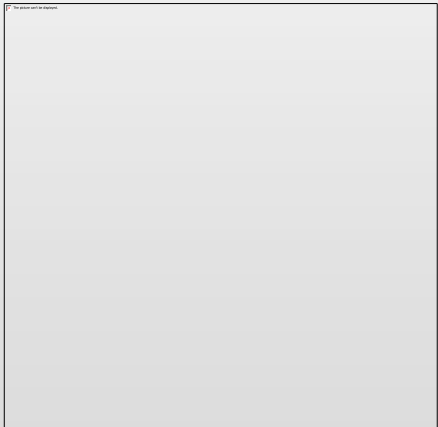


THE ROLE OF THE FIA IN THE FIGHT AGAINST ILLICIT FINANCIAL FLOW IN THE LIBERIAN PERSPECTIVE AND CHALLENGES

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PRESENTATION OUTLINE

- **OVERVIEW OF IFFS – Risks, Trends and Drivers**
- **Role of the Financial Intelligence Agency (FIA) in the Fight Against Illicit Financial Flow**

OVERVIEW OF IFFS – Risks, Trends and Drivers

- As Define by the GFI - Illicit financial flows (IFFs) are illegal movements of money or capital from one country to another. GFI classifies this movement as an illicit flow when funds are illegally earned, transferred, and/or utilized across an international border. Examples of IFF:
 - ✓ A drug cartel using TBML
 - ✓ An importer using trade mis-invoicing
 - ✓ A corrupt public official using an anonymous shell company
 - ✓ A human trafficker carrying a briefcase of cash
 - ✓ A member of a terrorist organization wiring money
- According to the **Economic Development in Africa Report 2020**, by the UN Conference on Trade & Development (UNCTAD), Africa losses about 88.6 billion, 3.7% of its GDP, annually in IFFs.

OVERVIEW OF IFFS – Risks, Trends and Drivers

- **The Mbeki Report of the High-Level Panel on IFFs from Africa– “Track It, Stop It Get It”** which was commissioned by the 4th Joint AUC/ECA Conference of Ministers of Finance, Planning and Economic Development, 2011 - estimated that over the past 50 years, Africa as a continent lost in excess of US\$1 trillion in Illicit financial flows.
- The report further estimated an annual 50 billion lost in IFFs; which is a significant underestimation, as it excludes such elements as trade in services and intangibles, proceeds of bribery and trafficking in drugs, people and firearms.
- IFFs from ASM divest Liberia of much-needed revenue, which is estimated that roughly 90% of gold is smuggled out of the country at a value of USD 159 million (using 2013 figures) to USD 455 million (using 2011 figures), according to the OECD Report on ASGM in Ghana & Liberia, March 2020.
- The significant loss of government revenue and the potential to trigger or perpetuate regional instability are directly linked to IFFs

OVERVIEW OF IFFS – Risks, Trends and Drivers

- The commercial Sector is the major source of IFFs in Africa, but it is the least understood due to the range of methods by which IFFs take place in that sector and technicality of issues, such as:
 - ✓ Transfer Pricing
 - ✓ Tax Evasion
 - ✓ Aggressive tax avoidance
 - ✓ Trade Mis-invoicing
 - ✓ Tax Incentives
 - ✓ Double-taxation agreements
- The Financial Action Task Force (FATF) the global ML/TF Watchdog declared three (3) broad categories for the purpose hiding illicit funds and introducing them to the formal economy,
 - ✓ The use of Financial Institutions
 - ✓ Physically smuggling bulk cash from one country to another jurisdictions
 - ✓ Transfer of goods via trade (Trade-Based Money Laundering)

FATF also identified methods through which illicit proceeds are laundered in the formal economy:

- ✓ Placement - Surreptitiously injecting the dirty money into the legitimate financial system (Banks, Casinos, Shops; etc)
- ✓ Layering – Concealing the source of the dirty by creating complex layers of financial transactions designed to disguise the source of money, subvert the audit trail and provide anonymity
- ✓ Integration - creating the impression of apparent legitimacy to criminally derived wealth.

ROLE OF THE FINANCIAL INTELLIGENCE AGENCY (FIA) IN THE FIGHT AGAINST ILLICIT FINANCIAL FLOW

Key Functions of the FIA

- FIA was established as an Independent and Autonomous agency by an Act of National Legislature in 2021, which shall:
 - i. Serve as the Central National Agency of Liberia responsible for the receipt, analysis and conduct preliminary investigations of suspicious transactions/activities report, currency transaction/activities report and other information relevant to ML/TF, PF and Proceed of Crimes and other transactions/activities reports determined by the FIA & in the AML/CFT Act
 - ii. Without limiting the generality of section (1) in this part, the FIA shall have autonomy to carry out its powers or functions freely and without undue, political, government or industry influence or interference, including but not limited to, its powers and functions of:
 - a) receiving information, b) requesting information, c) analyzing information, d) disseminating the results of its analysis;
 - iii. exchanging the widest range of information freely, spontaneously and upon request with domestic and foreign counterparts or other agencies undertaking a similar role

ROLE OF THE FINANCIAL INTELLIGENCE AGENCY (FIA) IN THE FIGHT AGAINST ILLICIT FINANCIAL FLOW

Powers of the FIA

- Receive, request, and have unrestricted access to public, non-public and restricted information as deemed necessary by the FIA to carry out its duties, functions and powers.
- Require, request and receive any additional information that the FIA deems necessary to carry out its functions and powers, conduct preliminary investigations, without hindrance and in a timely manner in the form and within the period prescribed in regulation issued by the FIA from:
 - ✓ RE
 - ✓ LE/IE
 - ✓ Tax Authority
 - ✓ GMAC
 - ✓ SOEs/State Corporations, public agencies & other similar Institutions
 - ✓ Quasi Government Agencies/Institutions
 - ✓ Commercial, NGOs/NPOs
 - ✓ Any other Relevant Person or Institutions

ROLE OF THE FINANCIAL INTELLIGENCE AGENCY (FIA) IN THE FIGHT AGAINST ILLICIT FINANCIAL FLOW

No.	Legal Framework	Regulatory Framework
1.	Financial Intelligence Agency, 2021	Regulation Concerning Transfer of Foreign Currency
2.	AML/CFT Act, 2021	AML/CFT Regulations for Financial Institutions in Liberia
3.	Provisional Remedies for Proceeds of Crime Act, 2012	Regulation on STR for Financial Institutions
4.	Targeted Sanctions against Terrorist Acts, 2016	Regulation on CTR for Financial Institutions
5.	MLA in Criminal Matters Act, 2012	Regulation Dealing with Cross-Border Transportation of Currency & Bearer Negotiable Instruments
6.	Fraud Act, 2012	Regulation for Politically Exposed Persons (PEPs), 2021
7.	Extortion, Environmental Crime, Illicit Trafficking in Human Beings and Migrant Smuggling Act, 2012	TFS against Terrorists Regulations, 2021
8.	Firearms and Ammunition Control Act, 2015	
9.	Liberia Intellectual Property Act, 2015	
10.	Liberia Anti-Terrorism Act, 2016	
11.	Special Criminal Procedures for Offenses involving Terrorist Acts, 2016	

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Major Accomplishment by the FIA in the fight against IFF

1. Strengthened the AML/CFT & P Legal and Institutional Framework
 - i. Repealed and replaced the FIU Act, 2012 with an Act to Establish the Financial Intelligence Agency, 2021
 - ✓ The new act gives the FIA enhance Operational Independence and Financial Autonomy. New Act also dissolves oversight body of the FIU; Board of Directors headed by the Governor of the Central bank of Liberia and established the Inter-Ministerial Committee, Chair by the Minister of Justice, Co-Chair by the Minister of Finance and the Director General of the FIA as the Secretary General.
 - ✓ New Act also strengthened the powers and functions of the FIA
 - ✓ Repealed and replaced the AM/CFT Act, 2012 with Anti-Money Laundering Terrorist Financing, Preventives Measures and Proceeds of Crime Act, 2021
 - ✓ Amended Sub-Chapter G Prevention of Money Laundering, Chapter 15 Offenses Against Property of the Penal Law, Title 26 of the Liberian Code of Laws Revised to be entitled Sub-Chapter G Money Laundering, Terrorist Financing, Preventive Measures, and Proceeds of Crime.

ROLE OF THE FINANCIAL INTELLIGENCE AGENCY (FIA) IN THE FIGHT AGAINST ILLICIT FINANCIAL FLOW

Major Accomplishment by the FIA in the fight against IFF

1. Strengthened the AML/CFT & P Legal and Institutional Framework
 - i. Approval by the Office of the President:
 - ✓ Regulations on Enhanced Due Diligence in the Provision of Financial Services for Politically Exposed Persons (Regulation for PEP's)
 - ✓ Regulation on Targeted Financial Sanctions against Terrorists (TFS Regulations)
2. FIU Publishes Liberia's 1st National Risk Assessment Report (NRA)
3. FIA Publishes Liberia 1st National AML/CTF&P Strategy and Action Plan (2022-2025)
4. The FIA/MoJ confiscated over US\$284,000 -Deposit same into the GRA of Liberia
5. The FIA/MoJ recovered US\$50,000-Deposit same into the GRA of Liberia
6. FIA Liberia fines All Insurance Companies operating in Liberia Twenty-One Million (21,000,000 LRD) Liberian Dollars for Violation, Non-Compliance, and Obstruction
7. FIU Imposes Fine of LD\$500,000 On Access Bank Liberia Limited – Cautions “Hostile” Gaming and Insurance entities
8. The FIUL Conducts AML/CFT Awareness and Training for Over 60 Compliance Officers in Liberia

ROLE OF THE FINANCIAL INTELLIGENCE AGENCY (FIA) IN THE FIGHT AGAINST ILLICIT FINANCIAL FLOW

Major Accomplishment by the FIA in the fight against IFF

9. FIUL Coordinates National Sensitization Seminar for Religious Leaders and their Institutions on Anti-Money Laundering and Countering Financing of Terrorism (AML)/CFT) hosted by GIABA
10. FIUL Conducts Mutual Evaluation Onsite Visit Awareness – Enhances AML/CFT Supervision of The Real Estate Sector
11. FIU Endorses Uniform Know Your Customers Procedure for Banks, other institutions in Liberia to Implement – Supports Quality Training for Compliance Officers in Liberia
12. FIU request Lawyers File Suspicious Transaction Reports, Adhere to AML/CFT Laws
13. FIA Liberia and the Liberia Revenue Authority modify Customs Declaration Forms (CDFs)
14. FIA Intelligence Officers manned various Borders as part of monitoring the movement of Cross-Border Transportation of Currency & Bearer Negotiable Instruments
15. FIA Signed MOU with all 17 GIABA Member States including Islands nations of Sao Tome and Principe and the Union of Comoros
16. FIA has completed two (2) Onsite Assessment, after expressing an interest to join the Egmont Group of FIUs, awaits the final Onsite visit to be conducted by the Membership Support and Compliance Working Group of the Egmont Secretariat (MSCWG)

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ROLE OF THE FINANCIAL INTELLIGENCE AGENCY (FIA) IN THE FIGHT AGAINST ILLICIT FINANCIAL FLOW

Major Challenges

- 1) Limited Budgetary Appropriation/Allocation
 - ✓ to effectively implement Cross-Border/Entry Points monitoring
 - ✓ to increase the current staff strength
 - ✓ to enhance the capacity of current staff (CFE, CAMs, CFIP, CAs, etc.)
 - ✓ to procure transport equipment to facilitate unhindered movement to gather intelligence from strategic points
 - ✓ to implement sustain awareness and Sensitization to Stakeholders Institutions
- 2) TBML poses a complex and multi-faceted challenge
 - ✓ Lack of direct access to Custom data-base, Ministry of Transport Data-base, and the Ministry of Commerce
 - ✓ Unnecessary delay in responding to request by the MoT & MoC
 - ✓ Minimum inter-agency cooperation amongst agencies like the MoT & MoC

THANK YOU!!!