying and selling of real properties.	High
Recordkeeping	0.3	Limited KYC and transaction records for clients are kept in hardcopies on shelves and unsecured cabinets by real estate professionals/institutions. Some doors of the offices containing documents are shielded with locks, but the documents are spread out in the offices on floor due to lack of space. Update to data is rare except being triggered by investigation or based on clients' requests. Obtaining records requires hours/days of searching.	High
AML/CFT Knowledge/training	0.3	Maximum of 2 staff of real estate institutions/professionals or their representatives (including, volunteers, or other individuals acting in an official capacity representing a real estate institution) have limited knowledge and training in AML/CFT measures.	High
AML/CFT Internal control system, policies, procedures	0.1	Real estate institutions/professionals have limited or no internal control measures, policies, and procedures.	Close to Nothing
	0.1		

Beneficial ownership Identification and verification		Real estate institutions/professionals do not request/require any BO information.	Close to Nothing
Financial transaction	0.3	Real estate institutions/professionals, or property owners (granters, buyers) conduct all transactions using cash only for real property transactions with some form of documentation (receipt) manual/hardcopy.	High
AML/CFT Compliance Officer	0.1	Real estate institutions/professionals have no staff to perform the institution/sector specific compliance function nor the AML/CFT compliance program/preventive measures.	Close to Nothing

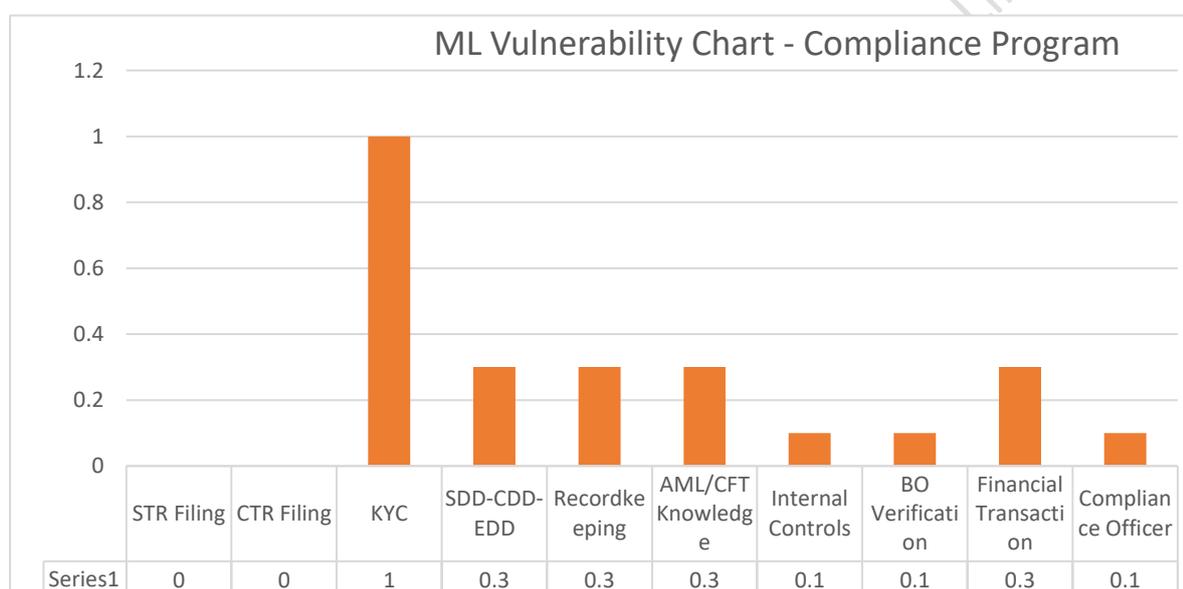


Figure 4: ML Vulnerability for internal control/compliance program

Table 26: Real Estate Institutions/ Respondents

No.	Reporting Entity	Sub-sector	location	Legal status/ Regulator
1.	RE1	Residential & Commercial	Monrovia, Montserrado, Liberia	LBR Certificate
2.	RE2	Residential & Commercial	Harbel, Margibi, Liberia	LBR Certificate
3.	RE3	Residential	Dallas, Texas, USA	LBR Certificate
4.	RE4	Residential & Industrial	Monrovia, Montserrado, Liberia	LBR Certificate
5.	RE5	General Construction	Paynesville, Montserrado, Liberia	LBR Certificate

3.1 Effectiveness of Suspicious Transaction and Activity Reporting

The assessment found that REs in this sector do not know their obligations by law to file suspicious transactions or activity reports to the FIA. There has been no filing of STRs/SARs since their legal establishment as entities operating in the sector.

3.2 Availability And Effectiveness of Internal Controls

As outlined in Section 15.3.12 AML/CFT Act 2021, REs in this sector have no AML/CFT compliance officers, policies and procedures. ²⁰“Reporting entities shall appoint AML/CFT Compliance Officers at a management level, which shall be responsible to implement and promote compliance with all AML/CFT obligations within Reporting Entities. The compliance officer shall have unrestricted access on demand to all books, records and employees of the reporting entity as is necessary to fulfill her/his responsibilities. Reporting entities shall develop and implement internal programs for the prevention of money laundering and terrorism financing and for the management and mitigation of money laundering and terrorist financing risks and such programs shall be regularly updated”.

3.2.1 KYC Requirements

REs for the most part do require clients to provide some KYC information but not limited to the full name, date of birth, residential/business address, and identification. Verification of the KYC information provided including the request for BO information and verification are the lapses identified.

3.3 Identification and Verification Requirements

Information verification is key in the fight against ML/TF within the sector. In Liberia, the possibility of individuals possessing fake identities is high and therefore ensuring that identities are verified will reduce the vulnerability. Data reveals that REs do not verify information provided by clients/entities.

3.3.1 Simplified Due Diligence

In accordance with section 15.3.5 of the AML/CFT Act 2021, reporting entities shall have the following obligations; apply simplified customer due diligence procedures to customers that have been identified as low risk through a documented risk assessment. This risk assessment should be

²⁰ Section 15.3.12 AML/CFT Act 2021

kept up to date. The simplified customer due diligence measures should commensurate with the risk factors and should include, but are not limited to the following:

- Reducing the frequency of customer identification updates;
- Reducing the degree of on-going monitoring and scrutinizing transactions;
- Not collecting specific information or carrying out specific measures to understand the purpose and intended nature of the business relationship.

The assessment indicates that REs have not conducted any ML/TF risk assessments of the products and services in line with this provision to determine high, medium, and low risks.

3.3.2 Customer Due Diligence

²¹A reporting entity shall not establish or maintain anonymous account or accounts in fictitious name. Reporting entities shall undertake customer due diligence measures by means of reliable and independent source documents or information in the following circumstances:

- When establishing a business relationship with a customer.
- Whenever doubts exist about the veracity or adequacy of previously obtained customer identification information.
- Whenever there is suspicion of money laundering or terrorism financing involving the customer(s).

The assessment indicates that REs do not implement due diligence measures by means of independent source documents in line with this provision.

3.4 Enhance Due Diligence

Pursuant to section 15.3.3 of the AML/CFT act 2021, reporting entities are obligated to examine, as far as reasonably possible, the background and purpose of all complex, unusual large transactions, and all unusual patterns of transactions, which have no apparent economic or lawful purpose. The findings shall be maintained in writing in client files and shall be made available promptly if requested by the FIA or competent supervisory authority that should have access. Where the risks identified are higher, the reporting entity shall apply enhanced customer due diligence measures consistent with the risks identified.

The assessment indicates that REs do not implement enhanced due diligence measures by means of independent source documents in line with this provision.

²¹ Section 15.3.2 of the AML/CFT Act 2021

3.5 Financial Transaction

2021-2023 financial transactions of construction companies.

Table 27: REs financial transactions 2021-2023

No.	Reporting Entity	Year	Total Cash in (income)US\$	Total Cash out (expense) US\$	Medium of Transaction
1.	RE1	2021, 2022 2023	23,750.00 11,645.00 17,400.00	21886.93 10,908.19 14,629.99	Cash, 3 rd party payment, bank transfer, paper cheque
2.	RE2	N/A	N/A	N/A	Cash (Installments), direct deposit, bank transfer
3.	RE3	N/A	N/A	N/A	Direct deposit, bank local transfer, bank transfer
4.	RE4	2021 2022 2023	685,261.80 780,282.80 1,119,979.87	N/A	Bank international transfer
5.	RE5	N/A	N/A	N/A	Cash & bank local transfer

Assessor's analysis

Majority of the transactions are made through cash which confirms the high rate of vulnerability of criminals using this sector unnoticed as Liberia is a cash-based economy. Of all the respondents, only the company who has a branch in the United States of America indicated that there is an AML/CFT responsible staff. This is maybe because it is required by all Americans owned companies/Entities to have such in place. AML/CFT knowledge is lacking and therefore, there's no compliance section/officers at the various companies/REs.

The construction companies in Liberia are still conducting their dealings manually as shown here which makes ML/TF investigation difficult. REs do not take adequate record nor apply recordkeeping requirements as prescribed by law especially regarding financial transactions. As outlined in the preventive measures (Section 15.3, AML/CFT Act 2021), all REs assessed have major deficiencies/vulnerabilities.

*The Quality of AML/CFT controls and measures for reporting entities was rated as **Low***

CHAPTER 4: REAL ESTATE AGENTS

4.0 Assessment Of Vulnerabilities Associated with Real Estate Agents

Table 28: Variables and rating for real estate Agents

No.	Variable	ML Vulnerability Rating
1	Legal/Regulatory Status	High
2	KYC Requirements	High
3	Identification and Verification (SDD, CDD, EDD) of clients	High
4	Effectiveness of STR/SAR Reporting	Close to nothing
5	Recordkeeping requirements	Close to nothing
6	AML/CFT Knowledge and training	Close to nothing
7	Financial Transactions	High

In Liberia real estate sector, the term AGENT refers to unregulated individuals whose primary duty is to assist those searching for land, compound, house, apartment, and room, for the purpose of rent, lease or buy for a minimum fee.

Table 29: Assessment of financial, legal status, recordkeeping, and supervision

No.	Agent	# years	Financial Transaction	Legal status	Recordkeeping	Regulator
1	Agent1	10	Cash	Not registered	No	No
2	Agent2	11	Cash	FE-REAL	No	FE-REAL
3	Agent3	6	Cash	Not registered	No	No
4	Agent4	15	Cash	LBR	No	No
5	Agent5	5	Cash	FE-REAL	Yes, agreement form	FE-REAL
6	Agent6	3	Cash	LBR	yes	No
7	Agent7	3	Cash	LBR	Yes (1year)	No

4.1 Legal/Regulatory Status

The assessment found that real estate agents in Liberia are not organized formally/legally for sectorial or AML/CFT related purposes. Five (5) out of the seven (7) respondents are freelanced agents. For example, agents 1, 2, 3, and 5, have been operating for about 10, 11, 6, and 5 years illegally without registering with the LBR. While it is true that three (3) out of seven agents responded to be legally registered, the assessment did not ascertain if their registration is up-to-date.

Federation of Real Estate Agency of Liberia (FE-REAL)

FE-REAL is considered to be a self-regulatory body in the real estate sector. It is legally registered in Montserrado County as a business to conduct “activities of other membership organizations since February 2023. FE-REAL is engaged in real estate activities as a business and at the same time coordinates other entities as a parent body. The assessment found the below activities/deficiencies:

- That there has been no AML/CFT Activity since it’s formation
- The it does not require real estate institutions/agents to provide any personal information before on-boarding (Beneficial Owner Information)
- Do not verify information provided by reporting entities/agents
- That staff of the organization have no AML/CFT knowledge
- That the organization has conducted or participated in any AML/CFT inspection for real estate institutions and agents
- That they have approximately 20 brokerage & countless agents

4.2 KYC Requirements

The below were responses provided by respondents on their KYC requirements.

- Agent1 --- “little background check on sellers”
- Agent2 --- “we are not concerned about the source of funds or identity of the buyers. Only concern about the property to avoid problem.”
- Agent3 --- “unless the relationship becomes personal. However, we do background check on property and owners)
- Agent4 --- “property owners do acquire information from the client rather than the agents themselves.”
- Agent5 --- “the sellers or property owners ask the questions concerning potential buyer not the agent.”
- Agent6 --- “We acquire information concerning the true ownership of the property or seller before commercializing it.”
- Agent7 --- “We carefully identify property owners before posting up for rent or sale.”

The ML Vulnerability related to KYC requirements for agents was rated as **High**

4.3 Identification And Verification (SDD, CDD, EDD) of clients (buyer & Seller)

The below were responses provided by respondents on their due diligence requirements:

- Agent1 --- “little background check on sellers.”
- Agent2 --- “we are not concern about the source of funds or identity of the buyers. Only concern about the property to avoid problem.”
- Agent3 --- “unless the relationship becomes personal. However, we do background check on property and owners.”
- Agent4 --- “background checks are done on the property owners (seller) to establish real ownership.”
- Agent5 --- “the sellers or property owners ask the questions concerning potential buyer not the agent.”
- Agent6 --- “we acquire information concerning the true ownership of the property or seller before commercializing it.”
- Agent7 --- “we carefully identify property owners before posting up for rent or sale.”

*The ML Vulnerability related to SDD, CDD, EDD requirements for agents was rated as **High***

4.4 Effectiveness Of Suspicious Transaction and Activity Reporting

As indicated in the above table, all real estate agents are not formally regulated/supervised for prudential sectorial activities nor for AML/CFT activities. Agents have no knowledge of suspicious transactions/activities related reporting and have not reported any such reports.

*The ML Vulnerability related to STR/SAR reporting requirements for agents was rated as **close to nothing***

4.5 Recordkeeping requirements

Agents have no form of recordkeeping requirements and are not knowledgeable of any regulation obligating them to keep KYC and transactional records. Two agents responded that they keep some records, but the assessment could not verify their recordkeeping requirements.

*The ML Vulnerability related to recordkeeping requirements for agents was rated as **close to nothing***

4.6 AML/CFT Knowledge and training

Real estate agents have no AML/CFT knowledge or awareness of any AML/CFT obligations. They expressed interest in training to enhance their AML/CFT knowledge and especially to protect their activities in the sector from abuse by criminals.

*The ML Vulnerability related to recordkeeping requirements for agents was rated as **close to nothing***

4.7 Financial Transaction

All financial transactions conducted by and through real estate agents are cash. Most agents responded that they prefer such hand-to-hand transaction to avoid problems with the bouncing of checks or money order through a financial institution.

*The ML Vulnerability related to recordkeeping requirements for agents was rated as **High***

Assessor's analysis

The Lack of KYC, CDD, SDD, and EDD by agents for clients (buyer/seller) creates huge level of ML/TF vulnerability in the sector. These different collection of identity and verification measures should be applied to both customers and beneficial owners of real properties considering issues surrounding fronting in real property transactions. On average, agents do not keep essential²² records as required by the AML/CFT Act 2021. The main purpose for record-keeping by REs is evidentiary, which is to collect and keep customers information on their identity and to facilitate investigations by law enforcement authorities in relation to litigation involving customers or clients. Little or no form of recordkeeping by real estate agents or agency creates some level of ML/TF vulnerabilities in the sector. Cash based method without the use of the formal financial system in most instances for payment by agents and parties opens vulnerability to the sector. Unlike other monetary instruments, such as credit card or wire transfer which usually leave a trace to the sender or owner, cash holds no record of its source or owners especially when agents (third party) are involved.

*The ML Vulnerability related to Real Estate Agents operations in the sector was rated as **High***

²² Section 15.3.16 of the AML/CFT Act 2021

CHAPTER 5: BUYING & SELLING OF REAL PROPERTIES

5.0 Assessing the ML Vulnerabilities associated with Buying and Selling of Real Properties

Table 30: ML Vulnerability associated with buying and selling real properties

No.	Variable	ML Vulnerability Rating
1	KYC, SDD, CDD, EDD Requirements for Sellers (Granters/ property owners)	High
2	Recordkeeping Requirements	High
3	AML/CFT Knowledge for property owners (granters)	Close to nothing
4	Medium of financial transactions	High

Property owners/Private & Community Land administrators.

Table 31: ML Vulnerability assessment of Property owners' legal status, financial transaction and knowledge of AML

No.	Property Owner	Legal status	Financial Transaction	AML/CFT Knowledge
1	Owner1	Family-court letter of administration	Cash	Yes
2	Owner2	Court letter of administration & decree of sale	Cash	Yes; via radio
3	Owner3	Court letter of administration and power of attorney	Cash	Yes; via radio
4	Owner4	Court letter of administration & Court decree of sales	Cash & cheque	Yes, via radio
5	Owner5	Court letter of administration & decree of sale	Cash, only GOL pays by cheque once	Yes, via radio
6	Owner6	Court letter & decree of sale	Cash	No
7	Owner7	Court letter of administration and court decree of sale	Cash	No
8	Owner8	Court letter of administration, court decree of sale & land deed	Cash	No
9	Owner9	Court letter of administration and court decree of sale	Cash	No
10	Owner10	N/A	Cash	N/A
11	Owner11	No; customary land (family)	Cash	N/A
12	Owner12	Court letter of administration	Cash	Yes, via reading
13	Owner13	Court letter of administration	Cash	No
14	Owner14		Cash	No
15	Owner15	LLA	Cash	Yes, via reading

5.1 KYC, SDD, CDD, EDD Requirements for Sellers (Granters/ property owners)

The below were responses provided by respondents (real property owners/realtors) on their KYC, SDD, CDD, and EDD requirements

- Owner1 --- “There’s no scale to verify the actual buyer/BO
- Owner2 --- “I do not verify. No means to verify actual BO”
- Owner3 --- “I do not verify except the person is under age; ask for status sometimes
- Owner4 --- “I do not verify actual BO”
- Owner5 --- “No verification is done; except the information provided by the person paying for the real property
- Owner6 --- “Most often first hand information is taken”
- Owner7 --- “Only when there’s an issue where a family member in Liberia over price the real property value to his/her family in the diaspora and that result into confusion.”
- Owner8 --- N/A
- Owner9 --- N/A
- Owner10 --- “I don not verify”
- Owner11 --- “By history”.
- Owner12 --- “Ask where you’re from; request for name; ask whether you are a Liberian”
- Owner13 --- “verify/question whether the person is a citizen; name, where you’re from, etc.”
- Owner14 --- “We ask the clients and accept whatever information they give us; we have no other way to verify the information they give us.”
- Owner15 --- “I only sell to negro or philanthropy groups so I don’t have issues identifying them as negro. Negros like Nigerians or Ghnanians, I check their citizenship; once they are naturalized, I will sell to them.”

*The ML Vulnerability related to SDD, CDD, EDD requirements for realtors/property owners was rated as **High***

5.2 Recordkeeping Requirements

Below are responses to recordkeeping requirements by private land/property owners.

1. Owner1 --- Record is maintained forever because it's safe in the google
2. Owner2 --- Safekeeping somewhere else
3. Owner3 --- Forever
4. Owner4 --- In his bag
5. Owner5 --- Forever (been having record since 2005 to present)
6. Owner6 --- It is kept until it is pass on to the next family's administrators
7. Owner7 --- Forever; to pass on to the next generation
8. Owner8 --- Records are kept on the computer
9. Owner9 --- Records are kept on ledger
10. Owner10 --- No, I do not keep records
11. Owner11 --- History, knowledge is passed down to generations
12. Owner12 --- Do not keep record of previous administrators' transactions
13. Owner13 --- Inventory is conducted at the end of the year
14. Owner14 --- In hard copy (photocopy each time it is getting old)
15. Owner15 --- I keep them as long as I live; I even have some from my father

*The ML Vulnerability related to recordkeeping requirements for realtors/property owners was rated as **High***

5.3 AML/CFT Knowledge for property owners (granters)

All administrators in Montserrado county have hear about ML/TF or AML/CFT on radio while majority of the administrators in Margibi county have no knowledge of same. Those in Grand Bassa, Nimba and Bong counties have little or no acknowledge about the subject. Of the fifteen (15) respondents, none have attended any AML/CFT training.

*The ML Vulnerability related to AML knowledge/training requirements for realtors/property owners was rated as **Close to nothing**.*

5.4 Medium of financial transactions

Payments for real properties are made in cash which leaves almost no trace for the source of funds. Launderers especially corrupt officials and drug dealers can easily laundered proceeds of crime in this sector because about 95% of transactions are conducted in cash. Some land administrators are flexible by allowing payments to be made by installments which gives advantage to Liberians who can not avoid to buy upfront to still own real property.

*The ML Vulnerability related to the medium for financial transaction for realtors/property owners was rated as **High***

Assessor's analysis

Some land administrators maintain records for their lifetime but primarily through historical family line, passing the information over to the next generation of administrators. Some rely on receipt books and handwritten receipts only as the means of maintaining record. A few others have additional mechanisms such as ledger, computer, receipt books, photocopies of transactional records, yearly inventory, google back up which is an additional security of record keeping.

Property sellers in Montserrado County have little or no interest in asking about 3rd party involvement in the buying and selling of properties. In Margibi and Grand Bassa Counties, property owners/administrators at the minimum will request information about BO in their transactions. In Nimba and Bong Counties, property owners exert effort to know actual BOs of real properties. Property owners on the average do not conduct comprehensive KYC SDD/CDD/EDD on their clients/buyers. Property owners in Montserrado have no reason to suspect the status of who is buying from them. Margibi county known to be one of the trouble spots for major land conflicts in Liberia, land administrators face some level of fear with surveyors and/or buyers for unauthorized reselling of land. However, in Grand Bassa County, land administrators seems to fear PEPs or influential people who might use their finance or influence to encroach or claim properties unlawfully. On the other hand, in Nimba and Bong Counties administrators sell minimum land with little/no fear to suspect criminal activities.

*The ML Vulnerability related to the buying and selling of real properties (land) was rated as **High***

CHAPTER 6: RURAL & URBAN FACTORS IN BUYING AND SELLING OF REAL PROPERTIES

6.0 Assessing the ML vulnerabilities associated with buying and selling real properties in rural & urban communities

6.1 Rural Factor

Grand Bassa County: The process of selling and buying private real property follows the following steps and procedures:

- As a private real property owner, you firstly must obtain from the civil law court 'letter of administration' and 'court decree of sale' to be authorized to administer estate.
- The mother deed of such property will be presented to the court by the owner(s) of the property and must explain to the court the size or quantity of the real estate/property that you want to sell/administer.
- In return, the court will give a 'letter of administration' and 'court decree of sale' which will grant them the permission to do sale. The letter of administration will carry all the names of individuals otherwise knew as administrators, who are authorized to administer such estate.
- Property owners will take the letter of administration and court decree of sale for notarization.
- After notarization, the letter and decree will be taken to the Liberia Land Authority for registration.
- After all these processes, it will officially grant the individual(s) the right to sell or administer private land.

Bong County: The buying and selling of real property in Bong County involve several important steps as indicated below:

- Property owners go to court to obtain court decree of sale, a letter of administration, and evidence of payment for the property tax (tax clearance) from the Liberia Revenue Authority (LRA).
- Prepare the Land for Sale: Make necessary improvements or clear disputes.
- Set a Fair Price: Determine a competitive price based on market conditions.
- Negotiate with Buyers: Engage in negotiations to reach a mutually agreeable price. Except for philanthropic organizations, it must be noted that real properties are only sold to Negros or persons of African descent.

- **Draft a Sale Agreement:** Have a lawyer draft the agreement to ensure all legal aspects are covered.
- **Payment:** payments are normally made through cash. In most cases, 99% of all transactions are cash and 10% are made by other means (checks, credits, etc.)
- **Transfer Ownership:** Complete the transaction by transferring the deed to the new owner and registering the sale with the Liberia Land Authority.

6.2 Urban Factor

Unlike in the rural settings where acquisition of real property is conducted straightly between clients and family of the property with little or zero involvement of agents, the case to some extent is similar for third-party involvement in the face-to-face negotiation and buying/selling including the processing of real property documents. However, the transactions defer in urban areas in terms of payment methods and the processing of documents. For instance, real property buying and selling transaction sometimes involved third party like an agent or middleman who usually find clients for property owners in the urban communities. These agents link clients with property owners and sometimes payments are done through them. Due to the demand for real properties in urban communities, family members who are not administrators of the property, for criminal intent resell real properties to another party thus creating conflict. Most real property cases evolved around unauthorized sale of properties and/or unlawful claim of property, knowing or having reason to know that the property is legitimately owned by someone who resides outside of the community or abroad, or the document for the property was not legally processed during the first transactions. Resolution of these kinds of acts occasionally led to buyers paying double for the property or losing the property to the client who pays more money. On rare occasions, payments are made through cheques while others use mobile money transfer system or the barter system (land for vehicle or other machinery).

Assessor's Analysis

The assessment identified inconsistencies in the processes leading to the buying and selling of real properties in urban and rural communities in Liberia. While it is true that Liberia has to some extent decentralized the activities/institutions responsible for processing real property deeds/documents, some rural communities however rely on professionals, agents, third-party expeditors, etc from the urban areas for transactions. Respondents in Bong County emphasized that it is advisable to engage a reputable agency to assist in the process of buying real properties. However, in that part of the country, property owners or administrators would rather deal with

the buyer on a one-to-one basis. Real estate stakeholders in the county stressed that they often advice buyers and sellers of real properties to seek legal assistance, conduct due diligence, abide by relevant government regulations.

As for the normal practice of conducting real estate business in Grand Bassa county, the buying and selling of real property or real property transactions do not normally involve the services of agents. Private land administrators are basically contacted by clients due to popularity of the names attached to the estate by the local. During real estate transactions, there are few or no questions asked of the clients, or any kind of background check conducted. Private land administrators basically follow their instinct when dealing with clients in a real estate transaction to determine or establish risk or danger. Payments for real properties are made through cash, cheque, or the barter system. In the use of the barter system, properties are exchanged for another property and/or properties are exchanged including the additional payment of fund based on the agreed value of the property. After the transaction, an administrative deed will be issued to the buyer by the seller. On that administrative deed, all administrators to that estate sign. During the probating of the deed, verification is done based on the information on the deed by the probate court.

The ML Vulnerability related to urban and rural factors in the buying and selling of real properties was rated as
Medium

CHAPTER 7: LNBA/LAWYERS-LAW FIRMS

7.0 Assessing the ML Vulnerabilities associated with LNBA/Lawyers-Law Firms

7.1 Lawyers-Law Firms

Services such as doing business registration, drafting contracts, probating private property deeds and leases, and/or facilitating transactions in the buying and selling of real properties are conducted by lawyers/law firms in Liberia. For KYC requirement, some lawyers/law firms require the name of the business, the owners, nationalities, financial equity, board members, and beneficial owners and if it is a contract, the sums and conditions involved.

- Occasionally, lawyers/law firms do write the National Archives, the Land Authority and the Ministry of Foreign Affairs to verify ownership of properties. Some go to the communities where the real property is to speak with neighbors as to what claims, if any, are laid on the property. It was noted that the authentication of the legitimate owner's property can often be a challenge in many instances. Sometimes all parties are charged if due diligence is not done properly. Lawyers do manual filing of documents. Some lawyers identify the beneficial owner(s) by asking the person(s) facilitating the transaction for all information concerning the owners and whether there are other beneficial owners as required by law. Lawyers/law firms do not go beyond verifying the given names, but interview family members and take their contacts for further verification. While it is true that they do the needful, they find it difficult to verify ownership or the actual family administrators". The lawyers and/or law firms have limited knowledge including their AML/CFT obligations to prevent criminals from abusing the sector.

7.2 Liberia National Bar Association

Liberia National Bar Association (LNBA) was established on February 4, 1907, by an act of the National Legislature. The LNBA is comprised of lawyers, judges and law students. The Bar promotes access to justice, legal professional ethics, effective administration of justice, and enhances fraternal bond among LNBA members and between the association and Bars of foreign Countries.

LNBA has no policy, guidelines, or directive relating buying and selling of real property. There is no specific oversight by the LNBA to regulate members of the bar on how to deal with clients in the real estate sector. LNBA occasionally provide general AML/CFT knowledge during some of

the bar meetings/conferences but has not specifically conducted any awareness or training on issues relating to real estate in Liberia.

Assessor's Analysis:

Real estate contracts can be dense and laden with legal jargon that is difficult for non-experts to decipher. A real estate law firm ensures that these contracts are fair, comprehensive, and free of any ambiguous terms that could lead to future disputes. They can also tailor contracts to meet the specific needs of their clients, thereby providing an additional layer of protection.

They discover and resolve issues before transactions can proceed. In a formal closing where documents are signed, funds are transferred, and the property changes hands. During this critical phase, real estate lawyers are to ensure that all paperwork is completed accurately and in compliance with local laws. Lawyers/ law firms are²³ required to verify the identity of an individual immediately.

Law firms/lawyers should be admonished to use digital system to manage and store clients' records to enhance proper organization of files and make records readily available upon request. These steps will help in identifying, verifying, and updating, and understanding the true ownership and/or controllers of real properties. According to laws, regulations, and ethical standards, lawyers are generally required to conduct due diligence on clients they represent during real property transactions, particularly in relation to the source of funds and clients' profile. LNBA did not provide any information about its regulatory oversight to the bar members on real estate sector transactions or clients lawyers representation. While it is true that the Bar occasionally conducts general AML/CFT awarenesses during their meetings, the variable to assess the AML/CFT knowledge of Bar members (lawyers/law firms) was not ascertained because most lawyers around the country did not prove to have general AML/CFT knowledge. By conducting thorough due diligence, law firms protect themselves from potential legal liabilities and ensure that the property transaction complies with applicable laws and ethical standard. Collaborating with other parties in the various counties/rural areas during real property transaction is necessary.

The ML Vulnerability associated with lawyers/ law firms in buying and selling of real properties was rated as
Medium

²³ Section 15.3 of the AML/CFT Act 2021

CHAPTER 8: NOTARY PUBLIC

8.0 Assessing the ML Vulnerabilities associated with Notary Public

Table 32: ML Vulnerability rating for Notary Public

No.	Variable	ML Vulnerability Rating
1	KYC, SDD, CDD, EDD Requirements	High
2	Recordkeeping Requirements	High
3	AML/CFT Knowledge of property owners (granters)	High

A notary public in Liberia authenticates and swears to documents. When the person signing a legal document is unable to appear in person, a notary public can authenticate the document. A notary public can swear to a document in front of the person signing it. The notary public will then issue a certification that verifies their authority to perform notarial functions. Notaries public are required to verify the identity of the person signing a document and confirm that they understand the document's nature and effects.

Documents such as deeds/lease agreement have to be probated/registered before notarization. A fee of US\$25.00 is paid for processing. Notary Public identify/verify the seller/buyer through a recognized national, passport, voter cards etc. After the verification, a notary certificate will be attached to the document & sealed. Over the years, Notaries Public in Liberia have notarized lease agreements, deeds, MOUs, article of incorporation among others for management and/or purchase of the real properties. Some Notaries Public rely on their experiences and knowledge of most clients in the real estate sector to identify and verify ownership or the authenticity of the documents by looking at the signatories to determine which is legit or not. The notary completes the notarization by signing and sealing the document, often including a statement confirming that the signer was identified and signed willingly.

For Grand Bassa County assessment, there are numeral steps in notarizing a real property document. Firstly, the document in question must be probated and registered before being offered for notarization. Secondly, a fee of \$25 USD will be paid, follow by an identification process of the person presenting the document for notarization. The notary public will also conduct an identification process by identifying the grantor/buyer or the signatories to that document through requesting for ID card such as National ID, Passport, Voter registration card, etc. and are verify through these different databases. Sometimes during notarizing real property document, notary public ask signers/signees to a real property document to present a letter of administration or court decree of sale before notarizing a real property document. This is based on the type of real

property document that is being proffer for notarization. Lastly, after identifying and verifying the person presenting the document for notarization along with the signers/signees to the document, a notary certificate will be attached to the document and sealed.

8.1 SDD, CDD, EDD Requirements

Identities of signees or signers are verified through identification card such national ID, passports, voter ID, etc. The notary public sometimes ask signer for letter of administration and court decree of sale. While it is true that a notary public is there to ensure the authenticity of the document, notary public in Liberia do not take further steps to verify IDs or documents to know the true ownership by running signatures, documents, and IDs using the sources. It has been observed by many that fraud is highly likely to occur at the level of the notary public considering notarized documents to be unconditionally accepted for transaction in all sectors. Best practice requires that notary public take the necessary steps to ensure that parties to a document to be present or verified in person including the verification of all signatories.

8.2 Recordkeeping

Some Notary Public in Liberia use ledgers to record the names of sellers & buyers, page numbers, volume on the title deeds, including records on the identity of leasers and leasees. Other Notaries Public typically maintain a log for notarizations with no details about the document and the signer/ownership. After notarization, the document may need to be recorded with the appropriate local government office (like a county clerk) to be legally effective.

Assessor's Analysis

Best practice requires that the Notary Public ensure that all parties to documents (deeds, grant deeds, mortgage agreements, and affidavits) brought for notarization be present to sign or ready to sign before the Notary Public. It should be a requirement to present verifiable IDs and that the notary public take additional steps to verify both the documents and signatures, including the witnesses to the documents.

Of all the respondents, no notary public had AML/CFT knowledge including their obligations to prevent ML/TF. They expressed interest in AML/CFT awareness/training. Decentralization of the notary public is key as the notary public plays a lead role in the real property sectors. Requirements and procedures for notary public in the counties are not synchronized. The notary public need to be well equipped as to enable them to carry out the appropriate function of their

institutions. The process and requirement for notarization need to be set up straight for all parties involve with notarization to meet.

The signees of all documents to be notarized must be identified and it should stand as a cardinal requirement before the notary public. The process of verification is not enough due to the dependance on the instincts/acquaintances of real property owners by the notary public or registrar. Verification should go beyond the offices by using the sources of the documents and IDs presented. For investigations purposes, the notary public is one key source that should be authentic and for records to be readily available when requested. Most notary public manually keep records which are not detailed enough to trace back to beneficial owners. The assessment was unable to verify which branch/entity of government is responsible to regulate or have oversight on notaries public. It was established that the president appoints notary public (officials) for a turn of two years. However, due to little or no supervision/oversight of notary public, there are unauthorized notary public who are notarizing documents in the sector.

*The ML Vulnerability associated with Notary Public in the notarization process of real property documents was rated as **High***

CHAPTER 9: PROBATE COURT

9.0 Assessing the ML Vulnerabilities associated with Probate Courts

No.	Variable	ML Vulnerability Rating
1	KYC, SDD, CDD, EDD Requirements	High
2	Recordkeeping Requirements	High
3	Beneficial ownership verification	High
4	AML/CFT Knowledge for property owners (granters)	High

As required by probate court to probate warranty deed, transfer deed, etc., the original document is given to a lawyer, copy of the deed is posted for three days for claims or counter claims. The probate fee is US\$25.00 with a signed flag receipt. The court is required to verify if the deed is legit or if it comes from an authentic real estate. Some respondents from the probate courts around the country provided the below responses to questions relating to SDD, CDD, and EDD before probation to prevent ownership crisis or the ownership and sale or lease by criminal actors:

- “The court can request for two things; letter of administration, court decree of sale and request owner to conduct inventory on the already sole property.”
- “The court has no mechanism in place to determine when a single property land is sold to multiple buyers unless there is a case, lawsuit or dispute.”

9.1 The Probate Process - Grand Bassa County

The process of probating deeds or real property documents, like the notary, follow numeral steps and procedures.

1. When a deed is proffered for probation, the probate court clerk will check the owner(s) of the estate from whom the property was purchased.
2. He/she will check the amount that was paid for the property and the signatures of the witnesses to the transaction of the purchase.
3. The property owner (buyer) will be sent to LRA to pay real property tax on the property purchased, which will be based on the value of the property.
4. The buyer will attach the receipt from LRA to the deeds and take it back to the probate court.
5. The court will verify the amount paid to LRA and order the buyer to deposit the amount of \$25 USD in the judiciary account.
6. A copy of that receipt will be attached to the LRA receipt and taken to the judge who will do a visible assessment or verification of all the items on the deed to determine if all is accurate.

7. If all requirements are met, the judge will sign and send it back to the probate clerk to sign and seal the deed.
8. The buyer/individual processing the deed will take it to LLA for registration and archiving.

9.2 The Probate Process - Montserrado and Margibi Counties

The assessment reveals that Montserrado and Margibi counties follow the same process and requirements when it comes to probating real property documents.

1. To probate a deed (depending on the title), the deed to be probated is presented to the clerk along with copy of the mother deed (if it is a transfer deed).
2. The clerk published a 3-day notice on the court's bulleting for public view and counter claims (if any).
3. If there's no counter claim within the three (3) days period, the deed is probated.

9.3 The Probate Process – Nimba County

1. The probate court demands that only lawyers will process the probation of deeds.
2. The client (landowner/buyer) will hire a lawyer who will proceed to the court and prepare assignment with all required documentation for the property.
3. The court requests for two (2) things, a letter of administration, court decree of sale or the mother-deed if the deed is a transfer deed.
4. The lawyer is required to verify the true ownership of the property
5. The court demands that the property owner conducts infantry on the already sold property.
6. The lawyer will proceed to pay the related tax on the property to LRA based on the value of the property.
7. The lawyer proceeds to pay the probation fee of US\$25.00 in the judiciary account.
8. The clerk takes the letter along with the flagged receipt for probation from LRA
9. The probate court will place the deed on the bulletin/announce for three (3) consecutive days.
10. If there are no objections or caveats filed against same, the judge will sign and stamp the deed and order it probated.
11. The lawyer will proceed to LLA to register the deed.

9.4 SDD, CDD, EDD requirements

In some instances, the court requests for the court decree of sale including the mother-deed, send them to the Liberia Land Authority for verification. In other counties like Nimba, no property owner is allowed to process the probate of deeds. All deeds are said to be probated by and through a lawyer. All verification processes are the requirements of the lawyer.

9.5 Beneficial ownership verification

For BO requirements at the level of the probate court, name and year of the deed is the only means for verifying ownership. In some cases, they interview neighbors adjacent the estate/land and interview some family members to determine the beneficial owner.

9.6 Recordkeeping obligations

For some probate courts, they photocopy the documents and manually keep in folders, then record in the ledger using the name, year, and number on the deed. For some like Nimba, the name, number, year, and other details like a unique document identification number is logged in a table using Microsoft Word software.

9.7 AML/CFT Knowledge/Training

Assessor's Analysis

In Margibi and Montserrado counties, the judges had minimum awareness on AML/CFT activities from some general AML/CFT awareness conducted for trial judges in the past but not specifically considering ML/TF issues affecting the real estate sector.

It was discovered that there is no mechanism in place currently that would assist the probate clerk/officer to detect if a deed has been processed previously or if that land has been sold to another party except there's a dispute at which point an investigation can be launched. The clerk said that the only available means by which they tried to detect fake deeds is when they noticed a slight change with the resident judge's signature and/or stamp.

Additionally, the clerk made it clear that to probate a real property deed, the owner/title bearer(s) don't have to be present as third party is allowed once all the requirements are met. The clerk makes a copy of the deed(s) and it is maintained for future reference (record keeping) purpose.

In Margibi, it is allowed for any third party to bring a deed for probate without the property owner(s) being present. This makes the verification process to be very difficult. Probate courts in

Nimba and Montserrado counties do request for copy of the deeds and transfer the process to be handled by the lawyer. In most cases locating real properties when location is unknown is difficult. Only the deed is presented to the court by the family of the deceased owner.

In Nimba, most real properties are identified by and through family history. This means the older person available in the family or community will have details about the property. In Margibi, there has been no formal way to determine properties that are sold to multiple parties.

The verifications of ownership of deeds are mostly done by the Liberia Land Authority (LLA) from what was gathered in the various counties. Even the LLA has no timely and systematic means to verify real properties upon verification request from the court. The verification is based on searching through stockpile of folders to find the deed or documents requested which will often take days and weeks to find. There is no formal system set-up in the verification of ownership process in the counties. More is needed to be done to avoid future disputes. The effectiveness of Liberia's BO registry will help minimize some of these vulnerabilities. The system of keeping records is ineffective. The courts need to migrate to a stable digital system of record keeping enhancing cooperation, coordination, and collaboration in the fight against ML/TF and other crimes in the sector.

*The ML Vulnerability associated with Probate Courts in the probation of real property documents was rated as **High***

CHAPTER 10: THE LEASING/MORTGAGING OF REAL PROPERTIES

10.0 Assessing the ML Vulnerabilities associated with Leasing/Mortgaging of Real Properties.

²⁴According to Chapter III, Article 22 (a) of the Constitution of Liberia, the acquisition of properties which include real properties in Liberia is restricted to Liberian citizens only. “Every person shall have the right to own property alone as well as in association with others, provided that only Liberian citizens shall have the right to own real property within the Republic”. The constitution however outlined the requirements for citizenship in Chapter IV, Article 27 (b) that “in order to preserve, foster, and maintain the positive Liberian culture, values and character, only persons who are negroes or of Negro decent shall qualify by birth or by naturalization to be citizens of Liberia”. However, a child born by a non-negro and a Liberian parent (male/female) can decide at 18 years which nationality he/she can become.

With these provisions in Liberia’s constitution, there has been trends and patterns through which non-negros acquire real properties through children of a Liberian and a non-negro, though the child is not the ultimate beneficial of the property. Naturalized negros from neighboring countries and other African countries also have rights to own real properties in Liberia.

A trend identified by this assessment points to non-negros who may not have a child by a Liberian largely engaging in the leasing/mortgaging of real properties (Land/estates) for longer periods ranging from five (5) to about fifty (50) years since they have no right to own. This category of non-negros including naturalized Liberians involved in the leasing and/or mortgaging are involved in the construction and development of real estate for rent, lease, and resale over a period.

Considering the statistics below, real properties tax derived from business or commercial use stood at US\$10,717,586.00. The amount for residential use is US\$1,173,873.00. While it is true that taxes for residential use will also include residents of naturalized Liberians and residents of children born of a Liberian parent, estates are being constructed for residential purposes through which income is generated. The US\$672,402.00 for industrial use is largely tied to non-Liberians involved in investments and industries in the country.

Liberia is said to be running the “voluntary tax regime” where taxpayers willfully decide when to pay their lawful taxes though there are time stipulations for tax payment in the revenue code of Liberia. As described in the “combating ability of laws”, the LRA has several deficiencies ranging

²⁴ *The constitution of the Republic of Liberia*

from manpower, effective digital system, enforcement of tax collection, etc. Analysis of figure 1 above indicates the payment of US\$80,674.00 as administrative interest on property taxes for the three years and US\$93,945.00 as penalties on property taxes. The two amounts may be as a result of property owners who paid taxes only because they needed some kind of tax clearance for business, court, etc. after avoiding taxes for many months or years. Of all the taxes, the taxes on business or commercial use tops the list with US\$10,717,586.00. This may not only be due to business and/or commercial use of properties that triggered the tax so high, but due to the recent trend in the leasing and construction of commercial buildings by business owners who are mostly non-negros in urban areas in Liberia.

Assessor's analysis

ML/TF Vulnerabilities

- Most of those involved in leasing land from Liberian owners and constructing commercial buildings for rent or lease are foreigners.
- There is limited or no robust mechanism to verify ownership of those structures, monitor the financial transactions, and conduct ongoing EDD on foreigners/Liberian citizens who are constructing and leasing these commercial properties to determine if they are high risk persons and/or transacting from or to a high-risk country.

*The ML Vulnerability related to the leasing/mortgaging of real properties was rated as **High***

11.0 LIBERIA REAL ESTATE TERRORIST FINANCING RISK

11.1 TERRORIST FINANCING THREAT ANALYSIS

The AML/CFT Act 2021 section 15.2.3, subsection 1 defines the offense of Terrorist Financing

1. “A person commits the offense of terrorist financing if he/she/it purposely, or knowingly, and directly or indirectly, provides or collects funds or assets however acquired or attempts to do so with the intention that said funds or assets should be used or in the knowledge that said funds or assets are to be used in whole or in part:
 - a. to carry out a terrorist act, attempted terrorist act, participation in a terrorist act, or in offenses ancillary to terrorist act;
 - b. to facilitate that person’s activities related to terrorists acts or membership in a terrorist organization.
 - c. to fund a known or suspected terrorist for any purpose whatsoever; and
 - d. to fund a terrorist group or terrorist organization
2. Offense: a person or entity commits the offense of terrorist financing if he/she/it:
 - a. participates as an accomplice in a terrorist finance or offense or attempted offense
 - b. organize or directs others to commit a terrorist financing offense or attempted offense;
 - c. contributes to the commission of one or more terrorist financing offense(s) or attempted offense(s), by a group of persons acting with a common purpose
 - d. such contribution shall be intentional and shall either:
 - i. be made with the aim of furthering the criminal activity or criminal purpose of the group, where such activity or purpose involves the commission of a terrorist financing offense; or
 - ii. be made in the knowledge of the intention of the group or organization to commit a terrorist financing offense, etc.

²⁵The National ML/TF Risk Assessment of Liberia (NRA) 2019 rated TF threat as “low”. However, the activities/indicators relating to TF outlined in the NRA did not relate to the use of real property. It has not been determined through investigation, prosecution, and adjudication of any case involving TF emanating from the real estate sector.

*The TF Threat related to the buying, selling, leasing, and mortgaging of real properties was rated as **Low***

²⁵ National ML/TF Risk Assessment of Liberia

12.0 FINDINGS

1. There are appreciable numbers of laws and regulations to govern/protect the real estate sector but has not been effectively implemented.
2. The available legal framework for the real estate sector is not comprehensive to cover all players in the sector for AML/CFT purposes.
3. Real property owners are not knowledgeable of their AML/CFT responsibilities relating to KYC, SDD, CDD, and EDD before and when conducting transactions (buying/selling/leasing) of real properties.
4. There are inconsistencies in the processes/procedures leading to probate of real property deeds by the probate court with no system to identify and verify beneficial ownership for both the buyer and seller.
5. There are inconsistencies in notarization of real property deeds/documents with no system in place to identify and verify beneficial ownership for both buyers and sellers.
6. Reporting entities in the real estate sector have little or no AML/CFT knowledge, do not know their legal responsibilities to prevent the abuse of the sector by criminals and are not fully supervised/regulated for their prudential requirements/obligations including their supervision for AML/CFT requirements/obligations.
7. Non-negros and naturalized Liberians are engaged with leasing real properties (Land, buildings) for construction and development for commercial purposes.
8. There is little or no SDD, CDD, or EDD processes leading to leasing/mortgaging real properties by Liberians, non-negros, and naturalized negros.
9. There is no AML/CFT regulation, guideline, or directive for the real estate sector.
10. Real estate agents and professionals are not formally organized and supervised by a known agency or institution for prudential and AML/CFT purposes.
11. Some real estate institutions (Reporting entities) involved with real estate development (construction contracts) are being supervised by ALCC for prudential requirements/obligations on a minimum scale while other institutions/businesses involved with the buying, selling, leasing, mortgaging, and/or developing real properties have no supervisors.
12. The BO registry is online but has not been populated with BO data/information required for review and access. LBR is yet to sensitize the public and other stakeholders on the use and ongoing update of the BO regulation and registry.

13. A huge number of real estate institutions and construction companies operating in Liberia delay in regularizing their legal status (recertification) and/or sectoral license for up to four (4) years.
14. LNP and MOJ staff responsible for investigation and prosecution of real property cases have little or no knowledge on ML/TF investigation and prosecution. LNP and MOJ lack digital filing and case processing systems to register, process, and make available information or intelligence upon request in a timely manner.
15. Most financial transactions for the buying/selling, leasing, and mortgaging are done informally (person to person) outside the financial system without audit trail.
16. The LACC conducts weak EDD measure on sources of wealth/asset.
17. Lawyers and Law Firms serve as gatekeepers to the real property sector. They are deeply involved with business registration, draft contracts or facilitate transactions between real estate firms and other actors and probate private properties deeds & lease agreements on behalf of clients.
18. Real property tax payment which constitutes about 4% of the general revenue collection is low mostly due to noncompliance posture on the part of residential property owners.

13.0 CONCLUSION

The assessment concluded that the real estate sector has appreciable legal frameworks requiring entities and individuals operating in the sector to comply with for both prudential and AML/CFT purposes before, during, and after the buying, selling, and leasing of real properties. However, these laws have significant and minor deficiencies requiring amendments and/or the development of regulations that will address the deficiencies. There is, however, weak regulatory oversight in the sector as known regulators of specific subsets of the sector are left unsupervised. There are no AML/CFT measures or obligations outlined for property owners to verify credentials of potential buyers or leasers. On average, the lack of AML/CFT knowledge and awareness in the sector across stakeholders, reporting entities, and agents is the underlining factor for the **high** ML threat and vulnerability in the sector. However, the TF threat was rated **low**.

14.0 RECOMMENDATIONS

1. That the FIA and stakeholders institutions develop AML/CFT regulation, guidelines, and/or directives to include preventive measures/obligations for property owners (individual & community), supervisory entities, lawyers/law firms, notary public, probate court, surveyors, stakeholders, and other players in the buying, selling, leasing, and mortgaging of real properties by July 2025.
2. That the FIA and stakeholders conduct enhanced training/awareness and sensitization for property owners, lawyers/law firms, Judges, probate court staff, notary public, surveyors, supervisory entities, stakeholders, and other players in the real estate sector by July 2025.
3. That the government of Liberia allocate resources for staffing and technology upgrades to include electronic filing system for stakeholder/supervisory entities, including but not limited to mapping technologies to identify, trace, and verify all real properties in the country in realtime to be readily available upon request by December 2025.
4. That notaries public, probate courts, LLA, ALCC, LREU, FE-REAL, and other stakeholders develop a clear checklists and guidelines for real estate documentation and processing of deeds, letter of administration, and court decree of sale to enhance and ensure synchronization and consistency in all processes for accountability and reliability. They should develop electronic system/software to facilitate scheduling, document management, profiling, tracking, tracing, and verifying to enhance accessibility and for effective data retention by December 2025.
5. That the FIA and stakeholders develop standardized legal forms and procedures for real estate transactions and develop clear processes to identify and mitigate potential risk. Highlighting successful case studies and clients testimonies to build credibility, streamline processes and reduce confusion and further enhance regulations that protect consumers from fraud and unethical practices in the real estate dealings, including mandatory disclosures, creating efficient mechanisms for resolving disputes related to real property, potentially including mediation and arbitration options.
6. That the AML/CFT regulation for real estate sector mandate the LLA to regulate and supervise all agents and professionals in the real estate sector for their prudential obligations/requirements and ensure that all measures required for onboarding clients and verifying them are effective. The supervision of agents and professionals should include licensing of agents and professionals, licensing real property owners, especially private and community land and estate owners and all leases/mortgages in the country.
7. That the LACC in performing their legal obligation of processing and verifying declared assets (real property), enhance their due diligence measures by including, taking reasonable measures

to establish source of wealth and source of funds, and also ensuring proactive monitoring of the activity on assets declared to account for any changes that may occur to make an informed determination as to whether the change(s) emanates from corruption or misuse of public assets. In addition to working with a private assessor to appraise the value of real property(ies), LACC on an ongoing basis should collaborate with the relevant government institutions responsible for valuating real properties for tax and other purposes.

8. That the LRA either rigorously enforce tax law in the real estate sector or revisit their compliance policy and come up with disuasive measures that would entail stringent penalties for non compliance for real property taxpayers. To prevent, detect, and deter against tax crime relating to property, the LRA on an ongoing basis should employ a robust mechanism void of politics to step up the measures for noncompliance from paying of interests and penalties to implementing the procedures for foreclosure and criminal penalties.
9. That the LBR on an ongoing basis intensify measures to upload and update BO information to the BO registry to enable stakeholders and the public to have access to the BO data/information for information and intelligence purposes. There should be a mechanism to verify BOI when provided by real estate businesses and streamline business registration and certification to include requirement to provide sectoral or regulatory clearances/permits relevant public authorities as prerequisite to obtaining a business registration certificate. LBR should develop a plan to initiate stakeholders access to the BO registry including the training and sensitization on the use of the registry including benefits to the public. LBR should further apply robust mechanisms to monitor and enforce compliance for certification and recertification of institutions/companies operating in the real estate sector. Example of some measures could be but not limited to publication of non-compliant list of companies/institutions for failure to update and/or register business, etc.
10. That the FIA in collaboration with LNP and MOJ provide AML/CFT training and awareness for staff responsible for investigation and prosecution of real property cases. While it is applauding that the MOJ (Litigation and prosecution department) have been trained in AML/CFT, the MOJ should develop or adopt a risk awareness program for key staff responsible for preparing lease agreement or buying and selling of property by the State. LNP and MOJ should develop digital filing and case processing systems to register, process, and make available information or intelligence upon request in a timely manner.
11. That the AML/CFT regulation make it mandatory to process the transaction for buying/selling, leasing, and mortgaging of real property be made through a formal financial

system (bank, mobile money transfer services, ensuring that the accounts of the buyer and seller are used) transactions for the buying/selling, leasing, and mortgaging are done informally (person to person) outside the financial system without audit trail.

12. That the judiciary, LLA, and MOJ develop a guideline/procedure for probation and notarization of property deeds, lease agreements, court decree of sale, letter of administration, and other related documents to prevent the use of the sector by criminals for financial crimes including ML/TF. The judiciary should consider developing a digital system to file, trace, and verify documents for BO purposes.
13. That the FIA regulates reporting entities, agents, and professionals in the real estate sector for AML/CFT purpose, including but not limited to collaborating and coordinating with other sectoral supervisors, unions, self-regulatory bodies (SRBs) to streamline measures to prevent, detect, and combat ML/TF in the sector.

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