



INTER-GOVERNMENTAL ACTION GROUP AGAINST  
MONEY LAUNDERING IN WEST AFRICA

# Mutual Evaluation

## Executive Summary

Anti-Money Laundering and Combating  
the Financing of Terrorism

# LIBERIA

# MAY 5 2011

Liberia is a member of the GIABA. This evaluation was conducted by the GIABA secretariat and was then discussed and adopted by its Plenary as a mutual evaluation as follows:  
GIABA 13<sup>th</sup> evaluation 5<sup>th</sup> May 2011.

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## EXECUTIVE SUMMARY

1. This report summarises the anti-money laundering (AML)/combating the financing of terrorism (CFT) measures in place in Liberia as at the time of the on-site visit (1-12 November 2010), and shortly thereafter. The report describes and analyses those measures and provides recommendations on how certain aspects of the system could be strengthened. It also sets out Liberia's levels of compliance with the Financial Action Task Force (FATF) 40+9 Recommendations (see the attached table on the Ratings of Compliance with the FATF Recommendations).

2. Liberia became an Independent state in 1847. The country was founded by emancipated slaves from the United States of America. These founders brought common law with them to their new territory, along with the institutions of parliamentary democracy and the English language. It is situated on the West Coast of Africa and is bordered by Cote D'Ivoire to the northeast, Guinea to the north and Sierra Leone to the west and the Atlantic Ocean on the south. The country has 579 kilometres of coastline and a land area of 11,369 square kilometres. There are 15 counties in the Republic of Liberia, namely: Bomi, Bong, Gbarpolu, Grand Bassa, Grand Cape Mount, Grand Gedeh, Grand Kru, Lofa, Margibi, Maryland, Montserrado, Nimba, River Cess, River Gee and Sinoe. The Capital City of Liberia is Monrovia. The principal towns are Ganta, Buchanan, Kakata and Voinjama. Liberia population was estimated in July 2010 to be 3,685,0761. Liberia is rich in natural resources including gold, timber, diamonds, and iron ore. The country experienced an internal armed conflict which spanned 1989 to 2003, and is perceived as one of the bloodiest civil conflicts in Africa.

### **I. Legal systems and Related Institutional Measures**

3. To combat money laundering, Liberia enacted the Prevention of Money Laundering Law (PMLL) in January 2002, being an Act to amend the Penal Law, Title 26 as amended, of the Code of Laws Revised, by addition of a new Sub-Chapter G to Chapter 15, making the Laundering of the Proceeds of Criminal Conduct a Criminal Offense and Providing for the Confiscation of the Proceeds and Value of Such Criminal Conduct. Section 15.101 to 15.103 of the PMLL cover money laundering offences provided in the 1988 United Nations Convention against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances (the Vienna Convention) and the 2000 United Nations Convention against Transnational Organised Crime (the Palermo Convention). Section 15.101 criminalises the act of assisting another to retain the benefit of criminal conduct. Section 15.102 criminalises acquisition, possession or use of property representing the proceeds of criminal conduct. Section 15.103 criminalises the acts of concealing or transferring proceeds of criminal conduct. The provisions cover acts of money laundering committed by the perpetrator of the predicate offence (self-laundering).

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<sup>1</sup> Central Intelligence Agency, World Fact book

4. The offence of money laundering extends to criminal conduct which occurs in Liberia or outside Liberia. Sections 15.101.7 and 15.103.4 (a) of the PMLL define criminal conduct as conduct which if it occurs in Liberia constitutes a non-bailable first degree felony; if it does not occur in Liberia would constitute such an offence if it had occurred in Liberia. A person convicted of a offence of money laundering is liable to non-bailable first degree felony, seizure of the proceeds (goods) and imprisonment for a period of not less than five (5) years and not more than ten (10) years. The penalty applies to both natural and legal persons, including directors and officers of corporations, partnerships, joint stock companies or unincorporated associations, including corporative associations.

5. To ascertain the scope of predicate offences of money laundering in Liberia, one has to resort to the Penal Law of Liberia which deals with most criminal offences in Liberia and other statutes. The Penal Law establishes a system of prohibitions and penalties to deal with conducts that unjustifiably and inexcusably cause or threatens harm to individuals or public interests to which government protection is appropriate. The provisions of the Law, among others, define the acts and mental state which constitute offences and prescribe the penalties which are proportionate to the seriousness of offences and which are appropriate in applying the different methods of ensuring public safety. The Public Health Law criminalises illicit trafficking in narcotic drugs based on the Single Convention on Narcotic Drugs of 1961. The Law prohibits the sale, importation, exportation, manufacturing, cultivation, use, possession and other actions in relation to narcotic drugs.

6. Although the Penal Law and other legislation criminalise some of the designated categories of offences, a review of the relevant statutes revealed that only murder, robbery and Illicit trafficking in narcotic drugs and psychotropic substances fall within the ambit of the definition of criminal conduct provided in the PMLL. Thus, Liberia may be considered to have criminalised only three out of the twenty categories of predicate offences of money laundering designated by the FATF. This is a major deficiency in the AML system of Liberia as implementation of the PMLL will be impeded by the absence of ascertainable designation and criminalisation of the widest range of predicate offences. There has been no conviction since the PMLL entered into force in January, 2002. Almost all the institutions visited informed Assessors about a particular case allegedly involving money laundering and were not aware of the existence of the PMLL. They were however aware of the draft AML/CFT Bill. This demonstrates a very low level of attention being given to the implementation of AML measures in Liberia.

7. The offence of ML extends to any type of property, regardless of its value, that directly or indirectly represents the proceeds of criminal conduct. Section 15.101.2 provides that “.....references to any person’s proceeds of criminal conduct include reference to any property in whole or in part, directly or indirectly represented in his hands his proceeds of criminal conduct”. “Proceeds of criminal conduct” is also defined in section 15.139 of the PMLL in relation to any person who has benefited from criminal conduct to mean “that benefit”. Section 15.139 also defines property to include money and all property, real or personal, heritable or movable, including things in action and other intangible incorporeal property. The definitions do not specify the value of property to be considered the proceeds of criminal conduct and impliedly this means property of any kind regardless of its value. Also, they do not specifically mention legal documents or

instruments evidencing title to or interest in the property. However, the definition of property and proceeds are broad enough to cover legal documents or instruments evidencing title to or interest in property.

8. Liberia has a conviction based system of confiscation which allows its competent authorities to confiscate the proceeds of money laundering or other predicate offences, instrumentalities used in or intended for use in the commission of these offences, without prejudicing the rights of bona fide third parties. Under section 11.9 of the CPL, property lawfully seized pursuant to a search warrant or an arrest can be confiscated under the direction of the magistrate, justice of the peace, or judge if possession of the property is prohibited by law. Such property include stolen or embezzled property; illicit, forfeited, or prohibited property; contraband; and instruments or other articles designed or intended for use, or which are or have been used, as a means of committing a criminal offense.

9. Generally, the courts in Liberia have powers to take provisional measures to restrain and confiscate property obtained from money laundering and predicate offences. However, given the status of offences that fall within the definition of criminal conduct, it will be difficult for Liberia to prosecute persons for laundering the proceeds of those crimes and confiscate their assets. The authorities have not applied the provisions of the PMLL to restrain, seize or confiscate assets arising from money laundering. There is no legal framework to seize, freeze or confiscate assets arising from terrorist financing. The Liberian authorities should enact legislation which provides for seizing, freezing and confiscation of proceeds of crime. They should also provide competent authorities with adequate resources to identify and trace the proceeds of crime.

10. There is no legal framework yet for the establishment of a Financial Intelligence Unit for Liberia. During the on-site visit, Assessors were informed that a draft AML/CFT Bill had been prepared to, among other matters, provide for the establishment of a FIU and that plans were at an advance stage to place the Bill before the Parliament for passage into law. Assessors were informed that the enactment of the draft Bill will address the issue of FIU even though there is a lingering issue of deciding the type, location and resources of the FIU that will be most appropriate to their needs. All stakeholders expressed the need to create a FIU.

11. Officials of the CBL informed Assessors that since the Banking Supervision Department of CBL has officers trained to undertake the task of receiving and dealing with suspicious transaction reports (STRs), they are better placed to develop and sustain the proposed FIU. Given that the draft AML/CFT Bill is to be passed, the Assessors concluded that Liberia has not made sufficient progress in establishing a functional FIU in accordance with the requirements of Recommendation 26, either as an independent governmental authority or within an existing authority or authorities, to act as a national centre for receiving (and if permitted, requesting), analysing, and disseminating disclosures of STR and relevant information relating to potential ML and TF.

12. There is an indirect obligation in the PMLL requiring a person to disclose to a Law Enforcement Officer or Customs Officer suspicion or belief that any funds or investment are derived from or used in connection with criminal conduct or disclose to a Law Enforcement Officer or Customs Officer any matter on which a suspicion or belief is based. Bank-Financial Institutions

(BFIs) are required under the CBL KYC/CDD Regulations to submit suspicious activity reports to the CBL. However, the suspicious activity reporting regime in Liberia is not being effectively implemented. The obligation under the KYC/CDD Regulations applies to only BFIs. Other entities, like the insurance businesses and other financial business regulated by the Government of Liberia obligated under the PMLL to make STRs are not aware of their obligations. Competent authorities have not issued guidelines to persons and entities under their supervision to enable them to undertake their obligations under the PMLL.

13. Liberia has not designated a specific court to handle cases involving money laundering. The authorities informed Assessors that given the nature of the offence as provided in the PMLL, the High Court will have jurisdiction over money laundering cases. The Ministry of Justice is the main prosecuting entity in Liberia. The Ministry of Justice prosecutes cases based on its own investigations and those conducted by law enforcement agencies and the Liberian Anti-Corruption Commission. However, during the on-site visit, Assessors observed that the Ministry of Justice and law enforcement agencies, including the Liberian National Police (LNP), the National Bureau of Investigations, Bureau of Customs and the National Drug Enforcement Agency, who have responsibilities under the Law, did not appear to be aware of the existence of the PMLL. There is the need to build the capacity of staff of the Ministry of Justice and law enforcement agencies to enable them to effectively respond to ML threats.

14. There are no specific legislative or other measures in place permitting competent authorities to postpone or waive arrest of suspected persons, nor seizure of the money for the purpose of identifying persons involved in criminal conduct or for gathering evidence in money laundering investigations. Investigators will rely on the provisions in the Criminal Procedure Law (CPL) which contains powers to search persons and premises, for stolen or embezzled property, illicit, forfeited, or prohibited property; contraband; instruments or other articles designed or intended for use, or which are or have been used, as a means of committing a criminal offence.

15. A court, on motion, may direct that books, papers, documents, or other things designated in a *subpoena duces tecum* be produced before the court at a time prior to the trial or prior to the time when they are to be offered in evidence may on their production permit the books, papers, documents, or other things or portions or parts thereof to be examined and copies be made by the parties and their attorneys. Although the CPL does not specifically mention transaction records, identification data obtained through the CDD process, account files and business correspondence, and other records, documents or information, held or maintained by FIs, the authorities informed Assessors that the books, papers and documents referred to in the CPL will include transaction records, identification data obtained through the CDD process, account files, business correspondence, and other records, documents or information held or maintained by FIs and other businesses or persons. According to the authorities, only one investigation has been carried out in Liberia on money laundering.

16. The lack of investigation, prosecution and conviction of cases relating to money laundering since the PMLL entered into force in January, 2002 is evidence that the Law is not being implemented. The parallel use of the US and Liberian Dollars and other factors prevailing in Liberia should justify many more investigations and prosecutions. Almost all the institutions visited

informed Assessors about a particular case allegedly involving money laundering, but the officials were not aware of the existence of the PMLL. They were however aware of the draft AML/CFT Bill. This demonstrates a very low level of attention being paid to the menace, given the mentioned ML risks in the country.

17. Liberia has not criminalised terrorist financing. There is no guideline in place to facilitate the implementation of the UN Security Council Resolutions S/RES/1267(1999) and S/RES/1373(2001) relating to the prevention and suppression of financing of terrorism.

18. Liberia has not ratified the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988 (the Vienna Convention), the United Nations Convention against Transnational Organized Crime, 2000 (the Palermo Convention) and the Convention for the Suppression of the Financing of Terrorism (1999).

19. Liberia is implementing a declaration system for incoming and outgoing cross-border movement of currency and bearer negotiable instruments (BNI) through CBL Regulation Dealing with the Physical Movement of Foreign Currency Bank Notes (PMFCBN), No. CBL/SD/15/2001 published as Gazette No.25 Vol. II of 23rd November, 2001 pursuant to Section 55 of the Central Bank of Liberia Act of 1999. The Regulation sets the threshold for declaration of currency being moved into or outside Liberia. The declaration system is being enforced by the Ministry of Finance through the Bureau of Customs and Excise. The provisions in the PMFCBN do not fully comply with the requirements in Special Recommendation IX and are not being enforced as indicated in the MER due to lack of logistics, the dual currency regime of Liberia, weak/ineffective AML/CFT system as well as the existence of porous borders in Liberia. These make Liberia vulnerable to abuse of its ports of entry and exit for purposes of money laundering and terrorist financing. There is urgent need to streamline and put in place effective procedure for enforcement of cross border declaration and disclosure of currency at all entry ports into Liberia. This will require installation of ICT infrastructure to ease collection and transmission of declaration reports to the FIU when it is established.

## **II. Preventative Measures - Financial institutions**

20. The PMLL, which contains some preventive measures, applies to business of banking, operation of thrift and loan associations, broker and dealer operations in securities and commodities, currency exchanging, check cashing, issuance of credit cards, redeeming and encashing money orders or dealing in any such other similar instruments; insurance underwriting; loan or financing agency; and remittance of money but not accepting from the general public money payable on demand or after a fixed period. Financial institutions in Liberia consist of local financial institution (organised under the law of Liberia to do banking business in Liberia or foreign financial institution (organised abroad and doing business in Liberia, whether such business be banking or other business). The New Financial Institutions Act (NFIA) permits offshore banking, being banking business denominated in foreign currencies and transacted between banking institutions in different countries of the world. The preventive measures in the PMLL cover customer identification, record



keeping and internal reporting procedures. The provisions in the PMLL are complimented by the provisions in the KYC/CDD Regulations issued by the CBL for bank-financial institutions. The KYC/CDD Regulations is an enforceable means. There is no requirement relating to a situation where there is a suspicion of terrorist financing, regardless of any exemptions or thresholds that are referred to elsewhere under the FATF Recommendations or where the financial institution has doubts about the veracity or adequacy of previously obtained customer identification data.

21. BFI's regulated by the CBL are not expressly prohibited from keeping anonymous accounts or accounts in fictitious names. However the PMLL prohibits a person from forming a business relationships or carrying out a one-off transaction with or for other persons unless that person maintains identification procedures which require, as soon as is reasonably practicable after contact is first made between the person and an applicant for business or one-off transaction, the production by the applicant for business of satisfactory evidence of his identity or the taking of such measures specified in the procedures as will produce satisfactory evidence of the applicant's identity and require that where the evidence is not obtained, the business relationship or one-off transaction in question shall not proceed any further. There is no requirement for relevant businesses to verify that any person purporting to act on behalf of a customer is so authorised. The requirement relating to beneficial ownership is not comprehensive. It appears to be limited to a legal entity that purports to act on behalf of a principal who the applicant for business may have obtained and recorded evidence of the identity of the principal under procedures maintained by the applicant for business.

22. There is no requirement in the PMLL relating to politically exposed persons (PEPs). The CBL Regulations makes limited provision for PEPs but does not require BFI's to seek senior management approval before establishing or continuing business relationship with a PEP. The Regulations do not require BFI's to take reasonable measures to establish source of wealth and source of funds of PEPs and to conduct enhanced ongoing monitoring on the relationship with PEPs.

23. Financial institutions secrecy law inhibits timely access to financial records. LEAs are only able to obtain financial records through court orders or through the assistance of the CBL.

24. Record keeping requirements in the PMLL and the KYC/CDD Regulations focus on identification data. There is no requirement for FI's to ensure that all customer and transaction records and information are available on a timely basis to domestic competent authorities upon appropriate authority.

25. The PMLL does not have any provision on corresponding banking or payable through accounts. The KYC/CDD Regulations on customer identification and verification and the Guidelines for the management of foreign exchange risk exposure and placement abroad by commercial banks cover correspondent banking but these are not comprehensive. They are grossly inadequate in meeting the requirements of Recommendation 7 on correspondent banking relationship.

26. FIs in Liberia have not put in place policies and procedures to address specific risks associated with non-face-to-face business relationships or transactions. Also, there are no measures in place to prevent the misuse of technological developments for purposes of money laundering and terrorist financing schemes.

27. The PMLL permits FIs to use third parties or intermediaries but the banks interviewed informed Assessors that they do not use third parties to conduct CDD on their behalf. However, there is the need for the supervisors to issue regulations to the financial institutions on reliance on third party to cover the requirements of R.9 and to monitor compliance with the regulations.

28. There is no requirement in the PMLL for financial institutions to pay attention to all complex, unusual large transactions, or unusual patterns of transactions that have no apparent or visible economic or lawful purpose. The CBL KYC/CDD Regulations issued to banks provides little guidance in relation to the requirements of Recommendation 11.

29. There is no express requirement in law, regulation or other enforceable means for FIs to give special attention to business relationships and transactions with persons (including legal persons and other financial institutions) from countries which do not or insufficiently apply the FATF Recommendations. However FIs can rely on due diligence assurance of evidence of the identity of a person on whose behalf the applicant for business is acting if there are reasonable grounds for believing that the applicant for business acts in the course of business in relation to which an overseas regulatory authority exercises regulatory functions, and is based or incorporated in, or formed under the law of a country in which there are in force provisions at least equivalent to those required by any relevant United Nations convention from time to time in respect of the prevention of the laundering of the proceeds of crime to which the Government of Liberia is a party; or Council Directive 91/308/EEC of the European Community, as amended and replaced from time to time. This notwithstanding, there are no effective measures in place to ensure that FIs are advised of concerns about weaknesses in the AML/CFT systems of other countries, although one of the banks visited informed Assessors that by its affiliation with international banks that are located in countries that apply stringent AML/CFT measures in their businesses, it is obliged to apply similar measures in its business relationships and transactions.

30. Liberia has not established a financial intelligence unit. Thus there is no direct mandatory obligation on FIs to report to the FIU when they suspect or have reasonable grounds to suspect that funds are the proceeds of a criminal activity. Most reporting entities are not aware of their obligation to make suspicious transaction reports. The CBL Regulations requiring BFIs to submit suspicious activity reports is not being effectively implemented. BFIs are also not being monitored for compliance with this requirement.

31. The PMLL requires relevant businesses to maintain systems and training to prevent money laundering, including the designation of appropriate persons but does not provide for an audit function and the screening of employees as well as the appointment of AML/CFT compliance officer at the management level. However the NFIA and the CGR require each licensed bank to have an audit function whose head should report directly to the Board and to have ongoing

employee training programme. The guidelines on due diligence concerning prospective and existing employees of FIs require each FI to screen personnel before employing them. The banks screen applicants before employing them while the CBL conducts a fit and proper test on board and senior managements of BFIs.

32. There is no evidence that the CBL is monitoring compliance with the requirement for the internal auditor to report directly to the Board. There is no AML/CFT compliance officer although the banks have audit unit whose functions include testing compliance with the general operations. Financial institutions are not required to ensure that their foreign branches and subsidiaries observe AML/CFT measures consistent with home country requirements and the FATF Recommendations. The authorities informed Assessors that banks in Liberia do not have foreign branches and subsidiaries. However, the NFIA does not prohibit the establishment of foreign branches and subsidiaries. All offices and branches of a financial institution in Liberia are deemed to be one financial institution.

33. The laws of Liberia do not expressly prohibit the establishment of shell banks. Also, there is no provision prohibiting FIs from doing business with or continue doing business with shell banks or satisfy themselves that respondent FIs in foreign countries do not permit their accounts to be used by shell banks. The authorities informed Assessors that there were no shell banks operating in Liberia.

34. The CBL is the supervisory authority for all FIs including insurance companies. The Insurance Commission is also responsible for the insurance sector and is at present supervising the sector. The supervisory authorities have adequate powers to regulate and supervise financial institutions. There is effective prudential supervision of banks, but there seems to be no effective prudential supervision of the other FIs. All the FIs, including banks are not subject to adequate AML/CFT regulation and supervision. There is no evidence that compliance with FATF Recommendations is monitored. There is no designated competent authority in the PMLL to ensure adequate compliance with AML/CFT measures. There are various sanctions provided in the NFIA for the supervisory authorities to apply, ranging from administrative to civil and criminal. These sanctions are proportionate and dissuasive. There is evidence of application of sanctions to banks by CBL whereas application is not evident to other financial institutions including insurance companies. The sanctions provided in the PMLL for various offenses are not proportionate as all the offenses carry the same sanctions which are criminal in nature and may only be imposed upon conviction by the courts.

35. The CBL is the only supervisor that is engaged in the implementation of some AML measures (no CFT) even though the PMLL envisages the monitoring of implementation of the requirements in the PMLL by supervisors. Apart from BFIs, other FIs are not being regulated or supervised for purposes of AML/CFT.

36. Overall, implementation of AML/CFT measures in Liberia is very minimal. There is the need for the authorities to intensify efforts to ensure that AML/CFT measures are effectively

implemented in Liberia in order for the financial sector of the country to be adequately protected against being used for purposes of money laundering and terrorist financing.

### **III. Preventative measures – Designated Non-Financial Businesses and Professions**

37. Designated non-financial businesses and professions (DNFBPs) listed in the FATF Recommendations exist in Liberia but are not subject to AML/CFT requirements. A number of government MDAs are responsible for the regulation/supervision of DNFBPs in Liberia. However, there is no specific recognition of the sector for purpose of AML/CFT regulation, supervision and monitoring. There is an urgent need to encourage the establishment of self regulatory bodies for professional bodies that are presently operating without supervision.

### **IV. Legal Persons and Arrangements & Non-Profit Organisations**

38. The Ministry of Commerce is the central authority for the registration of businesses in Liberia, but needs to obtain specific certification for registration of diamond businesses from the Ministry of Mines and Energy before registration. All commercial entities that operate in or from Liberia are required to be registered. In this regard, the Ministry of Commerce is making efforts to educate and register petty businesses to enable them to obtain access to loans and other benefits. The Associations Law is the legal framework for the registration of legal persons including trust companies, foundations, charities and companies limited by guarantee including NGOs. The Ministry of Foreign Affairs incorporates companies before registration. Documents relating to registration of proprietorship are to be notarised and probated before registration.

39. There is no requirement for company service providers to obtain, verify and retain records of the beneficial ownership and control of legal persons. The Ministry does not verify information provided for registration unless there is an objection to the registration of the company. Each company is required to register each year in order to have legitimate status to do business in Liberia. This process allows the Ministry of Commerce to ascertain the consistency of information provided by a company. Registration of companies can be done on-line at the website of the Ministry of Commerce, from which basic information on registration can be obtained.

40. Liberia has reviewed the adequacy of its laws and regulations that relate to NPOs but has not undertaken an assessment of the terrorist financing risk in this sector. There has been no outreach to the NPO sector with a view to protecting the sector from terrorist financing abuse. Liberian authorities do not have the capacity to obtain timely information on the activities, size and other relevant features of its non-profit sector for the purpose of identifying the features and types of non-profit organisations (NPOs).

## **V. National and International Co-operation**

41. The mechanism for the implementation of AML measures in Liberia is at its nascent stage. Liberia is yet to put in place mechanisms to combat terrorist financing. Liberia should, as a matter of urgency, establish the FIU and make efforts to strengthen the co-operation mechanism across relevant agencies. Liberia should establish an Inter ministerial Committee to ensure domestic co-operation in the co-ordination of AML/CFT matters in Liberia. Membership of the Committee should include the National Co-ordinator for GIABA activities in Liberia, officials of the Ministries of Justice, Finance, National Security, Foreign Affairs and Commerce , the Director of the FIU(when established) , Central Bank of Liberia, Liberian National Police, Bureau of Customs, and the National Bureau of Immigration.

42. Liberia does not have a comprehensive stand-alone legislation on mutual legal assistance but there exist mechanisms to provide mutual legal assistance in relation to all criminal matters, including those considered to involve fiscal matters. Provisions on mutual legal assistance may be found in the Liberian Constitution, the Anti-Corruption Commission Act and the Executive Act setting up the Ministry of Foreign Affairs.

43. Provision of mutual legal assistance (MLA) does not depend on dual criminality. Various agencies have responded to requests on a case by case basis. It must be mentioned however that the PMLL in section 15.101.7 defines criminal conduct to mean conduct which if it occurs in Liberia will constitute a non-bailable first degree felony and if it occurs outside Liberia would constitute such an offence if it had occurred in Liberia. It is not certain how the country will handle predicate offences which occur in other countries but are not first degree non-bailable offences in those countries. Since Liberia has not handled any MLA requests relating to ML and TF offences, this area remains unclear.

44. There are no undue restrictions on provision of MLA, and requests for assistance are not refused if they may also involve tax matters. Nevertheless, Liberia could not demonstrate the effectiveness of the system for responding to MLA requests in a timely and constructive manner. The procedure for MLA many steps and authorities in the assistance procedures, especially when there is no treaty, implies delays in the ability to respond to requests without undue delays, and there are only limited statistics available. While as a rule dual criminality does not limit the kinds of assistance that could be provided, deficiencies in the domestic ML and FT offence create similar limitations when providing assistance.

45. Liberia's legal system needs a comprehensive MLA legislation to enable Liberia to provide the widest range of MLA in a more coordinated and timely manner. The authorities would need to develop MLA guidelines or procedures for the law enforcement agencies in order to reduce the time currently required for the processing of MLA requests. It should be possible to provide MLA in cases where FIUs, LEAs and other competent authorities in other countries request for prompt response based on MOU or other less formal means of exchange of information. Dual criminality is required for the purpose of granting MLA in criminal cases except where this is excluded in a bilateral or multilateral treaty between Liberia and the requesting State.

46. Request for extradition of a fugitive in relation to money laundering may be granted under the Criminal Procedure Law where there is an extradition arrangement in force with the requesting foreign state and the offence charged is one which is included in the provisions of the applicable extradition agreement, and is not a political offence. The guilt or innocence of a fugitive regarding the extraditable offence with which he is charged may not be inquired into in any extradition proceeding except as it may be involved in identifying the person held as the person charged with the extraditable offence, or in connection with establishing a defence of political offence.

47. There are no clear and effective gateways, mechanisms or channels in Liberia to ensure that financial supervisors provide the widest range of international cooperation with their foreign counterparts.

48. Mechanisms exist in Liberia for the provision of other forms of co-operation with other countries, including co-operation agreements and Memorandum of Understanding (MOU). Security agencies and financial sector supervisory authorities informed the Assessors that they may enter into MOUs with counterparts in other countries. In the absence of statistics and records of previous co-operation requests other than anecdotal references, it appears that the process for engaging in other forms of co-operation with counterparts in other countries is cumbersome particularly with third States (or States that do not have existing treaty arrangements with Liberia)

## **VI. Resources and Statistics**

49. In general, human and financial resources for the various law enforcement, prosecution and other operational bodies are not sufficient and should be increased. Although Law Enforcement Officers and Customs Officers are expected to investigate cases involving money laundering, they have not applied these powers despite the fact that the PMLL has been in effect since 2002. The LEOs lack the requisite skills, experience and capacity to deal with money laundering and terrorist financing threats.

50. Liberia has not established a FIU and this is a major deficiency in the AML/CFT regime of the country. Assessors noted that competent staff, supervisory and investigation authorities, who are expected to be involved in the implementation of AML/CFT measures in Liberia need to be provided with guidance pending the establishment of FIU.

51. Liberian authorities are not maintaining statistics relating STRs received, analysed, and disseminated, as well as cash seizures and inbound declarations of cash and negotiable instruments, and on-site inspections carried out, money laundering investigations and prosecutions, the number of cases and the amounts of property frozen, seized, and confiscated relating to ML and criminal proceeds; declarations of outgoing Liberian currency; statistics relating to mutual legal assistance and extradition requests (including requests relating to freezing, seizing and confiscation) that are made or received, relating to ML, the predicate offences, including the nature of the request,

whether it was granted or refused, and the time required to respond; AML/CFT on-site examinations conducted by the CBL. There are no statistics available on the formal requests for assistance made or received by supervisors, or whether the requests were granted or refused. It is therefore difficult to assess the effectiveness and efficiency of the AML/CFT regime in the country.