

## AML/CFT ADVISORY FOR NONPROFITS ON THE COVID-19 PANDEMIC

Countries all over the world are working effortlessly to address the COVID-19 pandemic and the issues that have arisen as a result. At a time like this when critical relief is needed in the country and beyond, nonprofits must safeguard the integrity and accountability of their operations by complying with the Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) standards, to address the challenges posed by COVID-19.

Nonprofits must recognise the increasing rates of fraudulent activities and particularly the vulnerability of the sector to being taken advantage of by criminals during this period. We must therefore, put measures in place to strengthen our systems to quickly identify suspicious activities by entities who may want to take advantage of the COVID-19 pandemic to engage in money laundering and other illicit activities such as fundraising for sham nonprofits, offering fraudulent opportunities, cybercrimes, medical scams, exploiting people among others.

We must remain alert to new and emerging illicit financial risks through the use of legitimate and transparent channels with appropriate levels of risk-based due diligence during and after this pandemic as this gives donors greater confidence that their support is reaching their intended beneficiaries.

Subject to the relevant provisions of the Money Laundering (Prohibition) Act, 2011, (as amended) and the Terrorism (Prevention) Act (TPA) 2011 (as amended), excerpts from the Federal Ministry of Industry, Trade and Investment (Designation of Non-Financial Institutions and Other Related Matters) Regulations 2013, requires nonprofits to -

### **Section 10: Undertake Customer Due Diligence (CDD) measures when:**

Establishing a new business relationship

Carrying out occasional transactions above \$1,000 or its equivalent

There is doubt about the veracity or adequacy of previously obtained identification data, provided that Designated Non-Financial Institutions shall not, upon obtaining all necessary documents and being so satisfied, repeatedly perform identification and verification exercise each time a customer conducts a transaction.

### **Nonprofits shall:**

Identify a customer, whether an existing or occasional, natural or legal person or any other form of legal arrangements, using identification documents as prescribed in relevant laws and regulations;

Verify the identity of the customer using reliable, independent source documents, data or information; and relationship with anonymous or fictitious customers.



## **Section 22: Submit Suspicious Transaction Report to the Nigerian Financial Intelligence Unit (info@nfiu.gov.ng)**

### **Transactions that-**

Are inconsistent with client/customers known legitimate/normal business, personal activities, and activities that lack obvious economic rationale.

The source of funds as the proceeds of a criminal activity or related to terrorist financing, shall report its suspicion to the NFIU immediately and without delay but not later than 24 hours. Also, STRs shall be filed where it is unable to ascertain the identity of the beneficiary or beneficial owner or where it is unable to determine risk factors applicable to the beneficiary or beneficial owner.

## **Section 24: File Currency Transaction Reports -CTR**

Transactions above N5, 000,000.00 or its equivalent in foreign currency for individual and N10, 000,000.00 or its equivalent in foreign currency for a corporate body to the NFIU and a copy to SCUML. For regulatory compliance, where there are no instances of suspicious and currency transactions, DNFBP's are required to file nil report every month to NFIU and copy SCUML (info@scuml.org).

## **Section 25: File all cash-based transaction reports with SCUML (info@scuml.org).**

Cash transactions above US\$1,000 or its equivalent and forward same to SCUML immediately but not later than within 24 hours through provided forms or SCUML website following the relevant provisions of the Money Laundering (Prohibition) Act, 2011 (as amended). (2) For regulatory compliance, where there are no instances of cash transactions, Designated Non-Financial Institutions shall file nil report every month to SCUML in hard copy or electronically. (3) Subject to the provisions of section 5 of the Money Laundering (Prohibition) Act, 2011 (as amended), SCUML shall forward all reports collected under the provisions of this regulation to the NFIU.

## **Section 31: Keep a record of documents or data collected under the customer identification process**

Nonprofits shall ensure that information, documents or data collected under the customer identification process are kept up-to-date and relevant by undertaking regular reviews of existing records, particularly the record in respect of higher risk business relationships or categories of customers. All necessary records of transactions, both domestic and international shall be maintained for at least five (5) years following completion of the transaction or longer if requested by the NFIU in specific cases. This requirement applies regardless of whether the contract or business relationship is on-going or has been terminated.

In conclusion, complying with these AML/CFT measures will help detect illegal financial flows from theft and corruption, including facilitate confiscation of proceeds from crime, in turn mitigating the impacts of the COVID 19 crisis and associated risks within the sector where relevant. To encourage transparency and accountability, we must endeavour to self-regulate and protect our sector from being used as a channel for illicit activities, especially during this pandemic.