



# Anti-money laundering and counter-terrorist financing measures Republic of Cameroon

## Mutual Evaluation Report

March 2022



## TABLE OF CONTENTS

LIST OF ACRONYMS .....	6
PREAMBLE .....	10
EXECUTIVE SUMMARY .....	11
A- KEY FINDINGS .....	11
B- RISKS AND GENERAL SITUATION .....	13
C- OVERALL LEVEL OF EFFECTIVENESS AND TECHNICAL COMPLIANCE.....	13
Risk assessment, coordination and policy sitting (Chapter 2 – IO.1; R.1, R.2, R.33) .....	14
Financial intelligence, money laundering investigations, prosecutions and confiscation (Chapter 3 – IO.6-8; R.3, R.4, R.29-32) .....	14
Terrorist financing and proliferation financing (Chapter 4 – IO.9-11; R.5-8) .....	15
Preventive measures (Chapter 5 – IO.4; R.9-23) .....	15
Supervision (Chapter 6 – IO.3; R.26-28, R.34-35) .....	16
Transparency of legal persons and beneficial ownership (Chapter 7 – IO.5; R.24-25) .....	17
International cooperation (Chapter 8 – IO.2 ; R.36-40).....	18
D- PRIORITY MEASURES .....	18
E- EFFECTIVENESS AND TECHNICAL COMPLIANCE RATINGS .....	21
MUTUAL EVALUATION REPORT OF THE REPUBLIC OF CAMEROON .....	22
Foreword.....	22
1: ML/TF RISKS AND CONTEXT .....	24
1.1. ML/TF risks and Scoping of Higher Risk Issues .....	25
1.1.1. Overview of ML/TF risks .....	25
1.1.2. Country’s risk assessment and Scoping of Higher Risk Issues.....	26
1.2. Items of specific importance (materiality).....	29
1.3. Structural elements .....	32
1.4. Background and Other contextual factors.....	33
1.4.1. AML/CFT strategy .....	33
1.4.2. Legal and Institutional framework .....	34
1.4.3. Financial institutions, DNFBPs and virtual asset service providers (VASPs) .....	37
1.4.4. Preventive measures .....	43
1.4.5. Legal persons and arrangements.....	44
1.4.6. Supervisory arrangements.....	45
1.4.7. International cooperation.....	46

2: NATIONAL AML/CFT POLICIES AND COORDINATION .....	47
2.1. Key findings and recommendations .....	47
2.2. Immediate Outcome 1 (Risk, policy and coordination) .....	49
3: LEGAL SYSTEM AND OPERATIONAL ISSUES .....	56
3.1. Key findings and recommendations .....	56
3.2. Immediate Outcome 6 (Financial Intelligence ML/TF).....	60
3.3. Immediate Outcome 7 (ML investigation and prosecution) .....	68
3.4. Immediate Outcome 8 (Confiscation) .....	74
4: TERRORIST FINANCING AND FINANCING OF PROLIFERATION.....	79
4.1. Key findings and recommendations .....	79
4.2. Immediate Outcome 9 (TF investigations and prosecutions) .....	83
4.3. Immediate Outcome 10 (TF preventive measures and financial sanctions) .....	87
4.4. Immediate Outcome 11 (PF financial sanctions) .....	89
5: PREVENTIVE MEASURES .....	91
5.1. Key findings and recommendations .....	91
5.2. Immediate Outcome 4 (Preventive measures).....	94
6: SUPERVISION .....	109
6.1. Key findings and recommendations .....	109
6.2. Immediate Outcome 3 (Supervision).....	111
7: LEGAL PERSONS AND ARRANGEMENTS .....	120
7.1. Key findings and recommendations .....	120
7.2. Immediate Outcome 5 (legal persons and arrangements) .....	122
8: INTERNATIONAL COOPERATION.....	130
8.1. Key findings and recommendations .....	130
8.2. Immediate Outcome 2 (International Cooperation).....	131
ANNEX ON TECHNICAL COMPLIANCE .....	139
Recommendation 1: Assessing risks and applying a risk-based approach .....	139
Recommendation 2: National cooperation and coordination .....	142
Recommendation 3: Money laundering offence .....	143
Recommendation 4: Confiscation and provisional measures .....	145
Recommendation 5: Terrorist financing offence .....	146
Recommendation 6: Targeted financial sanctions for terrorism and terrorist financing .....	149
Recommendation 7: Targeted financial sanctions relating to proliferation .....	153

Recommendation 8: Non-profit organizations (NPOs) .....	154
Recommendation 9: Financial institutions secrecy laws.....	156
Recommendation 10: Customer due diligence (CDD).....	157
Recommendation 11: Record keeping.....	162
Recommendation 12: Politically exposed persons (PEPs).....	164
Recommendation 13: Correspondent banking .....	166
Recommendation 14: Money or value transfer services (MVTs).....	167
Recommendation 15: New technologies .....	168
Recommendation 16: Wire transfers.....	169
Recommendation 17: Reliance on third parties .....	173
Recommendation 18: Internal controls and foreign branches and subsidiaries .....	174
Recommendation 19: Higher risk countries .....	176
Recommendation 20: Reporting Suspicious Transaction.....	177
Recommendation 21: Tipping-off and confidentiality .....	178
Recommendation 22: DNFBPs: customer due diligence.....	178
Recommendation 23: Designated non-financial businesses and professions: other measures .....	180
Recommendation 24: Transparency and beneficial ownership of legal persons .....	181
Recommendation 25: Transparency and beneficial owners of legal arrangements .....	185
Recommendation 26: Regulation and supervision of financial institutions .....	187
Recommendation 27- Powers of supervisors .....	191
Recommendation 28: Regulation and supervision of DNFBPs.....	194
Recommendation 29: Financial intelligence units (FIUs) .....	196
Recommendation 30: Responsibilities of law enforcement and investigative authorities .....	199
Recommendation 31: Powers of law enforcement and investigative authorities .....	200
Recommendation 32: Cash couriers .....	202
Recommendation 33: Statistics .....	204
Recommendation 34: Guidance and Feedback .....	205
Recommendation 35: Sanctions .....	206
Recommendation 36: International instruments .....	206
Recommendation 37: Mutual legal assistance .....	207
Recommendation 38: Mutual Legal Assistance: Freezing and Confiscation .....	209
Recommendation 39 - Extradition.....	210
Recommendation 40: Other forms of international cooperation .....	212

## LIST OF TABLES AND BOXES

Table 1. Level of effectiveness.....	21
Table 2. Technical compliance level.....	21
Table 3.1. STRs received by ANIF according to reporting entities .....	63
Table 3.2. ANIF releases from 2006 to 2020 .....	65
Table 3.3. ANIF releases broken down by years from 2015 to 2020.....	65
Table.3.4. Requests received by ANIF in 2020 .....	67
Table 3.5. Cases handled at the Mfoundi High Court from 2016 to 2020 .....	69
Table 3.6. Statistical bulletin for 2019 taking into account the data from the jurisdictions of the Courts of Appeal of the Centre, Littoral, North-West, South and South-West.....	71
Table 3.7. ANIF case follow-up sheet (2018-2020).....	72
Table 3.8. Files forwarded by ANIF to TCS.....	72
Box 4.1: Exerpts from judgements.....	85
Box 4.2: Exerpts from judgements.....	86
Table 6.1. Summary table of supervision missions conducted by COBAC.....	115
Table 6.2. Sanctions pronounced by COBAC against reporting institutions and their managers from 2016 to 2020 .....	117
Table 8.1. Status of international letters rogatory in cases of misappropriation of public funds as at 31 March 2011.....	133
Box 8.2: Case of informal cooperation .....	134
Table 8.3. Information-sharing between ANIF and foreign FIUs (ANIF requests).....	135
Table 8.4. Information-sharing between ANIF and foreign FIUs (Requests from foreign FIUs) .....	135
Annex Table 1. Compliance with FATF Recommendations .....	218

## LIST OF ACRONYMS

<b>AML/CFT:</b>	Anti-Money Laundering and Combating the Financing of Terrorism
<b>AML:</b>	Anti-Money Laundering
<b>ANEMCAM :</b>	Cameroon National Association of Microfinance Institutions
<b>APCAR:</b>	Professional Association of Insurance and Reinsurance Brokers
<b>APECAM:</b>	Cameroon Professional Association of Credit Institutions
<b>ASAC:</b>	Cameroon Professional Association of Insurance Companies
<b>ASTROLAB:</b>	Questionnaire on Assistance to Surveillance, Treatment and Organization of Anti-Money Laundering
<b>AUDCG:</b>	Uniform Act Relating to General Commercial Law
<b>AUSC:</b>	Uniform Act Relating to Cooperative Societies
<b>AUSCGIE</b>	Uniform Act Relating to Commercial Companies and Common Interest Groups
<b>BCC:</b>	Central Bank of Congo
<b>BD:</b>	Board of Directors
<b>BEAC:</b>	Bank of Central African States
<b>BF:</b>	Brokerage Firm
<b>BNIs:</b>	Bearer Negotiable Instruments
<b>BO:</b>	Beneficial Owner
<b>BVMAC:</b>	Central African Stock Exchange
<b>C:</b>	Compliant
<b>CAATS:</b>	Airport Anti-Trafficking Unit
<b>CAPAM:</b>	Small-Scale Mining Support Framework
<b>CBDF:</b>	Centre for Business Development Formalities
<b>CDBF:</b>	Budget and Finance Disciplinary Council
<b>CDC:</b>	Deposit and Consignments Fund
<b>CDD:</b>	Customer Due Diligence
<b>CEMAC REGULATION:</b>	Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the prevention and repression of money-laundering and terrorist financing in Central Africa

<b>CEMAC:</b>	Central African Economic and Monetary Community
<b>CENADI:</b>	National Centre for the Development of Computer Services
<b>CENTIF:</b>	National Financial Information Processing Centre
<b>FCFA:</b>	Franc of Financial Cooperation in Africa
<b>CFT:</b>	Combating the Financing of Terrorism
<b>CIMA:</b>	Inter-African Conference of Insurance Markets
<b>CNS:</b>	National Security Board
<b>COBAC:</b>	Central African Banking Commission
<b>CONAC:</b>	National Anti-Corruption Commission
<b>CONSUPE:</b>	Supreme State Audit Office
<b>COSUMAF:</b>	Central African Financial Market Supervisory Commission
<b>CRCA:</b>	Regional Commission for Insurance Supervision
<b>DGI:</b>	Directorate General of Taxation
<b>DGRE:</b>	Directorate General for External Research
<b>DNA:</b>	Directorate General for Insurance
<b>DNFBP:</b>	Designated Non-Financial Businesses and Professions
<b>ECCAS:</b>	Economic Community of Central African States
<b>EU:</b>	European Union
<b>FATF:</b>	Financial Action Task Force
<b>FI:</b>	Financial Institution
<b>FIU:</b>	Financial Intelligence Unit
<b>FP:</b>	Financing of Proliferation
<b>FSRB:</b>	FATF-Style Regional Body
<b>FSTSP:</b>	Funds or Securities Transfer Service Provider
<b>GABAC:</b>	Task Force on Anti-Money Laundering in Central Africa
<b>GDP:</b>	Gross Domestic Product
<b>ICPO-Interpol:</b>	International Criminal Police Organization

<b>ICT :</b>	Information and Communication Technology
<b>IMF:</b>	International Monetary Fund
<b>INTERPOL/NCB :</b>	Interpol National Central Bureau
<b>IO:</b>	Immediate Outcome
<b>JPO:</b>	Judicial Police Officer
<b>KYC:</b>	Know Your Customer
<b>LC:</b>	Largely Compliant
<b>LC:</b>	Limited Company
<b>LLC:</b>	Limited Liability Company
<b>LRCS:</b>	Legal Research Central Service
<b>MER:</b>	Mutual Evaluation Report
<b>MFI:</b>	Microfinance Institution
<b>MFSP:</b>	Mobile Financial Service Provider
<b>MINAT:</b>	Ministry of Territorial Administration
<b>MINFI:</b>	Ministry of Finance
<b>MINHDU:</b>	Ministry of Housing and Town Planning
<b>MINMIDT:</b>	Ministry of Mines, Industry and Technological Development
<b>ML/TF:</b>	Money Laundering and Terrorist Financing
<b>ML:</b>	Money Laundering
<b>MTC :</b>	Money Transfer Company
<b>ANIF:</b>	National Agency for Financial Investigation
<b>NBFI:</b>	Non-Banking Financial Institution
<b>NC:</b>	Non-Compliant
<b>NGO:</b>	Non-Governmental Organization
<b>NPO:</b>	Non-Profit Organization
<b>NRA:</b>	National Risk Assessment
<b>OECD:</b>	Organization for Economic Cooperation and Development
<b>OFAC :</b>	Office of Foreign Assets Control (financial oversight agency, under the US Treasury Department)

<b>OHADA:</b>	Organization for the Harmonization of Business Law in Africa
<b>ONECCA:</b>	Cameroon National Order of Chartered Accountants
<b>PC:</b>	Partially Compliant
<b>PEP:</b>	Politically Exposed Person
<b>PEREF:</b>	Private Equity Real Estate Firm
<b>PP:</b>	Professional Partnership
<b>R:</b>	Recommendation
<b>SIGREF :</b>	Integrated System for Financial Intelligence Management
<b>SR:</b>	Special Recommendation
<b>SRB:</b>	Self-Regulation Body
<b>STR:</b>	Suspicious Transaction Report(ing)
<b>TCS :</b>	Special Criminal Court
<b>TF:</b>	Terrorist Financing
<b>TFS:</b>	Targeted Financial Sanctions
<b>TPPCR:</b>	Trade and Personal Property Credit Register
<b>UA:</b>	Uniform Act
<b>UMAC:</b>	Central African Monetary Union
<b>UNDP:</b>	United Nations Development Programme
<b>UNSC:</b>	United Nations Security Council
<b>UNSCR:</b>	United Nations Security Council Resolution
<b>USD :</b>	United States Dollars
<b>VASP:</b>	Virtual Asset Service Provider
<b>WAMU:</b>	West African Monetary Union
<b>WCO:</b>	World Customs Organization

## **PREAMBLE**

The Task Force on Anti-Money Laundering in Central Africa (GABAC) is a specialized institution of the Central African Economic and Monetary Community (CEMAC) and a FATF-style Regional Body (FSRB) that promotes norms, instruments and standards for combating money laundering, terrorist financing and the proliferation of weapons of mass destruction, as well as other threats, including related methods and trends, in order to ensure the integrity of the financial system of member and associated States.

States under GABAC's jurisdiction have formally recognized the FATF standards as the benchmark for combating money laundering, terrorist financing and the proliferation of weapons of mass destruction.

GABAC was admitted as an FSRB in 2015. Its duties include evaluating the anti-money laundering and combating the financing of terrorism (AML/CFT) systems of the States under its jurisdiction in order to assess their compliance with international standards and the effectiveness of the measures taken.

Having successfully conducted the first round of mutual evaluations of its member States and having started its second round with the evaluation of the system of the Democratic Republic of Congo, GABAC is continuing with the evaluation of Cameroon's AML/CFT system.

This report, together with any data and maps it may contain, is without prejudice to the status of any territory, the sovereignty over such territory, the delimitation of international boundaries and limits, and the name of any territory, city or region. It has been prepared based on the 2013 FATF Methodology updated in November 2020 and the GABAC Round 2 Mutual Evaluation Procedures Manual. It incorporates the new requirements introduced in the 2012 revision of the FATF Recommendations and contains provisions on technical compliance and effectiveness.

The report was reviewed by the FATF Secretariat, Mr. Jason PURCELL, IMF Financial Expert, Mr. Patrick LAMON BA, Swiss Prosecution Expert and Mr. Mamadou THIANDOUM of CENTIF-Senegal, FIU and Prosecution Authority Expert.

The Evaluation Report was adopted by the 15<sup>th</sup> Plenary session of the GABAC Technical Commission on 21 October 2021 in Douala, Cameroon.

## EXECUTIVE SUMMARY

1. This document presents a summary of the AML/CFT measures in place in Cameroon at the time of the on-site visit, from 23 February to 12 March 2021. It analyses the level of compliance with the 40 Recommendations of FATF and the effectiveness of Cameroon's AML/CFT system, and sets out priority recommendations for strengthening the system.

### **A- KEY FINDINGS**

- (a)** Overall, Cameroon has demonstrated a good understanding of the ML/TF risks it faces. However, this understanding of the risks varies with the authorities and sectors under consideration. ANIF and the criminal investigation and prosecution authorities have a good understanding of ML/TF risks, which is not the case for other competent authorities such as the Ministry in charge of forestry and wildlife as well as some FI supervisory authorities (CIMA, COSUMAF), the SRBs of DNFBPs and the supervisory authorities of NPOs which have a poor understanding of the risks. FIs also seem to have a better understanding of their ML/TF risks than DNFBPs which do not yet have a full understanding of their risks.
- (b)** Cameroon completed its NRA process in January 2021. The NRA identified ML/TF threats and vulnerabilities for the sectors covered and its findings are generally reasonable in that they reflect the main ML/TF risks facing the country. Based on the findings of the NRA, the country has adopted a priority action plan, the implementation of which will enhance the level of understanding of the risks by all actors involved in AML/CFT.
- (c)** Cameroon does not have an authority responsible for coordinating national AML/CFT policies. Similarly, there is no operational coordination mechanism for CFT and proliferation.
- (d)** ANIF receives a significant number of STRs, mainly from banks, which it forwards to investigating authorities. On the basis of ANIF's financial intelligence, the number of which was not specified, investigations and two (2) prosecutions for ML have been initiated but have not yet resulted in convictions. Investigating authorities do not systematically conduct parallel investigations for ML/TF when dealing with the files of predicate offences.
- (e)** Cameroon faces a high risk of TF, the sources of which are mainly crowdfunding from abroad, donations and fundraising through certain NPOs, and criminal activities including the illicit exploitation of natural resources, drug trafficking and kidnapping for ransom. The country has demonstrated its ability to successfully prosecute TF and the TF cases prosecuted partly reflect the country's risk profile. However, the investigation and prosecution services are faced with a lack of means and resources, insufficient training and difficulties in tracking TF-related funds. In addition, no confiscation or other alternative criminal justice measures are implemented.
- (f)** Investigating and prosecuting authorities are not sufficiently trained and equipped to effectively conduct investigations into ML/TF. They are faced with a lack of adequate and specialized material, logistical and training resources. These shortcomings have a negative impact on their ability to implement confiscation, freezing or seizure measures related to ML/TF.

- (g)** Banking FIs generally understand their AML/CFT obligations and adopt appropriate due diligence measures to that effect. Insurance companies have a moderate understanding of their AML/CFT obligations and implement weak due diligence measures. Non-bank FIs, in particular financial market actors, MFIs, FSTSPs, leasing companies and MFSPs, have a very limited understanding of their AML/CFT obligations and implement very few AML/CFT due diligence measures. DNFBPs as a whole have no knowledge of their AML/CFT obligations. Consequently, they do not implement appropriate due diligence to prevent them and report very few STRs to ANIF. VASPs are not regulated on AML/CFT obligations and due diligence.
- (h)** Furthermore, the low rate of financial inclusion, the high use of informal financial services and the predominance of cash transactions constitute obstacles to the effective implementation of financial integrity measures in Cameroon.
- (i)** Supervisory authorities do not programme controls on a risk basis. For the FIs it supervises, COBAC has not organized any thematic control on AML/CFT issues. Nevertheless, an AML/CFT component is systematically taken into account during general missions and thematic missions on compliance with foreign exchange regulations. With regard to DNFBPs, the mission noted the absence of competent authorities designated to ensure AML/CFT supervision.
- (j)** Neither COBAC, CIMA nor COSUMAF impose sanctions on the entities they supervise for breaches of AML/CFT obligations.
- (k)** Cameroon has put in place most of the elements of the legal framework for collecting basic information from legal entities and making same available. However, the identification of beneficial owners (BOs) of legal entities is a major challenge. The Cameroonian system does not recognize trusts and other legal arrangements. Nevertheless, those established abroad can operate in the country, but there are no mechanisms to control and supervise them.
- (l)** Cameroon does not have a mechanism for the management of frozen, seized and confiscated assets in order to preserve and effectively manage the value of such assets.
- (m)** Cameroon has an equipped legal framework for international judicial cooperation. However, the level of activity recorded is unsatisfactory. The country has not demonstrated a proactive use of international judicial cooperation in ML/TF cases that reflect its risk profile, whereas it is exposed to a range of ML/TF risks, the most significant of which are transnational in nature. There is no mechanism for sharing confiscated assets under international cooperation.
- (n)** Competent and supervisory authorities have an appropriate legal framework for cooperation with their foreign counterparts. Unfortunately, apart from ANIF, the implementation of this AML/CFT exchange framework is limited.

## **B- RISKS AND GENERAL SITUATION**

2. Cameroon faces numerous risks of money laundering and terrorist financing. As the largest economy in the CEMAC region, Cameroon's economy is essentially based on cash transactions. Also, the low financial inclusion, the large size of the informal sector, and the multiplication of new financial products are some of the vulnerabilities that make Cameroon attractive to ML/TF. The emergence of crypto-currency, a new unregulated financial product, exposes the country to a significant ML/TF risk.
3. The threat of money laundering is characterized by a range of predicate offences which attract attention because of their recurrence or the huge profits generated, such as: tax and customs fraud, embezzlement of public funds, corruption, bribery, public procurement crimes, trafficking in wildlife and wood products, scamming, drug trafficking, counterfeiting and human trafficking.
4. Terrorist financing threat is characterized by Cameroon's proximity to some countries where terrorism caused by religious extremism and the militancy of armed groups or gangs prevails, but also internally with the desire of secessionist groups active in the North-West and South-West regions. The absence of a comprehensive legal framework, particularly for the implementation of targeted financial sanctions, the free movement of people and goods within the CEMAC area, combined with weak border controls, particularly in the West and North-West areas, and the existence of terrorist recruitment points are all factors that increase this threat.
5. Cameroon's national risk assessment and the assessors' analyses show that several sectors are exposed to ML/TF. Thus, not all sectors are immune to ML/TF risks, each according to its level of vulnerability. In this respect, banks, microfinance, real estate, casinos, foreign change bureaus, dealers in precious metals and stones, notaries and building material merchants are the sectors with a high level of risk.

## **C- OVERALL LEVEL OF EFFECTIVENESS AND TECHNICAL COMPLIANCE**

6. Cameroon's AML/CFT system has made progress since the previous assessment, with the improvement of the reporting system marked by the increasing number of STRs, ANIF's operational capacity building, among others by the provision of IT infrastructure, the strengthening of the institutional framework to fight against the misappropriation of public funds through the creation of the Special Criminal Court (TCS) and the improvement of the criminal justice system to combat terrorism and its financing, leading to convictions. However, the overall level of effectiveness of the AML/CFT system is still low due to some shortcomings, including the absence of a national ML/TF policy coordination authority, a formalized ML/TF criminal policy, a designated authority for the supervision of DNFBPs on AML/CFT issues, a mechanism for disseminating lists of sanctions to reporting entities for the timely implementation of TFSs, and weak targeted AML/CFT controls by control and oversight authorities.
7. In terms of technical compliance, the legal framework was updated after 2008, with the adoption of the new CEMAC AML/CFT Regulation, laws and regulations, in order to be consistent with international standards, particularly the FATF Recommendations. Shortcomings were noted in the

production of statistics, the establishment of guidelines, the regulation and monitoring of DNFBPs, the monitoring of NPOs, and the criminalization of the smuggling of migrants and foreign terrorist fighters.

***Risk assessment, coordination and policy sitting (Chapter 2 – IO.1; R.1, R.2, R.33)***

8. Overall, Cameroon has demonstrated a good understanding of ML/TF risks. However, the level of understanding appears dispersed and fragmented depending on the authorities and sectors under study. Indeed, ANIF has a good overview of ML/TF risks in Cameroon. Investigation and prosecution authorities have a good understanding of ML/TF risks, which is not the case for other competent authorities such as the Ministry of Territorial Administration and the Ministry in charge of forestry and wildlife, which have a limited understanding. Some control and oversight authorities (CIMA, COSUMAF, SRBs of DNFBPs) do not sufficiently understand the ML/TF risks faced by their respective oversight sectors. FIs, particularly banks, have a better understanding of their ML/TF risks than DNFBPs which have no understanding of the ML/TF risks inherent in their activities.

9. The NRA identified the ML/TF threats and vulnerabilities facing the country. The NRA was prepared with the involvement of several AML/CFT actors. The findings of the NRA are generally reasonable as they reflect the country's risk profile. The control and oversight authorities have not yet undertaken an in-depth analysis of the ML/TF risks to which the activities of financial and non-financial sector actors are exposed, to be able to pool their resources where the risks are highest and to organize more effective prevention mechanisms.

10. Cameroonian authorities recognize the TF risks due to the security situation in some parts of the country. Mitigation measures are being implemented but are not yet producing sufficiently significant outcomes.

11. Cameroon does not have a national AML/CFT policy coordination authority. However, in practice, domestic cooperation and coordination on AML/CFT is mainly done through ANIF. Regarding terrorism, actions are coordinated by the Central Coordination Department of the Ministry of Defense, which does not include TF in its operations.

***Financial intelligence, money laundering investigations, prosecutions and confiscation (Chapter 3 – IO.6-8; R.3, R.4, R.29-32)***

12. In general, Cameroon's competent authorities have broad access to financial intelligence disseminated by ANIF, which is needed for AML/CFT, thanks to their mutual cooperation. The financial intelligence received from ANIF is of good quality. However, it is not optimally used by the investigation and prosecution authorities. Despite the large amount of financial intelligence and other information available to the investigation and prosecution authorities, there are only 2 (two) unsuccessful prosecutions of ML in the country. The investigation and prosecution authorities do not have proven expertise in handling ML cases.

**13.** The confiscation measures implemented by the judicial authorities only cover the proceeds of the predicate offences. No confiscation has been ordered for ML. The alternative criminal justice measures provided for in instruments are not implemented.

**14.** The customs administration seizes the proceeds of crime and forwards them to the judicial authority, which issues the confiscation order. Similarly, Cameroon Customs has seized and confiscated currency, bearer negotiable instruments, precious metals and stones. It regularly shares information with ANIF. However, it does not share information on seizures of cash and bearer negotiable instruments. Furthermore, there is no mechanism for managing confiscated assets. The designated structure, the Deposit and Consignment Fund, is not operational.

***Terrorist financing and proliferation financing (Chapter 4 – IO.9-11; R.5-8)***

**15.** Cameroon faces a high risk of TF due to the terrorist groups active in the country and the diversity of sources, which include crowdfunding from abroad, donations and fundraising through some NPOs, and criminal activities. The predominance of cash in hand, the existence of informal payment and remittance channels, as well as the absence of an effective mechanism to control the physical cross-border transportation of cash coupled with porous borders are among the factors that accentuate the country's exposure to TF.

**16.** Investigations and prosecutions have been initiated. They have led to judgements in TF cases by military tribunals and dissuasive sanctions have been pronounced, which demonstrates the system's ability to judge and apply sanctions to perpetrators of TF. However, confiscation measures are not implemented.

**17.** Major shortcomings in the CFT system have been identified in the area of supervision of NPOs. Despite the increased risk in this sector, the sub-category of NPOs most vulnerable to exploitation for TF purposes has not been identified and the risk-based approach is not applied.

**18.** The lack of a mechanism to implement TFS is also a weakness of Cameroon's CFT system. Cameroon's anti-TF system does not allow for the timely implementation of the TFSs. The whole aspect of combating the financing of the proliferation of weapons of mass destruction is not implemented in the application of the law or other practical measures.

***Preventive measures (Chapter 5 – IO.4; R.9-23)***

**19.** Cameroon has a suitable legal framework to force FIs and DNFBPs to implement preventive measures to mitigate their ML/TF risks. Banks that conduct their institutional risk assessments have demonstrated a good understanding of their risks and knowledge of their AML/CFT obligations. They therefore apply mitigating measures commensurate with the level of risks identified and satisfactorily implement preventive measures. However, enhanced due diligence measures are not applied to transactions to/from terrorist areas. In addition, the lack of guidelines for the identification of PEPs and the absence of a mechanism for transmitting lists of United Nations sanctions through an official channel make it difficult for FIs that are not backed by international financial groups to comply with their AML/CFT obligations.

**20.** Banks have a good relationship with ANIF and COBAC, which oversee their activities. However, there is no collaboration between the various compliance officers of the banks to facilitate the sharing of information and experiences in the application of AML/CFT preventive measures.

**21.** Overall, other FIs have limited knowledge of their AML/CFT obligations and very rarely implement preventive measures. Similarly, apart from the leasing and MFSP sector, they have not yet conducted an internal risk assessment. They therefore have a limited understanding of their risks. As a result, the measures adopted to mitigate risks are insufficient.

**22.** The majority of DNFBPs are characterized by failure to implement their customer due diligence requirements. They have not assessed their ML/TF risks and do not apply a risk-based approach.

**23.** With regard to VASPs, although virtual assets are used in Cameroon through several local crypto-currency trading platforms, their activities are not regulated and have not been subject to a sectoral risk assessment. The risks in this sector are not understood.

**24.** Most FIs in Cameroon, particularly banks, have internal policies and procedures that take into account CDD and record keeping measures. However, identification of the beneficial owner remains a major challenge in all regulated sectors.

**25.** Although the obligation to report suspicious transactions is contained in the various instruments that govern AML/CFT in Cameroon, in particular Article 83 of the CEMAC Regulation, the effectiveness of the reporting mechanism has not been sufficiently demonstrated. In fact, even though there has been a constant increase in the number of STRs, they come mainly from the banking sector. Reporting entities make few or no STRs.

### ***Supervision (Chapter 6 – IO.3; R.26-28, R.34-35)***

**26.** In Cameroon, the regulation and supervision of financial institutions is the responsibility of several authorities, including community or regional and national authorities. The supervisory and oversight authorities' understanding the ML/TF risks to which the various categories of FIs under their supervision are exposed remains patchy and sometimes very inadequate. COBAC, BEAC and MINFI have a good understanding of the risks to which the sectors under their oversight are exposed. However, there is no mechanism to allow COBAC ensure a continuous understanding of ML/TF risks in the MFI sector. Other oversight bodies, including CIMA, DNA and COSUMAF, have no understanding of the ML/TF risks to which their sectors are exposed.

**27.** All of these oversight authorities do not perform sufficient due diligence to ensure that the reporting entities have an ongoing understanding of the ML/TF risks to which they are exposed.

**28.** In practice and as a general rule, the lack of risk-based supervision programming and the absence of thematic missions on AML/CFT issues show that COBAC remains focused on general oversight missions without paying the necessary attention to AML/CFT. CIMA does not conduct its missions in accordance with ML/TF risks and the AML/CFT issue is only very briefly addressed

during its supervision missions. As part of its regulatory and supervision prerogatives in the foreign exchange sector, BEAC has not yet taken on its new prerogatives to ensure that its reporting entities comply with AML/CFT obligations.

**29.** With regard to DNFBPs as a whole, it should be noted that there is a lack of formal designation of authorities to monitor their respective AML/CFT obligations. Thus, the supervisory administrative authorities or self-regulatory bodies operate on the fringes and do not pay much attention to AML/CFT issues, even though entire areas of activity of some categories of DNFBPs are highly exposed to ML/TF risks.

**30.** Cameroon has not put in place formal entities to deal with ML/TF risk issues that may be faced by DNFBPs.

***Transparency of legal persons and beneficial ownership (Chapter 7 – IO.5; R.24-25)***

**31.** Legal entities created in Cameroon in accordance with the relevant OHADA Uniform Acts are subject to general transparency obligations stemming from the obligation to register with the TPPCR, which are a basic protection against their misuse for ML/TF purposes. Procedures for the creation of NGOs, associations and other types of legal entities also guarantee transparency of information on founders, officials or managers. Cameroon has made significant efforts to streamline the process of creating legal entities, particularly companies. Recent measures have strengthened transparency, in particular with regard to bearer shares issued by companies whose purchasers must, since a 2014 law, declare their identity to a company or a financial intermediary. These shares must be registered. Appropriate sanctions are provided for breaches of transparency obligations, but the country has not demonstrated their effective implementation.

**32.** Trusts and similar legal arrangements are not recognized under Cameroonian law. Nevertheless, foreign trusts may operate in Cameroon and domestic professionals can provide services to foreign trusts. However, the mechanisms deployed by the country do not allow the competent authorities to obtain information on the actors involved in the process of setting up and operating trusts.

**33.** Cameroon has not conducted an in-depth study of the mechanisms through which legal entities created in the country can be misused for ML/TF purposes. The NRA's findings on this point appear to be incomplete.

**34.** The availability of information on beneficial owners is a major challenge. In this light, the NRA recommended the introduction of a legal requirement to identify beneficial owners when companies are established and modified. In practice, information on beneficial owners is collected, in a few rare cases, by reporting entities, in particular banks belonging to major international financial groups, which carry out due diligence to identify them at the time of entering into a business relationship.

### ***International cooperation (Chapter 8 – IO.2 ; R.36-40)***

**35.** Cameroon has a suitable legal and institutional framework for the implementation of international judicial cooperation. It uses informal international cooperation on the basis of reciprocity. However, the level of AML/CFT activity recorded is low. With regard to terrorism and its financing in particular, the findings of the NRA refer to a kind of reluctance of foreign counterparts to cooperate due to the military nature of the courts to which jurisdiction over terrorism and TF cases is attributed. The country has shown examples of mutual legal assistance for predicate offences. However, no data was provided to demonstrate that the country's responses to requests for mutual aid are satisfactory and timely.

**36.** As regards other forms of cooperation, the competent authorities, on the whole, have the means to exchange adequately with their foreign counterparts. ANIF, a member of the Egmont Group, has demonstrated a satisfactory ability to share information with its foreign counterparts. It uses the information received from its foreign counterparts in its missions and acts as an intermediary, requesting information from reporting entities on behalf of a foreign FIU. The country has not demonstrated effective implementation of international cooperation by other competent authorities, including investigating and supervisory authorities.

**37.** Information on legal entities can be shared. TPPCR has all the basic information that can be made available to foreign competent authorities upon request to the national file via a counterpart competent national authority. However, because there is no mechanism for collecting information on BOs, the sharing of information on this matter remains difficult and limited.

### **D- PRIORITY MEASURES**

Based on these general conclusions, the following priority actions are recommended to the Cameroonian authorities:

- (a)** Continue the distribution of the NRA report to ensure wide dissemination of its findings to all stakeholders, in order to achieve a consistent and continuous improvement in the understanding of ML/TF threats, vulnerabilities and risks in the country. The dissemination strategy should combine programmes to popularize the findings of the NRA and to increase training and awareness among relevant actors, by particularly targeting NBFIs and DNFBPs on their respective roles and responsibilities in the country's AML/CFT system. The NRA should also be regularly updated;
- (b)** Initiate a specific study of the risks of misuse of legal entities and arrangements for ML/TF purposes and consider such study when updating the NRA with a view to proposing adequate mitigation measures;
- (c)** Undertake the implementation of the action plan adopted as a result of the NRA using the risk-based approach for a better allocation of resources and establish a mechanism to assess the implementation of the actions planned by all stakeholders;

- (d)** Ensure that on the basis of the findings of the NRA, reporting entities and supervisory and oversight authorities mainstream and apply the risk-based approach in their activities and missions, in order to allow the implementation of enhanced measures for high risk situations and simplified measures for situations assessed as low risk and, in the latter case, achieve the mitigation of the informality of the economy by promoting financial inclusion;
- (e)** Establish an authority for coordinating national AML/CFT policies, based on the model established by Directive No. 01/16/CEMAC/UMAC/CM of 12 December 2016, in order to have an effective coordination, information sharing and assessment platform for the consistent implementation of national AML/CFT policies by all actors;
- (f)** Foster operational cooperation between competent authorities, including with regulatory, supervisory and oversight authorities, in particular by encouraging the conclusion of agreements between them, in order to facilitate information sharing and the implementation of joint actions or measures to combat money laundering;
- (g)** Develop statistical data collection mechanisms and maintain comprehensive, consolidated and up-to-date statistics on all matters relating to investigations, prosecutions, convictions and frozen, seized or confiscated assets, in order to provide authorities with reliable quantitative data to measure the effectiveness of their AML/CFT systems and to allocate resources accordingly;
- (h)** Increase awareness of AML/CFT standards among DNFBPs and NPOs to enable better detection of illicit financial flows in the non-financial sectors, taking into account their ML/TF risk level;
- (i)** Build the capacity of criminal investigation and prosecution authorities by providing them with the necessary human, financial and logistical resources and by training them on financial investigation techniques, including the identification of proceeds of crime for confiscation, in order to increase their level of efficiency and obtain convictions for ML/TF;
- (j)** Carry out awareness-raising and training activities for judicial and legal officers in relation to AML/CFT and other financial offences, in order to strengthen the effective use of the repressive measures contained in Community and national AML/CFT legislation;
- (k)** Designate an authority to implement the TFSs relating to TF and PF and set up a mechanism for the prompt dissemination of the lists of UNSC sanctions to reporting entities. For example, the country could adopt digital dissemination by group mail;
- (l)** Legislate on virtual assets and designate a competent authority responsible for the licensing and oversight of VASPs to ensure compliance with AML/CFT obligations in this sector in accordance with Recommendation 15;

- (m)** Revise the CEMAC Regulation to make it compliant with international norms and standards, including and not limited to correcting the technical compliance deficiencies identified in FATF Recommendations R.5, R.13, R.16, R.23 and R.24;
- (n)** Establish a formal mechanism for the identification of BOs as part of the process of setting up legal entities and updating related information in order, on the one hand, to make information on the BOs of legal entities available and, on the other hand, to enable reporting entities to better comply with their obligation to identify and verify the BOs of their business relationships. Oversight and supervisory authorities should ensure compliance with this obligation;
- (o)** Promote and strengthen policies and training programs for all actors in the DNFBP sector so as to improve their knowledge and efficient implementation of AML/CFT preventive measures in this sector, in particular their obligations of vigilance and reporting of suspicious transactions;
- (p)** Include AML/CFT oversight responsibilities in the remit of the self-regulatory, supervisory and oversight authorities of DNFBPs and provide them with the necessary powers and resources to implement risk-based supervision, prioritizing the DNFBPs most at risk;
- (q)** Solicit the UMAC Ministerial Committee and the Regional Insurance Control Commission (CRCA) to demand that the Community and inter-regional oversight authorities (COBAC, BEAC, COSUMAF and CIMA) pay greater attention to the AML/CFT issue so as to make it a major thrust, in the same way as other general or specific requirements, and that ML/TF risks are an integral part of the considerations taken when drawing up their oversight strategies and plans;
- (r)** Regulate the management of frozen, seized and confiscated assets to ensure the effective preservation and management of such assets;
- (s)** Expand its scope of international cooperation, by concluding agreements with countries facing terrorism and its financing, in Africa and worldwide, and sensitize the competent authorities to make proactive use of international cooperation in ML/TF cases that have transnational ramifications and establish a mechanism for sharing confiscated assets through international cooperation.

## E- EFFECTIVENESS AND TECHNICAL COMPLIANCE RATINGS

**Table 1. Level of effectiveness<sup>1</sup>**

RI 1	RI 2	RI 3	RI 4	RI 5	RI 6	RI 7	RI 8	RI 9	RI 10	RI 11
Low	Low	Low	Low	Low	Moderate	Low	Low	Moderate	Low	Low

**Table 2. Technical compliance level<sup>2</sup>**

R.1	R.2	R.3	R.4	R.5	R.6	R.7	R.8	R.9	R.10
PC	PC	LC	PC	LC	NC	NC	NC	C	PC
R.11	R.12	R.13	R.14	R.15	R.16	R.17	R.18	R.19	R.20
LC	PC	LC	NC	NC	PC	LC	LC	PC	PC
R.21	R.22	R.23	R.24	R.25	R.26	R.27	R.28	R.29	R.30
C	PC	PC	NC	LC	PC	LC	NC	LC	C
R.31	R.32	R.33	R.34	R.35	R.36	R.37	R.38	R.39	R.40
C	PC	NC	PC	LC	LC	LC	PC	C	LC

<sup>1</sup> The ratings for the level of effectiveness are "high, significant, moderate or low".

<sup>2</sup> Technical compliance ratings are C - compliant, LC - largely compliant, PC - partially compliant, NC - non-compliant or NA - not applicable.

# MUTUAL EVALUATION REPORT OF THE REPUBLIC OF CAMEROON

## Foreword

This report summarizes the AML/CFT measures in force in Cameroon on the date of the on-site visit (from 23 February to 13 March 2021). It analyses the level of compliance with the 40 FATF Recommendations and the level of effectiveness of Cameroon's AML/CFT system, and makes recommendations for strengthening Cameroon's AML/CFT system.

Based on the 2012 Financial Action Task Force Recommendations, this assessment was prepared using the 2013 Methodology (updated in November 2020). It was carried out on the basis of information provided by Cameroon and that obtained by the assessment team during its on-site visit to Cameroon from 23 February to 13 March 2021.

The assessment was carried out by a team composed of:

### Legal experts:

- AMONA Annick Valia (Congo);
- LUKONGO LUTULA Fely (DRC).

### Financial experts:

- AIGONGUE DJINGUEBAYE (Chad);
- MONKA Max (Congo);
- BALDE Mamadou Ciré (Guinea);
- ACUCHE PUPU José Louis (Equatorial Guinea).

### Prosecution authorities' expert:

- DAYO Dodji (Togo).

The team was backed by the Permanent Secretariat of GABAC represented by:

- TOUNDA OUAMBA Frank-Régis, Director of Legal Affairs and Litigation;
- LOCKO Anges-Maier, Assistant to the Head of Regulatory Division;
- HOUNO TEIRO Bokhit, Assistant to the Legal Affairs and Litigation Department.

Cameroon was under an assessment by the World Bank in 2008. The assessment that was part of the Financial Sector Assessment Program, was carried out according to the 2004 FATF Methodology. Monitoring of the implementation of MER recommendations was handed over to GABAC since 2014. Cameroon's 2008 MER, adopted in 2010 was published by GABAC and is available at the following address: [www.spgabac.org](http://www.spgabac.org)

The Mutual Evaluation concluded that Cameroon was:

Largely Compliant (LC) for ten Recommendations relating to ML only; Partially Compliant (PC) for 20 Recommendations including 17 relating to ML and 3 to TF and; Non-Compliant (NC) for 19 Recommendations including 13 relating to ML and 6 to TF.

After the adoption of its MER in 2010 and after presentation of its first report in September 2015, Cameroon was placed under the Regular Monitoring regime, requiring the country to submit an annual report. Thus, throughout the first cycle, the country was kept under the regular monitoring regime. To this end, Cameroon presented its second monitoring report in September 2016, then a third in March 2018.

Cameroon was removed from the monitoring process in March 2018 to prepare for the second round assessment of its AML/CFT system. In September 2018, the GABAC plenary took note of Cameroon's progress report indicating the progress made by this country in the implementation of most of the recommendations made by the assessment team for the improvement of its AML/CFT system.

## 1: ML/TF RISKS AND CONTEXT

1. Cameroon is a Central African country located at the bottom of the Gulf of Guinea, between latitudes 2° and 13° N and longitudes 9° and 16° E, with a surface area of 475,440 km<sup>2</sup> and an estimated population of 27,084,591 inhabitants.<sup>3</sup> It is bounded to the west and north-west by Nigeria, to the north by Lake Chad, to the north-east by Chad, to the east by the Central African Republic, to the south-east by the Republic of Congo (Brazzaville), to the south by Gabon, to the south-west by the Republic of Equatorial Guinea and the Gulf of Guinea. It has a maritime border of 420 km along the Atlantic Ocean in the south-west. Thanks to this coastline on the Atlantic Ocean, the port of Douala is considered as one of the main ports of Central Africa. Douala is the economic capital of the country and Yaoundé the administrative capital. With an estimated GDP of USD 40 billion, Cameroon has the most diversified economy in the region<sup>4</sup> and uses the CFA franc (XAF) as official currency. English and French are the country's two official languages.

2. On the political and institutional level, in accordance with the Constitution of 2 June 1972 amended on 18 January 1996, Cameroon is a secular, democratic and sovereign republic. Political power is exercised within the framework of a decentralized unitary presidential republic, where the President of Cameroon is the Head of State in a multi-party system. Executive power is exercised by the Head of State and the Government. The latter is collectively answerable to the National Assembly. Legislative power is devolved on Parliament comprising two houses: The National Assembly and the Senate.

3. Judicial power is exercised by the Constitutional Council, the Supreme Court, the Audit Bench and Courts and Tribunals. Justice is rendered in the name of the people of Cameroon. The judicial system is dualistic, comprising the courts of the judicial order and those of the administrative order. The organization of Cameroon's judicial system is particular due not only to the coexistence of civil law and common law, the outcome of Franco-British colonization, but also because of the coexistence of custom and statutory law.

4. Cameroon is a member of several regional organizations, including the Economic Community of Central African States (ECCAS), the Central African Economic and Monetary Community (CEMAC), the Central African Anti-Money Laundering Task Force (GABAC), the Organization for the Harmonization of Business Law in Africa (OHADA) and the Inter-African Conference of Insurance Markets (CIMA).

5. The AML/CFT system in Cameroon is based on a legal framework established in accordance with the provisions of the revised Treaty of CEMAC and GABAC Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the prevention and repression of money laundering and financing of terrorism and proliferation in Central Africa.

---

<sup>3</sup> Source: United Nations Department of Economic and Social Affairs: <https://www.countrymeters.info/fr/Cameroon>

<sup>4</sup> According to the Directorate General of the Treasury, France: <https://www.tresor.economie.gouv.fr/Pays/CM/indètres-et-conjoncture>

6. Under the provisions of the aforementioned instruments, the AML/CFT system is driven at Community level to be directly applicable or transposable into the national/domestic AML/CFT legal framework of each CEMAC Member State depending on whether it is a Regulation or a Directive. The specific Community regulations and national AML/CFT laws therefore derive from the general framework established by the CEMAC Regulation and are complementary. This legal framework systematically integrates international AML/CFT norms and standards, in particular the FATF Recommendations and United Nations Security Council Resolutions, as well as the international conventions to which the country is a party, including its regional commitments under CEMAC and the African Union.

## **1.1. ML/TF risks and Scoping of Higher Risk Issues**

### **1.1.1. Overview of ML/TF risks**

7. Cameroon is exposed to a range of ML/TF risks. The geographical location and the economic prowess of the country within an economic and monetary area shared with five border States linked by the principle of free movement of people and goods on the one hand and, on the other hand, the internal structure of its economy essentially marked by cash transactions, low financial inclusion, the extensive informal sector and the proliferation of new financial products are some of the vulnerabilities that make Cameroon attractive to ML/TF. In addition, the country has a border with Nigeria and a coastline opening which is rather porous, thus exposing it to cross-border flows of funds and illicit trafficking. These vulnerability factors are also accentuated by the lack of control entities and the limitations of the overall AML/CFT policy.

8. The money laundering threat is characterized by a range of predicate offences that draw attention because of their recurrence or the huge profits generated, such as: tax and customs fraud, embezzlement of public funds, corruption, misappropriation, public procurement crimes, trafficking in wildlife and wood products, scamming, drug trafficking and counterfeiting. According to the various activity reports of ANIF,<sup>5</sup> the most common predicate offences are listed according to the financial flows detected. These are embezzlement of public funds (13.68%), corruption (3.56%), spamming (0.01%), forgery and use of forged documents (0.35%), scamming (0.4%), terrorist financing (1.71%), various frauds (15.71%) and, in 2018, these financial flows amounted to 413 697 728 677 (four hundred and thirteen billion six hundred and ninety-seven million seven hundred and twenty-eight thousand six hundred and seventy-seven) CFA francs.

9. The threats of terrorist financing are characterized by Cameroon's proximity to some countries where terrorism caused by religious extremism and the militancy of armed groups or gangs prevails, but also internally with the inclinations of secessionist groups active in the North-West and South-West Regions. The absence of a comprehensive legal framework, in particular for the implementation of targeted financial sanctions, the free movement of people and goods in the

---

<sup>5</sup>Activity reports for 2017 and 2018

CEMAC area combined with the weak control at the West and North-West borders and the existence of terrorist recruitment points are all factors that increase these risks.

**10.** According to Cameroonian authorities, there is a risk of terrorist financing. The NRA rated terrorist financing at a high risk level. Cameroon is used as a channel for the recruitment of terrorists and for the financing of terrorism. Thus, the risk of kidnapping is high, especially in the far north of Cameroon, due to incursions by the Boko Haram group. Westerners are particularly targeted by these attacks and, most often, the kidnappers demand ransoms before releasing the hostages.

### ***1.1.2. Country's risk assessment and Scoping of Higher Risk Issues***

**11.** Cameroon successfully conducted its first national risk assessment under the coordination of its National Agency for Financial Investigation with assistance from the World Bank. Launched in 2018, the NRA was officially validated by Cameroonian authorities on 19 January 2021. This study is carried out following the information collected, interviews and surveys conducted with AML/CFT stakeholders. However, even if reservations can be made on the items that served as basis for the work, due in particular to the challenges relating to the production and availability of some statistical data, the findings of the risk assessment are on the whole reasonable and correspond to the realities of the country under assessment. The nature and level of risks for the sectors subject to AML/CFT were examined and measured.

**12.** In this national ML/TF risk assessment, Cameroon presents for the first time a consolidated and transversal analysis of threats and vulnerabilities in the country, which allows an overall and specific assessment of the ML/TF risk. This work was carried out within the framework of an Inter-Ministerial Committee extended to the private sector, responsible for conducting the NRA, instituted by Decision No. 413/MINFI/SG/DAJ of the Minister of Finance of 6 April 2018. The committee, referred to as the "NRA Committee", is coordinated by ANIF under the supervision of the Ministry of Finance. In this regard, its role is to ensure a rigorous assessment in order to better understand the threats to which the country is exposed and the vulnerabilities of its response system, and propose the appropriate responses.

**13.** The assessment was based on a broad and open approach and was carried out adequately using the World Bank's assessment tool. Analyses are based on quantitative data (mainly suspicious transaction reports and statistics) and qualitative data (e.g. information provided by various State institutions and private sector players). Contributions for the report came from all the authorities concerned with ML/TF (police and FIU, financial intermediaries' oversight authorities, criminal and judicial prosecution authorities, customs authorities, gendarmerie, civil society, etc.) as well as from a selection of private sector representatives.

**14.** The NRA shows that the offences which generate enormous illicit revenues are tax and customs fraud, corruption, embezzlement of public funds, fraudulent bankruptcy, public procurement crimes, bribery, trafficking in wildlife and wood products, cybercrime, counterfeiting, scamming, trade forgery, taking an interest in an act, pimping, drug trafficking, currency

trafficking, trafficking in works of art, human trafficking, deception of associates, etc. All these offences generate resources which are ploughed back through real estate investments, the movement of funds to tax havens, transfers of funds in bank accounts abroad, the purchase of valuable goods (works of art, automobiles, jewelry) and foreign currencies, equity investments in large companies, investments in industry, agriculture or animal husbandry.

**15.** The reasons for choosing these examples as major offences stem from Cameroon's criminogenic environment. Thus, corruption, embezzlement of public funds and public procurement crimes are largely due to the failure to apply the sanctions or punitive measures applicable in the country. Drug and human trafficking are dependent on the scourges that are raging in the countries bordering Cameroon. Tax and customs fraud are linked to poor governance and the political, economic and social realities of the country.

**16.** The assessment team identified the most important areas and issues of concern that deserved further attention, given their impact on Cameroon's AML/CFT system. The identification was based on the NRA, the 2008 MER, the previous monitoring reports, the analysis of the information forwarded by Cameroonian authorities on technical compliance and on effectiveness, and the statistics provided. The assessment team also drew on the information available on the legal and institutional environment and the ML/TF context in Cameroon, including points of potential vulnerability in the country. The issues and areas listed below were discussed in depth during the on-site visit.

**17. Understanding ML/TF risks and applying a risk-based approach:** mechanisms for the identification and understanding of ML/TF risks by the country, apart from the NRA and their real impact on the AML/CFT system. In particular, the types, number and frequency of sectoral studies carried out, the fields and sectors of study, the actors concerned, their degree of involvement and understanding of criminal threats, the quality of the findings and their dissemination mechanisms, as well as the risk mitigation measures implemented.

**18. ML/TF investigations and prosecutions:** channels used by criminals to launder money, means of detection and the ability of investigating authorities to prosecute and obtain convictions of criminals, particularly in foreign-related cases, the use, quality and impact of financial intelligence in the success of investigations and consistency of investigative measures with previously identified risks, statistics.

**19. Terrorist financing:** channels used to finance terrorism, ability of the authorities to deter terrorist networks, implementation of TFSS - difficulties in defining the mechanisms -, statistics on prosecutions, freezing, seizures and confiscations and management of confiscated property, system applicable to NPOs, identification of vulnerable NPOs, understanding of related risks, mitigation measures and consistency.

**20. DNFBPs:** structuring of high-risk DNFBPs (gaming establishments, real estate sector), understanding of risks within the sector, mitigation measures taken, assessment of the level of implementation of preventive AML/CFT measures and outcomes.

**21. Risk-based approach in the financial sector:** level of compliance of the financial sector with customer due diligence obligations (CDD), including the implementation of obligations relating to beneficial owners and those relating to politically exposed persons are important areas of interest. Therefore, assessors should determine the degree to which financial institutions identify, assess and mitigate ML/TF risks, including customer-related risks. The NRA also indicates that this sector is at high risk.

**22. Supervision of the financial sector, in particular banks, foreign exchange bureaus and money or value transfer services:** the assessors sought to verify whether the supervision and oversight activities of FIs, carried out by the regional institutions, take into account their level of risk exposure, and also to assess, beyond the general controls, the predominance of targeted control activities relating to AML/CFT. By the same token, the assessors should ensure that the competent authorities responsible for supervising DNFBPs in the area of AML/CFT are designated and that their prerogatives are exercised effectively in this area. They should also assess the control strategy of banks, foreign exchange bureaus and money transfer services. Also, they are expected to verify the effectiveness of documentary and on-site control measures, and the impact of such controls on FI compliance, including the dissuasive nature of the sanctions applied; the same applies for cooperation mechanisms between regional and national authorities.

**23. Cash couriers:** efforts of competent authorities to prevent illicit cross-border physical transport of cash and other bearer payment instruments, regulatory framework and AML/CFT requirements.

**24. Money or value transfer:** level of control of compliance with regulations and implementation of sanctions; measures to control and curb the type of informal transfer known as “HAWALA”; legal regime applicable to the representations of international money transfer companies and control of their AML/CFT obligations.

**25. Foreign exchange bureaus and manual changers:** granting of approval, mechanisms for supervision, control and identification of illegal or unauthorized activities, sanctions, implementation of AML/CFT due diligence.

**26. Legal entities and legal arrangements:** criminals can use legal entities for money laundering or terrorist financing. Thus, the assessors should verify the level of transparency of legal entities concerning the identification of the beneficial owners, mechanisms for certification of the information provided and accessibility; monitoring the effectiveness of AML/CFT measures in licensing or the granting of authorization to operate, but also during major changes affecting the life of companies.

**27. Electronic money institutions:** supervision taking in consideration financial inclusion through the development of new methods of payment and AML/CFT requirements; implementation of a documented sectoral ML/TF risk assessment prior to the commissioning of Electronic Money Institutions.

**28. International cooperation:** As the leading economic power of the CEMAC States, Cameroon is the centre of attraction for economic activities in the region, which arouses the interest of most nationals of neighbouring States, but also individuals from countries outside CEMAC. The cross-border nature of ML and TF offences requires collaboration with other States. In this regard, the assessors should pay particular attention to the conditions and mechanisms for the implementation of international, regional and national legal instruments on judicial and institutional cooperation; description of the procedures established for the timely execution of cooperation requests (mutual assistance, extradition, exchange of information); mechanisms for managing confiscated property and sharing confiscated assets with third States; measures to protect the content of requests and sharing of information on beneficiaries; statistics and quality of cooperation (received and granted) at the judicial level and between counterpart and non-counterpart competent authorities.

## **1.2. Items of specific importance (*materiality*)**

**29.** With a national GDP of around USD 40 billion in 2019 and a GDP per capita of USD 1,657 in 2019, Cameroon is considered a lower middle income country. Holding nearly 40% of CEMAC's money supply and accounting for 41.3% of CEMAC's GDP,<sup>6</sup> Cameroon is also the leading economy in the sub-region.<sup>7</sup> The country has the second largest forest in Africa with 18 million hectares of dense forest. Logging through the timber industry is one of the pillars of Cameroon's economy and accounts for 5% of the GDP share and 10% of the GDP excluding oil resources.

**30.** Unfortunately, Cameroon is one of the most indebted countries in the world. Indeed, as at 30 September 2020, outstanding public sector debt was estimated at 10,164 billion CFA francs, or 45.8% of GDP. This outstanding debt is up 1.3% month-on-month against a 0.1% drop quarter-on-quarter and a 5.7% increase compared with December 2019. As such, the country's economy is threatened by a risk of over-indebtedness. Therefore, even though the level of Cameroon's debt at end-September 2020 is still well below the CEMAC community standard (70%), the country's rate of indebtedness nonetheless remains worrying. Cameroon's Debt Sustainability Analysis carried out by the IMF at the end of the 5<sup>th</sup> EFP review in November 2019 reveals that the country's debt remains nonetheless "*sustainable with a high risk of over-indebtedness*".

**31.** Cameroon's economy is made up of a primary sector (agriculture, fishing, extractive activities and forestry), a secondary sector (energy, aluminum, textiles, construction, cement, etc.) and a tertiary sector (financial sector, transport and tourism) which respectively account for 21%, 33% and 15% of the national GDP. According to data from the 2020 UNDP Human Development Report, Cameroon is ranked 153<sup>th</sup> out of the 189 countries and territories covered by the said report. The country is thus considered to have an average human development index. At the same time, life expectancy at birth is estimated at 53.9 years.<sup>8</sup> Also, the volume of cash transactions and the

---

<sup>6</sup> <https://www.beac.int/wp-content/uploads/2020/11/RAPPORT-ANNUEL-BEAC-2019-VERSION-WEB.pdf>

<sup>7</sup> <https://www.afdb.org/fr/countries/central-africa/cameroon/cameroon-economic-outlook>, accessed on 26 December 2020.

<sup>8</sup> See: [http://hdr.undp.org/sites/all/themes/hdr\\_theme/country-notes/fr/CMR.pdf](http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/fr/CMR.pdf)

informal economy in Cameroon make it difficult to distinguish between the proceeds of criminal activity and the proceeds of legal activities. Indeed, the informal sector provides opportunities for concealing the proceeds of crime from “launderers”.

**32.** Cameroon’s trade is directed towards countries in Europe, Asia and Africa. Thus, its export partners are: The Netherlands (15.6%), France (12.6%), China (11.7%), Belgium (6.8%), Italy (6.3%), Algeria (4.8%) and Malaysia (4.4%). Import partners are: China (19%), France (10.3%), Thailand (7.9%) and Nigeria (4.1%). Among the extractive and mining resources of the country, oil, bauxite, iron, cobalt, nickel and manganese are most prominent in the economic spectrum of the country.

**33.** Cameroon is a financial center in Central Africa insofar as Douala is a meeting hub for multiple actors who contribute to the proper functioning of financial markets within ecosystems releasing significant economic synergies. In this regard, it should be noted that the country is host to the headquarters of a stock exchange (BVMAC), a money market, a foreign exchange market and many banking institutions, characteristics of the archetype financial place. However, since GABAC conducted typology studies on new methods of payment and transfer of funds, the country has embarked on a process of restructuring the financial system in order to reduce underground financial activities by improving and simplifying the conditions of access to basic financial products while implementing the recommendations resulting from the typology studies.

**34.** Cameroon’s financial sector is made up of credit institutions, banking agencies, financial institutions, microfinance institutions, investment companies, foreign exchange bureaus and life insurance companies. As at 31 December 2018, the banking sector in Cameroon was made up of 15 approved financial institutions, including 14 commercial banks and 1 bank specializing in the financing of small- and medium-sized enterprises. With regard to their equity participation, the banks are distributed as follows: 3 subsidiaries of European banking groups, 1 subsidiary of an American group, 5 subsidiaries of African banking groups and 6 banks with national capital. Cameroon’s banking network has 312 bank branches present in the ten regions of the country, in thirty-six towns. As at 31 December 2018, 54.17% of these branches belonged to four banks which control the majority of the national banking network in terms of geographic coverage. It should also be noted that the total assets of the Cameroon banking system stood at 5,849,792 million CFA francs.

**35.** As at 31 December 2018, the financial sector also included 8 financial institutions, 412 microfinance institutions, 1 brokerage firm, 16 financial instrument order placement companies, 27 foreign exchange bureaus, 18 mortgage credit companies, including 17 insurance companies and nearly 200 life insurance companies including 171 life insurance intermediaries, 8 subsidiaries/branches of foreign companies and 3 Cameroonian companies. In this momentum, financial inclusion is a political objective of the authorities of the sub-region. In this regard, programs aimed at facilitating access to financial services, in particular those that integrate the development of microfinance and mobile banking services, are encouraged in compliance with AML/CFT requirements.

**36.** The level of financial inclusion in Cameroon is quite low considering the size of the financial sector. Indeed, the level of development of Cameroon's banking system is relative and the size of the informal sector is huge. This implies that a good number of transactions are carried out outside the regulatory financial system, in particular via the underground economy, usually using cash as a means of payment, which generally generates risks of money laundering and terrorist financing. However, it was noted that the microfinance sector is highly developed in Cameroon with a policy of making financial services accessible by being close to customers.

**37.** There are several impediments to achieving better financial inclusion in Cameroon, such as the possibility of anonymous transactions. Mobile money products and their transactions, for instance, can cover anonymity thus presenting a potential TF risk. In August 2017 report of the typology study on new means of payment, GABAC details how new means of payment (mobile money, prepaid card, online payment) can promote financial crime. The report highlighted, for example, the weak legal framework governing these new means of payment and the ML/TF risks. It concluded that: *“The CEMAC legal framework is silent on anti-money laundering and terrorist financing via NPMs. [...] While the CEMAC legal system aims to regulate the use of electronic money in the sub-region, it does not adequately take into account the objectives of combating money laundering and the financing of terrorism.”*

**38.** Cameroon's financial sector is not exempt from the risk of money laundering. Financial crime championed by the embezzlement of public funds is an evil that has plagued this sector for a long time. It is within this general trend that financial institutions discreetly engage in practices in total violation of the regulations in force. Indeed, on 9 January 2019, the Bank of Central African States (BEAC) published a report on *“Establishments eligible for BEAC interventions”*. It can be noted in this sector (banks and financial institutions) that BEAC trusts only nine banks out of a total of 16 banking institutions operating in Cameroon. Out of about eight credit institutions in Cameroon, BEAC also drew up its list of eligible institutions in which to inject liquidity. Only four credit institutions were deemed eligible. The report was based mainly on compliance with liquidity-related prudential measures and on preventive measures in the area of AML/CFT.

**39.** Under designated non-financial companies and professions (DNFBPs) as referred to in the FATF Recommendations, as at 31 December 2018, Cameroon had 216 real estate developers including more than 60 real estate agents for whom professional cards are renewed every five years. As at 31 December 2017, the country had 105 licensed notaries, 71 of whom were active; 520 traders or traders/manufacturers of jewelry (gold, diamonds, etc.) and 242 accountants including 191 professional accountants, 40 chartered accountants, 5 salaried chartered accountants and 6 trainee chartered accountants. However, it was also noted that in December 2016, the country had 1951 lawyers regularly registered with the Bar and 50 accredited professional civil societies. Similarly, no information was obtained on the number of service providers to corporations and trusts and on the role and importance of the virtual asset service provider (VASP) sector.

**40.** Regarding these players (DNFBPs), it should be noted that lawyers, notaries and real estate agents play a key role in real estate transactions occurring in the country's economic environment.

Although actual data and statistics on the amounts of these transactions have not been made available, the fact remains that these are very high risk sectors in terms of ML/TF, risks compounded by the failure to implement a risk-based approach and unawareness of AML/CFT due diligence and obligations by players in this sector. Generally, they hardly play their role fully in the country's AML/CFT.

41. Thus, players in the DNFBP sector do not understand the money laundering and terrorist financing risks, and the internal mechanisms for the prevention and detection of suspicious transactions are still embryonic. However, ML/TF risks are non-negligible in this category of players in the financial sector. Indeed, there are active members in all strata of society and the contributions of some are very significant, without there being an operational mechanism for verifying the origin of funds, a situation which can promote the creation of niches for concealing funds of illicit origin.

### **1.3. Structural elements**

42. The Anglophone crisis, the presence of terrorist groups in the sub-region, the porosity of the borders and the actions of armed groups mainly in the North-West and South-West regions of Cameroon are the main factors that have weakened the country's political stability for nearly five years. However, despite this political instability, Cameroonian authorities have shown a willingness to consolidate the bases of anti-money laundering and combating the financing of terrorism and proliferation initiated in the sub-region in the early 2000s. This desire was materialized by putting in place the structural elements required for the implementation of effective AML/CFT measures.

43. One of the liabilities of State authorities is that Cameroon does not seem to have an appropriate normative framework to ensure intelligence coordination in combating the financing of terrorism and proliferation in accordance with the requirements of Community directives. In addition, Cameroon has not yet designated the competent national authorities responsible for implementing and enforcing the Targeted Financial Sanctions relating to terrorism, the financing of terrorism and proliferation in implementation of the United Nations Security Council resolutions, which is an institutional shortcoming at this level.

44. The high level of corruption in Cameroon remains a specificity of the country. Despite the enshrinement of the fundamental principles of a democratic State, despite international pressure and numerous anti-corruption plans or laws, the practice remains a constant element in everyday life in this country. Moreover, the country is ranked bracket 153<sup>th</sup> with the Central African Republic and the Comoros out of the 180 countries and territories assessed by Transparency International in its 2019 report and having a corruption perception index estimated at 25 out of 100.<sup>9</sup>

45. The judiciary, the police, the public works sector, forestry and customs are the branches and institutions of the State that have been most plagued by corruption for years. Despite the launch of

---

<sup>9</sup>[https://www.images.transparencycdn.org/images/2019\\_CPI\\_Report\\_EN.pdf](https://www.images.transparencycdn.org/images/2019_CPI_Report_EN.pdf)

vast judicial operations as part of the anti-corruption drive in Cameroon, the country still has to make much effort to contain this scourge.

#### **1.4. Background and other contextual factors**

**46.** Cameroonian territory is replete with enormous potential in mining and forestry resources, but their illegal and disorderly exploitation considerably impairs the development of the national economy. This is compounded by acts of embezzlement of public funds, organized gang fraud, trafficking of all kinds - including narcotics - smuggling and counterfeiting. As highlighted by the various reports mentioned above, corruption is an endemic phenomenon which affects all sectors of activity and almost all branches of public administration in the country.

**47.** To face all these scourges which drain huge illicit financial flows in the country's economy, Cameroon has made the fight against corruption, tax evasion and embezzlement of public funds a priority. Thus, to set the tone, the government launched a vast judicial operation initiated as part of the anti-corruption drive in Cameroon referred to as "Operation Sparrow Hawk" to track down unscrupulous public fund managers and senior officials guilty of financial misappropriation. The action has made considerable progress and continues to bear fruit.

**48.** The country also set up a special criminal court with a specialized body of judicial police officers in order to expedite investigations relating to offences of embezzlement of public property and related offences. The court consolidates the achievements in the fight against financial crime, the milestones of which were laid down by the National Anti-Corruption Commission (CONAC). Under the direct authority of the President of the Republic, the Commission is in many respects independent and effective in overcoming this infernal spiral.

##### **1.4.1. AML/CFT strategy**

**49.** When adopting the NRA, Cameroon's national authorities acknowledged the relevance of its findings and recommendations, as well as the importance of the Priority Action Plan appended thereto. In view of these elements, the country has adopted a national strategy to strengthen the national AML/CFT system for the period 2021-2025, on the basis of the priority action plan. In the same vein, the strategy paper is considered by the authorities of the country as an integral part of the NRA, especially as it is a tool for applying the Priority Action Plan.

**50.** The authorities of the country have indicated that the validation of the NRA report is in line with Target 16.4 of the National Contextualization and Prioritization Document for the SDGs in Cameroon which is worded as follows: "by 2030, significantly reduce illicit financial flows and arms trafficking, step up recovery and return stolen property and combat all forms of organized crime".

**51.** The Strategy paper sets itself an overall objective and a specific objective and provides for periodic updating after each update of the NRA Report. Overall, the strategy aims to constitute a permanent framework for reference, evaluation and monitoring of AML/CFT actions. More specifically, the adopted document aims to ensure the monitoring of the effective implementation

of the recommendations of the NRA and the actions contained in the Priority Action Plan, in order to provide Cameroon, by 2025, the most effective possible AML/CFT system, in full compliance with FATF Recommendations.

**52.** The strategy is thus directed towards six main strategic thrusts which outline the actions to be carried out in order to achieve high-level objectives. To achieve this, each thrust considers actions to be carried out based on the shortcomings identified by the NRA and lists the entities and institutions concerned by the action to be implemented.

**53.** Essentially, the strategy tends to strengthen the legal and institutional framework, develop a national coordination framework, strengthen the control and supervision system for prevention actors, and improve the effectiveness of investigation and prosecution authorities. In addition, the country's AML/CFT policy is largely inspired by the strategy resulting from CEMAC bodies which work towards protecting the integrity of the regional and international financial system.

**54.** Apart from this formal strategy, Cameroon has a set of relevant policies and strategies and State entities that contribute directly or indirectly to the prevention of predicate offences and acts of money laundering and the financing of terrorism and proliferation of weapons of mass destruction. In this light, Government's AML/CFT priority is to improve the ability to trace, detect and sanction funds of criminal origin that are injected into the legal financial system in Cameroon.

#### ***1.4.2. Legal and Institutional framework***

**55.** The main government services, agencies and State authorities responsible for the development, supervision and implementation of AML/CFT policies and strategies in Cameroon are the following:

**56. The Ministry of Finance** mainly responsible the AML/CFT file at national level as supervisory authority of ANIF. This Ministry is responsible for the preparation and enforcement of regulations, particularly in the areas of customs, currency, credit, public finance and insurance. It plays a preventive role in combating financial crime. It is in fact responsible for the overall implementation of the appropriate legal and institutional framework to ensure the oversight, control and supervision of AML/CFT reporting entities under its area of competence. It is also competent to license credit institutions after consulting the Central African Banking Commission (COBAC).

**57. The Ministry of Justice, Keeper of the Seals** is, by virtue of its governmental powers, responsible for the organization and functioning of the judiciary, the administration of justice in criminal matters and human rights; preparing criminal laws to punish financial crime, laying down criminal policy and managing issues relating to international judicial cooperation, in particular mutual legal assistance and extradition. Courts and tribunals are competent to hear ML cases. The Attorney-General's Chamber is headed by the Attorney-General at the Supreme Court, the First Advocate General and the Advocates General at the Supreme Court; Attorney-General, Advocates General and Assistant Advocates General and Legal Assistants at the Attorney-General's Chamber

in the Courts of Appeal; State Counsels and Assistants for the Legal Department.<sup>10</sup> It is also responsible for the application of sanctions and freezing/seizure/confiscation measures in accordance with UNSC resolutions. The Supreme Court comprises an Audit Bench, competent to audit and certify the accounts of the State and its branches.<sup>11</sup>

**58. The Ministry of Defense** is responsible for the organization and functioning of military tribunals which are the only ones with jurisdiction to hear offences relating to acts of terrorism and terrorist financing. The Public Prosecutor's Office in the Military Tribunal is headed by Presidents and their Assistants.<sup>12</sup>

**59. The General Delegation for National Security** is responsible for the protection of persons and property, the security of institutions, respect for the law and the maintenance of peace and public order. As such, it coordinates the action of the National Police which has specific competences in matters of ML/TF investigations and predicate money laundering offences. It oversees the services of the National Police which, through judicial police officers and agents, combat economic and financial crime under the guidance of the Public Prosecutor.

**60. The Ministry of External Relations** is basically responsible for implementing the country's foreign policy and coordinating international cooperation. In the context of money laundering and terrorist financing, it is responsible for enforcing the various international legal instruments to which Cameroon has adhered and the various United Nations resolutions. To this end, the Ministry ensures the implementation of targeted financial sanctions linked to the financing of terrorism and proliferation and collects international information on NPOs operating on Cameroonian territory. In addition, this Ministry prepares and conserves international treaties and agreements ratification instruments. Lastly, it handles communications on mutual legal assistance and extradition.

**61. The Supreme State Audit Office** is under the direct authority of the President of the Republic, from whom it receives instructions and to whom it reports through the Minister Delegate at the Presidency who heads it. This independent body is in fact the supreme public finance audit institution. To this end, it is responsible for preventing and punishing fraud, corruption, misappropriation and embezzlement of public funds, as well as coordinating the consultation framework of the administrative State audit bodies. Its duties include the auditing, at the highest level, of public services, public establishments, regional and local authorities and their establishments, public and semi-public enterprises, administrative and judicial liquidations. CONSUPE services contribute to the sanctioning of authorizing officers and managers of public funds through the Budgetary and Financial Disciplinary Council.

**62. The Ministry of Territorial Administration** is the authority responsible for approvals, controls and sanctions of NPOs and DNFBPs through the Technical Commission responsible for studying requests for approval and monitoring the activities of Non-Governmental Organizations.

---

<sup>10</sup> Law No. 2006/015 of 29 December 2006 to organize the judicial system.

<sup>11</sup> Law No. 2006/016 of 29 December 2006 to lay down the organization and functioning of the Supreme Court.

<sup>12</sup> Law No. 2017/012 of 12 July 2017 to institute the Code of Military Justice.

To this end, it draws up guidelines for the categories of EPNFDs and NPOs that fall under its jurisdiction. It participates in formulating AML/CFT strategies for these reporting entities. Moreover, it should be noted that during assessment of the first cycle, Decentralization was a department under this Ministry. Henceforth, it is under another entity whose National Decentralization Council ensures its follow-up.

**63. ANIF** ensures the reception, analysis, processing and transmission of information and intelligence relating to money laundering and terrorist financing and predicate offences from/to the competent authorities. Since the first mutual evaluation, this entity has undergone considerable improvements. Thus, it enjoys operational independence and financial and managerial autonomy. It initiates awareness-raising actions for all AML/CFT stakeholders in view of a better understanding of the extent of the ML/TF phenomenon in the country.

**64. The National Anti-Corruption Commission (CONAC)**, set up by Decree No. 2006/088 of 11 March 2006, is responsible in particular for: monitoring and evaluating the effective application of Government anti-corruption plan; collecting, centralizing and using the denunciations and information referred to it for practices, facts or acts of corruption and similar interactions; conducting all studies or investigations and proposing all measures likely to prevent or curb corruption; identifying the causes of corruption and proposing to the competent authorities measures likely to help eliminate corruption in all the public or semi-public services of the country; disseminating and popularizing instruments on the fight against corruption, etc.

**65. The Special Criminal Court** is competent to hear, when the damage is at least 50,000,000 (fifty million) CFA francs, offences of embezzlement of public funds and related offences provided for in the Penal Code and international conventions ratified by Cameroon. Cameroonian authorities issued a decree in May 2013 to set up a specialized body of judicial police officers within the TCS with the duty to expedite investigations into offences under the jurisdiction of this court.

**66. Police, Gendarmerie, Customs, Water and Forest Services, Tax Services and other specialized services** are responsible for implementing strategies to combat financial, tax, mining and wildlife crimes. They are responsible for investigating non-compliance with the regulations in force. To this end, they establish the offences, gather evidence, track down the perpetrators and bring them before the competent judicial authorities, including in matters of money laundering and terrorist financing. These services may seize the proceeds and instrumentalities of crimes and misdemeanors on the order of the investigating magistrate, including in matters of terrorist financing, proliferation and money laundering.

**67.** The country does not have formal cooperation and coordination mechanisms to support the drawing up of AML/CFT policies and those relating to the fight against the financing of the proliferation of weapons of mass destruction.

### **1.4.3. *Financial institutions, DNFBPs and virtual asset service providers (VASPs)***

68. This section provides general information on the size and composition of Cameroon's financial sectors and DNFBPs. The importance of these sectors in the economy and the risks facing them vary from sector to sector and the assessment team examined their relevance and the risks involved in different sectors.

69. The assessors classified the sectors according to their relative importance in Cameroon, taking into account their respective materiality and their exposure to ML/TF risks. They used these classifications to back their findings throughout this report, weighting the positives and negatives of implementation more heavily for very important sectors than for less important ones. This approach applies to the entire report, but more specifically to Chapter 6 on IO 3 and Chapter 5 on IO 4.

#### **Highly rated weighting**

70. For the purposes of this report, the banking, microfinance institutions, money and securities transfer companies and real estate sectors are weighted as being the most significant sectors in Cameroon, on the basis of their materiality and their exposure to the ML/TF risks.

#### **(a) Banking sector**

71. As at 31 December 2018, Cameroon's banking sector was made up of 15 approved institutions, including 14 commercial banks and 1 bank specializing in the financing of small- and medium-sized enterprises.

72. With regard to their capital geography, the banks are distributed as follows:

- 3 subsidiaries of European banking groups;
- 1 subsidiary of an American group;
- 5 subsidiaries of African banking groups;
- 6 banks with national capital.

73. The banking sector is by far the largest sub-sector of Cameroon's financial sector, with a share of 10% of the national GDP. Thus, during the on-site visit, Cameroon's banking network had 312 branches present in the ten regions of the country, covering 36 cities. As of this date, 54.17% of these branches belonged to four banks which control the majority of the national banking network in terms of geographic coverage. As at 31 December 2019, the total balance sheet of active banks in the country amounted to 6,472.40 billion CFA francs. Accordingly, due to the increasing diversity, speed and volume of transactions, and the cross-border nature of most banking transactions, exposure to ML/TF risks inherent in the sector is on the rise. Thus, factors like the share of this sector in the global market or its size and importance in the economy, the interconnection with the domestic and international financial system are decisive in the weighting. Information provided by the country shows that most ML mechanisms involve, at one time or another, bank accounts and transactions carried out through banks. The size of the sector and its openness make it attractive to criminals who seek to conceal the proceeds of crime through legal

entities/legal arrangements and therefore conceal beneficial owners and politically exposed persons. The NRA shows that the banking sector is exposed to increased ML/TF risks, due mostly to the shortcomings of mechanisms to control compliance with AML/CFT due diligence. Similarly, it emerges that the banking sector is moderately used as a channel for terrorist financing.

#### **(b) Microfinance sector**

74. The microfinance sector in Cameroon accounts for 3.12% of the GDP and is booming thanks to the many financial services it offers its customers and the portfolio of people with low purchasing power and new entrepreneurs. At the time of the assessment, the sector comprised 531 MFIs duly authorized by COBAC. Of this total, 478 institutions belonged to category 1 (including 123 independent and 245 networked), 49 to category 2 and 4 to category 3. The MFIs have 1,294 branches located across the country with a number of customers/members estimated at 1,091,353. Based on data provided by the country, deposits in this sector are estimated at 514.2 billion CFA francs, while net credits are estimated at 385.10 billion CFA francs. In late December 2019, the total balance sheet of approved MFIs stood at 32.80% of that achieved by banks. Factors such as geographic coverage, number of customers, share in GDP, quantity of transactions, ramifications with the banking sector, level of exposure to ML/TF risks and weak AML/CFT due diligence justify the highly rated weighting classification of MFIs.

75. Indeed, to make up for the poor bank coverage in Cameroon, the microfinance sector constitutes a good alternative to the development of financial inclusion, by making it possible to open up financial services to populations residing outside large cities. As such, these services are intended to be close to people who do not have easy access to basic financial products. The enthusiasm of the populations (rural and suburban) for microfinance services due to the geographical coverage and the adequacy of the services offered to customers shows in many respects the importance of the sector in the Cameroonian economic landscape. The ML/TF threats and vulnerabilities in this sector were considered high with regard to factors such as insufficient application of due diligence measures, the very large volume of financial flows, and the wide range of services offered to customers.

#### **(c) Money and value transfer services sector**

76. Money and value transfer activities are carried out mainly by 13 providers with domestic and international capital. These entities can carry out domestic and international operations. However, there are 6 other providers whose services are limited to domestic transactions. Category 1 companies are backed by 7 banks approved in Cameroon while those of category 2 are backed either by these same banks or by mobile telephone operators, which are 5 in all. The service providers capable of carrying out local and international financial transactions have branches located in large urban areas. Due to the lack of data and the poor controls on the transactions of these companies, the country was unable to quantify the exact amounts of outgoing transfers. However, according to data provided by the WB in its report of 8 April 2019, transfers to Cameroon are estimated at more than 585 billion CFA francs, the equivalent of 2% of GDP.

77. These companies facilitate domestic and international transfer, thanks to their lower costs which attract customers. However, the products offered can be used remotely, thus promoting anonymity (the sender who deposits the funds in the beneficiary's account is not systematically identified). Contextual factors such as the ease of doing business in the sector, increase the sector's exposure to ML/TF risks. The NRA noted that the vulnerability rate of this sector is very high due to poor and inadequate controls relating to AML, the quality of transactions and the quality of AML supervision. The use of cash is also common during transactions. Client profiles are a source of high risk. The use of agents is very widespread. At the same time, several elements indicate a high risk of using these services as a discreet means of TF, in particular thanks to unregulated *Hawala* type transfer services.

78. Similarly, the assessment team noted several factors that highlight the misuse of this sector for ML/TF purposes, in particular near conflict zones (North-West and South-West). As such, given the volume of remittances to many foreign countries, the ease of cash transactions, the existence of transfer services such as *Hawala* acting in the informal sector, the absence of the obligation of prior approval and the insufficient controls by a designated supervisor make this sector a high-risk area.

#### **(d) Foreign exchange sector**

79. This activity is carried out by banks, MFIs and foreign exchange bureaus. According to a 2016 COBAC survey of manual exchange transactions in CEMAC FIs, the stock of foreign currency held by banks was estimated at 88,849,000,000 CFA francs, sales of EURO 196,173,000,000 CFA francs, and sales of American dollars 100,895,000,000 CFA francs. According to the last update carried out in July 2015 by the Chamber of Commerce, Industry, Mines and of Handicrafts, 11 regularly approved manual exchange offices were operating in Cameroon. It should be noted that this activity is today undermined by informal manual exchange which has taken on a worrying proportion, thereby amplifying its vulnerability to ML/TF. The new regulatory system prohibits credit institutions from holding foreign currency assets in their accounts with foreign correspondents without supporting documents. However, in 2016, the Cameroon's financial center had the highest exchange of US dollars compared with other CEMAC countries. Likewise, sales of foreign currencies are increasing while overall purchases of currencies have experienced a significant contraction. Such sales were estimated at 627,577,000,000 CFA francs in 2015. Over 85% of Cameroon FIs' foreign currency sales are made to MFIs (nearly 60%) and foreign exchange bureaus (nearly 25%). The findings of the survey reveal that between 2014 and 2015, the stock of imported currencies increased from 685,936,000,000 CFA francs to 655,448,000,000 CFA francs. About 69.8% of the imported currencies are in Euros, 29.7% in US dollars and the rest is in GBP and CHF.

80. The level of cash usage is high in this area. The vulnerability of manual currency exchange to ML/TF is moderately high. The factors that explain this level of vulnerability are: the high number of movements and funds in foreign exchange transactions, the extent of clandestine transactions in the distribution of this product. This sector which accounts for 1% of the GDP shares is weighted

moderate despite the fact that the services offered by the players of this sector are moderately used as channels of terrorist financing.

### **High weighting**

**81.** The assessment team lays particular emphasis on the precious metals and stones dealers, real estate, cell phone money transfers services, notaries and lawyers sector due to their involvement in financial transactions with huge amounts, the number of their players in the country's market and the insufficient preventive measures.

#### **(a) Precious metals and stones traders sector**

**82.** The extractive sector contributed 3.64% to GDP in 2017.<sup>13</sup> Gold reserves are estimated at over 4,500 metric tons and diamond reserves over 18 million carats. Local authorities collect 25% VAT and 25% extraction tax on the basis of the finance law. The artisanal sector is the largest employer in the mining sector with a contribution of 0.68% to employment. Thus, the Ministry of Mines, Industry and Technological Development issues a mining title to any operator. This permit is granted depending on whether the person is engaged in artisanal, industrial or semi-mechanized artisanal mining.

**83.** The stakeholders are artisanal miners, purchasing offices, collectors or industrial operators. The products mined and sold are varied, but gold, silver, copper and diamonds are the most prominent, because they are the most explored among precious and semi-precious stones. The authorities' objective is to channel Cameroon's artisanal mining production (mainly gold and diamonds) into the country's formal sector. However, the insufficient incentives and the failure to apply sanctions on actors operating in the informal sector slowdown the process of bringing these actors into the formal sector. The persistent disorderly mining, clandestine artisanal mining and fraud on mining royalties constitute real shortfalls for the State of Cameroon. Precious stones and metals are mostly sold, exchanged and purchased outside the legal financial system, hence the likelihood of ML/TF risks.

#### **(b) Real estate sector**

**84.** The real estate sector is considered significant due to the rapid growth in building constructions, the amount of financial flows linked to investments and its level of exposure to ML risks. It has grown rapidly in recent years, with turnover increasing exponentially over the past five years (reaching considerable levels) and constituting over 30% of total foreign direct investment. The national accounts of Cameroon's National Institute of Statistics (NIS) show that the share of real estate in the GDP represents more than 2 billion euros, i.e. a little more than 9%, which shows the significant share of real estate and investment opportunity in this sector of activity. The clientele includes a significant international component, which makes this sector attractive to ML. Property tax accounts for nearly 8 billion in terms of annual tax revenue. The contribution of the real estate sector to the formation of the Gross Domestic Product (GDP) in Cameroon has practically doubled, from 2.77% to 5.3% between 2000 and 2011. The overall turnover of construction and real estate

---

<sup>13</sup>Source EITI: <https://www.eiti.org/files/documents/rapport-itie-cameroun-2017-final.pdf>

companies in Cameroon increased from 569 billion in 2000 to 1,030 billion CFA francs in 2011. Real estate contracts can be concluded without the intervention of real estate agents or legal professionals. Transactions can be concluded in cash outside the regulated financial sector, and real estate agents, although liable to AML/CFT obligations, do not implement fixed-term contracts. In practice, real estate is often purchased through mortgages, but the bulk of real estate investment comes from equity. Numerous ML/TF cases in the country report the use of this sector to launder funds derived from corruption, embezzlement of public funds and drug trafficking.

**85.** However, it is true that there is insufficient data regarding the size and contribution of the real estate sector to the country's economy, but factors such as the findings of typology studies carried out by GABAC, pending cases before the courts involving real estate, the risks linked to companies selling building materials, and the amounts linked to real estate investment transactions make it possible to attach to this sector a significant importance.

### **(c) Mobile phone money transfer service sector**

**86.** The value of mobile phone transactions almost doubled between 2017 and 2018, from 3,447,330 billion CFA francs to 6,469,563 billion CFA francs, while the number of transactions followed the same trend during the same period (+86.6%). Regarding infrastructure, the number of authorized Mobile Money sales points is also increasing steadily, reaching 25,443, 36,044, 78,720 and 117,513 in 2015, 2016, 2017 and 2018 respectively. In 2018, 50,352 authorized sales points out of the 117,513 were operational, i.e. an activity rate of 42.85% compared with 46.2% in 2017.

**87.** This category is mainly driven in Cameroon by mobile telephone operators (MTN, Orange Cameroon, VIETTEL) and a few fund transfer companies (Express Union Mobile, Emi-money Mobile) which are in fact partners or franchisees of mobile telephone operators. However, these digital financial services players rely on partner issuing banks. The most recent data collected concerns MTN-Mobile and Orange Money. As such, there were 19,000 intermediaries or active sales points in 2018 for MTN-Mobile against 18,568 for Orange Money.

**88.** In addition to these operators, there are mobile-money products offered by five banks via the FINTECH solution. Also worthy of note is the arrival on the market of a new operator called SWIFIN and the announcement of Nexttel Possa, a product of the mobile telephone company VIETTEL. These services are very often used as terrorist financing channels and the risks have been assessed as very high.

**89.** Indeed, the volume of mobile phone transfers is very high not only with regard to the number of operators (4), but also the number of transactions and the mass of traced flows. Likewise, the use of a multitude of agents, as well as the level of cash transactions is a considerable weakness. Another limitation is related to carrying out anonymous operations and using the product remotely. In addition, these services are widely used by a large part of the population. The State is inclined to accept the idea of proposing a mobile tax on these transactions in the long term.<sup>14</sup>

---

<sup>14</sup>Relation mobile Banking et banque : duo ou duel (IMFURA, 2017)

#### **(d) Notaries and lawyers sector**

**90. Notaries:** These actors are established to receive all the act and contracts to which the parties must or wish to attribute the authenticity attached to the documents issued by public authorities, and to ensure the date, keep the deposit, and issue enforceable copies and an authentic copy. At the time of the assessors' on-site visit, the country had 105 Notary offices. In view of the multiplicity of services offered involving cash transactions, this sector is significant, especially in the context of the constitution of legal entities. Notaries are required to formalize the purchase or transfer of real estate, carry out the liquidation of estates, help clients to set up companies or other socioeconomic entities or to incorporate them and carry out real estate sales. This function places the notary at the center of enormous financial transactions which are not without risks. Factors such as the authentication of transactions, the role in the constitution of legal entities and legal arrangements as well as the probative force of notarial deeds before the competent authorities are put forward to justify the importance attached to this sector.

**91.** Notaries practicing in Cameroon form a professional community grouped together in a National Chamber under the oversight of the Minister in charge of Justice. This entity ensures the proper functioning of notarial offices and respect for professional ethics. It is the disciplinary body for notaries. As such, this body is considered to be the self-regulatory body of this trade.

**92.** In this sector, the function of compliance with AML/CFT measures is non-existent. This is compounded by the obsolescence of the basic instruments governing the activity of notaries - which do not specifically take into account the AML/CFT aspect apart from the general obligations provided for by the CEMAC Regulation - corruption and/or collusion with white collar criminals which are also characteristic of this sector.

**93. Lawyers:** At the date of the assessors' visit, there were 1,951 lawyers registered with the Bar and 50 approved professional civil societies (PCS). The assessors noted that this profession is exposed to ML/TF risks, because lawyers intervene as part of their profession in the constitution of companies, in particular in the drafting of their constitutive acts and accompany their clients during transactions involving large amounts and in real estate transactions, often using the cash payment method. In view of the observation made by the assessors during the on-site visit, this sector is of no less importance, despite the moderately high rating the NRA attributed to the vulnerability of this sector.

#### **Low weighting**

The other sectors (insurance, financial market, games of chance, specialized financial institutions, VASP, MFI, accountants and legal arrangements) are of relative significance either because of their low weight in the country's system, or because of the level of development, identified risks, their share in the contribution to GDP, and the low level of interconnection with significant sectors.

#### **1.4.4. Preventive measures**

**94.** The preventive AML/CFT measures applicable to all reporting entities in Cameroon are governed mainly by Regulation No. 01/16/CEMAC/UMAC/CM of 11 April 2016, on the prevention and repression of money laundering and the financing of terrorism and proliferation in CEMAC. It contains AML/CFT vigilance obligations, in particular the provisions relating to know your customer, the assessment of risks inherent in their sector, the adoption of a risk-based approach, staff training, the obligation to report suspicious transactions, or the keeping and conservation of files for a period of time.

**95.** However, for some sectors, the competent regulatory, supervisory or oversight authorities have taken more specific measures aimed at providing a precise framework for AML/CFT activities that fall within their area of competence. It was noted that preventive measures are stronger at the level of financial institutions than at the level of designated non-financial businesses and professions.

**96.** With regard to financial institutions supervised by COBAC, it has been observed that the preventive measures provided for by the aforementioned CEMAC Regulation are supplemented by COBAC Regulations. This is particularly the case with COBAC Regulation R-2005/01 of 1 April 2005 relating to the due diligence of institutions liable to anti-money laundering and combating of terrorist financing in Central Africa; Regulation No. 03/18/CEMAC/UMAC/CM of 21 December 2018 relating to the conditions for the exercise, control and supervision of the activity of credit information bureaus in CEMAC; COBAC MFI Regulation R-2017/06 of 24 October 2017 relating to internal control in microfinance institutions; COBAC Instruction I-2006/01 relating to information on the system for the prevention of money laundering and terrorist financing; COBAC EMF R-2016/04 of 8 March 2016 relating to internal control in credit institutions and financial holding companies, etc.

**97.** Regulation No. 0004/CIMA/PCMA/PCE/SG/08 of 4 October 2008 to lay down the procedures applicable by insurance bodies in CIMA Member States as part of AML/CFT also supplements and provides details on the general provisions of the CEMAC Regulation on insurance. COSUMAF General Regulations are part of the same approach but only concern financial market players. COSUMAF Regulations contain provisions relating to prudential rules, ethical principles and rules of good conduct applicable to all those liable to said Regulations.

**98.** Regarding DNFBCs, the country has not yet designated a central supervisory and oversight authority. However, it was noted that many of these sectors have internal regulations, charters and specific instruments which contain AML/CFT provisions. Concerning providers of virtual asset services, it should be noted that since 23 October 2020, when COSUMAF sent out an alert on the use of crypto-assets in the CEMAC zone, there is no legal instrument that could govern the use of virtual assets. Even though virtual asset services are used clandestinely in Cameroon, COSUMAF formally prohibits the use of these currencies, highlighting the risks contained in these virtual assets.

**99.** At the date of the on-site visit, Cameroon had not broadened the scope of DNFBCs according to the ML/TF risks presented by a sector of activity which was not included in the basic instrument.

### **1.4.5. Legal persons and arrangements**

#### **(a) Legal persons**

**100.** Cameroon is a State party to the Treaty on the Organization for the Harmonization of Business Law in Africa (OHADA) which establishes the Uniform Acts, directly applicable in the Member States notwithstanding any national provision repugnant thereto. Consequently, the rules relating to private law companies and legal entities are mainly contained in the revised Uniform Act Relating to the Law of Commercial Companies and Economic Interest Group (GIE) of 30 January 2014.

**101.** Under the provisions of this Uniform Act, several types of companies can be created in Cameroon, in this case the limited company (SA), the simplified joint-stock company (SAS), the limited partnership (SCS), the one shareholder (SURL) or multi-partner limited liability company (SARL), cooperative societies, general partnership (SNC), economic interest group, joint venture and sometimes the de facto company and de facto partnership.

**102.** A combined reading of the provisions of the Uniform Acts relating to commercial companies and those of the CEMAC Regulation makes it possible to subject legal entities to AML/CFT obligations in accordance with FATF requirements. In the same vein, Law No. 2003-008 of 10 July 2003 makes it possible to sanction the commission of offences contained in some OHADA uniform acts.

**103.** It should be noted, however, that three types of companies (joint venture, de facto company or de facto partnership) pose a problem of transparency in their management and the identity of partners or shareholders, and the beneficial owners. These so-called occult companies are generally not registered with the TPPCR and have no *de jure* legal personality. They present ML/TF risks in that white-collar criminals can hold securities and finance illicit activities without fear of being audited and sanctioned.

**104.** The legal entities governed by the aforementioned Uniform Act are registered at the level of the Trade and Personal Property Credit Register (TPPCR). The court registries keep this register and mention all information relating to the life and dissolution of companies. However, accessibility to the public and the updating of the information contained in this register remain the major challenges of transparency in this area.

#### **(b) Legal arrangements**

**105.** Although Cameroon seems to recognize common law mechanisms such as trusts and other similar legal property arrangements, the country's legal arsenal does not provide for the creation of legal arrangements. The services of legal arrangements are rendered by some legal and independent professions. However, the assessors were unable to obtain information on the legal regime applicable to trusts. Although the law does not provide for the creation of such arrangements, nothing seems to prevent economic operators from resorting to the use of these processes.

**106.** However, the CEMAC Regulation of 11 April 2016 subject members of independent legal professions, when they represent or assist clients outside any legal proceedings, in particular in the context of the activities of trusts, express trust or similar structures, to AML/CFT obligations, in particular due diligence, customer identification, customer preservation, suspicious transaction reports to ANIF, etc.

#### **1.4.6. *Supervisory arrangements***

**107.** COBAC is the authority responsible, on the one hand, for regulation, control and supervision of financial institutions and, on the other hand, for international cooperation in the regulation of financial institutions. It has administrative, regulatory, control and sanctioning powers. COBAC carries out on-site and off-site checks of banks and non-bank financial institutions to ensure compliance with the relevant prudential obligations. Banks, financial institutions, categories of microfinance institutions (including umbrella bodies and professional associations) and financial groups (consolidating institutions and combining institutions) fall within its scope. In addition, the Cameroon Professional Association of Credit Institutions and the Cameroon National Association of Microfinance Institutions ensure, each in its own sphere, the implementation of AML/CFT vigilance obligations by their respective members.

**108.** Regarding the financial market, COSUMAF is the authority responsible for the regulation, control and supervision of all players in the securities market pursuant to the provisions of the COSUMAF General Regulations. Thus, it has exclusive competence to verify procedures, the regularity of transactions in securities markets, to control and verify approvals issued to securities institutions, etc. This authority may impose sanctions, without prejudice to judicial sanctions issued by State authorities, in the event of non-compliance with AML/CFT provisions.

**109.** With regard to insurance, it should be noted that, in general, this sector is regulated by the Inter-African Conference of Insurance Markets (CIMA), a Community body and in accordance with the provisions of the CIMA Treaty. For greater efficiency, some duties of this regulatory body are delegated to National Insurance Departments. In Cameroon, the insurance sector authority is the Ministry of Finance which, through the National Directorate of Insurance (DNA) ensures control in conjunction with the Regional Commission for Insurance Control (CRCA). As part of its specific duties, DNA ensures compliance with the application of insurance regulations. As such, it issues licences to insurance companies and their managers, authorizes the exercise of the profession of insurance intermediaries and ensures compliance with the professional qualification and solvency rules which apply to this profession. To perform its duties, DNA works in collaboration with two professional associations of the insurance market in Cameroon, namely the Cameroon Professional Association of Insurance Companies (ASAC) and the Professional Association of Insurance and Reinsurance Brokers (APCAR) which also ensure compliance with prudential measures.

## ***DNFBPs***

**110.** In Cameroon, there are still no authorities designated for the supervision and control of the implementation of AML/CFT requirements by DNFBPs.

### ***1.4.7. International cooperation***

**111.** International cooperation is of particular importance for Cameroon because of its exposure to ML/TF threats emanating from outside or comprising elements of connection with a foreign country. As stated earlier, Cameroon occupies a prominent position in a common economic space with five other border countries and dominated by the principle of free movement of people and goods. The country also has a border with Nigeria and an opening to the sea front. This economic and geographic position exposes Cameroon to foreign capital flows of illicit or criminal origin. The proceeds of some predicate offences, such as corruption, embezzlement of public funds, drug trafficking, committed on Cameroonian territory can also be laundered abroad. The threat of TF is also dependent on Cameroon's geographical location and the porosity of its borders to the penetration of funds from external sources to finance the acts of terrorist groups active in the country.

**112.** Cameroon has a comprehensive legal framework to implement international cooperation. This framework is reinforced by a number of bilateral and/or multilateral agreements. The authority serving as an interface for in-coming and out-going requests for mutual legal assistance and extradition is the Ministry of External Relations. In practice, the files received are forwarded to the Ministry of Justice, which has a service devoted to monitoring the execution of requests for mutual legal assistance and extradition. According to available statistics, recourse to international cooperation in ML/TF matters is very limited despite recourse to informal cooperation.

**113.** ANIF regularly shares information with its counterparts in Central Africa and other countries of the world as part of the cooperation platform between FIUs in the region and as a member of the Egmont Group. The other competent authorities, such as the Police, member of Interpol and Customs, member of the WCO, cooperate with their foreign counterparts via secure information sharing platforms. Such information sharing mainly concern predicate ML/TF offences.

## 2: NATIONAL AML/CFT POLICIES AND COORDINATION

### 2.1. Key findings and recommendations

#### *Key findings*

##### **Immediate Outcome 1**

- (a) The overall level of understanding of ML/TF risks in Cameroon is good, but varies according to the authorities and sectors under consideration. Generally, ANIF has a good overview of ML/TF risks in Cameroon. Criminal investigation and prosecution authorities have a good understanding of ML/TF risks, including the DGRE with regard to TF. Conversely, competent authorities such as the Ministry of Territorial Administration, the Ministry in charge of forestry and wildlife as well as some FIs control and supervision authorities (CIMA, COSUMAF), SRBs of DNFBPs have a limited understanding of ML/TF risks to which their respective sectors of intervention are exposed. Financial institutions also seem to be more informed about their ML/TF risks than DNFBPs, which have not yet fully realized their vulnerabilities to ML/TF risks.
- (b) Cameroonian authorities recognize TF risks due to the actions of the Boko Haram group in the Far North and the North, incursions by armed bands (followers of Seleka or Anti Balaka from the Central African Republic) in the Adamaoua and East Regions and the activities of separatist groups in the North-West and South-West Regions. The porosity of its borders, belonging to a common economic zone with 6 (six) border countries marked by the principle of free movement of people and goods and the low level of literacy of some strata of the population which are easily exploited, are factors that accentuate these risks.
- (c) Cameroon started its national ML/TF risk assessment since 2018. The NRA process has just been completed and the report validated in January 2021. The NRA identified the threats and vulnerabilities to ML/TF for the liable sectors and its findings are generally reasonable in that they reflect the main ML/TF risks facing the country. The ML and TF risks at national level were rated as “high” by the NRA.
- (d) Regardless of the NRA, some predominant risks in Cameroon were analyzed and strategic studies integrated into sectoral policies. Some financial sector players, in this case banks and insurance companies, carried out their assessment of specific risks and established mitigation measures before the conduct of the NRA.
- (e) Following the NRA, Cameroon developed and adopted an action plan applicable from the third quarter of 2021 in order to face the identified risks. However, at the time of the on-site visit, the mission noted that the dissemination mechanism used by the country did not make it possible to reach all the target AML/CFT actors.
- (f) Cameroon does not have a mechanism or an authority for coordinating the national response to ML/TF risks. However, AML/CFT cooperation and coordination are performed mainly by

ANIF through its network of correspondents from the various administrations and by the Central Coordination Directorate (Ministry of Defense) with particular regard to terrorism and its financing.

- (g) Cameroon does not have a coordination mechanism for combating proliferation financing.
- (h) The country suffers from a lack of consolidated statistical data essential to assess the functioning of the system and its performance.

### *Recommendations*

#### **Immediate Outcome 1**

Cameroonian authorities should:

- (a) Continue the distribution of the NRA report to ensure wide dissemination of its findings to all stakeholders, in order to achieve a consistent and continuous improvement in the understanding of the ML/TF threats, vulnerabilities and risks in the country. The dissemination strategy should combine programs to popularize the findings of the NRA, training and increased awareness of the stakeholders, by targeting in particular non-bank FIs and DNFBPs on their respective roles and responsibilities in the country's AML/CFT system. The NRA should also be updated regularly;
- (b) Undertake, as soon as possible, the implementation of the action plan adopted following the NRA by allocating a substantial budget and using the risk-based approach for a better allocation of resources and establish a mechanism for assessing the implementation of planned actions by all stakeholders;
- (c) Define a criminal law policy relating to the repression of ML, which incorporates the systematic prosecution of ML with regard to predicate offences that generate significant financial flows;
- (d) Establish a mechanism for national cooperation and coordination to combat TF and ensure on a continuous and permanent basis, through regular assessments, that their approach to terrorism and its financing is well suited to the TF risks identified in the country and in the sub-region, especially emerging threats;
- (e) Ensure that on the basis of the findings of the NRA, the reporting entities and the control and supervisory authorities integrate and apply the risk-based approach in their activities and duties, in order to allow the implementation of strong measures for high-risk situations and simplified measures for situations assessed as low-risk and, in the latter case, arrive at reducing the informality of the economy by fostering financial inclusion;
- (f) Create a coordination committee for national AML/CFT policies, based on the model established by Directive No. 01/16/CEMAC/UMAC/CM of 12 December 2016 in order to

have a platform for coordination, effective information sharing and effective assessment for the coherent implementation of national AML/CFT policies by all players;

- (g) Establish an appropriate mechanism for coordination and national cooperation to combat proliferation financing;
- (h) Promote operational cooperation between competent authorities, including with regulatory, supervisory and oversight authorities, for example by encouraging the conclusion of agreements between them, in order to improve information sharing channels and facilitate the implementation of joint control actions or measures;
- (i) Develop mechanisms for collecting statistical data and keep comprehensive, consolidated and up-to-date statistics on all matters relating to investigations, prosecutions, convictions as well as frozen, seized or confiscated assets to enable the authorities to have reliable quantitative data to measure the effectiveness of their AML/CFT system and to allocate resources accordingly.

**114.** The Relevant Immediate Outcome for this chapter is IO.1. Recommendations relevant to the assessment of effectiveness in this section are R.1, 2, 33 and 34 and some elements of R.15.

## **2.2. Immediate Outcome 1 (Risk, policy and coordination)**

**115.** Cameroon faces many money laundering and terrorist financing risks. As the leading economic power in the CEMAC region, Cameroon has an economy essentially based on cash transactions. Also, the low financial inclusion, the large size of the informal sector and the proliferation of new financial products are some of the vulnerabilities that make Cameroon attractive to ML/TF. The emergence of cryptocurrency, a new unregulated financial product, exposes the country to significant ML/TF risk.

**116.** Cameroon has completed its National ML/TF Risk Assessment, initiated in 2018 and conducted under the coordination of ANIF in accordance with Decision No. 00000413/D/MINFI/SG/DAJ of 6 April 2018. The NRA report, the National AML/CFT Strategy and the priority action plan were approved by the Minister of Finance in January 2021. However, the assessment mission noted, on the one hand, the reluctance of the authorities to provide some information considered sensitive and, on the other hand, that the mechanism used for the dissemination of the outcomes of the NRA did not make it possible to reach all the AML/CFT actors. According to the NRA report, this process, carried out on the basis of the risk assessment tool developed and made available by the World Bank, was inclusive, involving the key AML/CFT actors in the public and private sectors. Nevertheless, some actors met and interviewed by the assessment team stated that their sector of activity was not associated with the work of the NRA, and even less with the restitution of the report.<sup>15</sup>

**117.** The NRA enabled Cameroon to identify threats and vulnerabilities associated with money laundering and terrorist financing at national level. It reveals that several sectors are exposed to significant risks, each according to its level of vulnerability. In this regard, banks, microfinance,

---

<sup>15</sup>Real estate agencies, Order of Lawyers, Casinos, NPOs, Order of Chartered Accountants, BVMAC.

real estate, casinos, foreign exchange bureaus, dealers in precious metals and stones, notaries, construction materials dealers are the sectors with a high level of risk. The findings of this first National Risk Assessment are generally reasonable in that, despite the lack of statistical data, they reflect the main ML/TF risks that the country faces.

### ***2.2.1 Country's understanding of ML/TF risks***

**118.** The level of understanding of ML/TF risks in Cameroon is generally satisfactory. However, this level appears dispersed and fragmented among the AML/CFT stakeholders. The findings of the recent NRA as well as some sectoral studies, in particular those carried out by ANIF and the Directorate General of Treasury and Financial and Monetary Cooperation at the Ministry of Finance in 2020 in the credit institutions sector, constitute a step forward in the shared identification and understanding of ML/TF risks by all national actors, but the absence of a formal and permanent framework for cooperation and discussion bringing together the stakeholders, limits the continuous analysis and consolidation of said findings. Generally, it emerges from the interviews of the assessment mission that ANIF has a good overview of the ML/TF risks in Cameroon. Criminal investigation and prosecution authorities have a good understanding of ML/TF risks. Financial institutions also seem to be more informed about their ML/TF risks than DNFBCs, which have not yet fully realized their vulnerabilities to ML/TF risks.

**119.** Among the vulnerabilities linked to ML, the NRA noted, inter alia: the absence of a national AML/CFT policy coordination committee, the predominance of cash in financial transactions, the unavailability of a systemic information system on beneficial owners of legal entities, the absence of supervisory authorities for DNFBCs, the reduced effectiveness of the asset confiscation system despite the existence of an authority responsible for the recovery and administration of seized, frozen or confiscated property, the insufficient resources and their capacity to investigate, prosecute and try financial crimes and confiscate assets, the insufficient cooperation of national actors, the non-exhaustive nature of the laws on the confiscation of assets, the significant weight of the informal economy, the limited effectiveness of the controls carried out by the supervisory authorities, the absence of administrative and criminal sanctions for failure to apply the due diligence required by the liable professions, the low level of financial inclusion, or the lack of consolidated data on investigations and prosecutions to measure the outcomes and impact of the national AML policy, and the porosity of borders.

**120.** At national level, TF threats are well perceived, the country being confronted with terrorist acts due to the actions of the Boko Haram group in the Far-North and the North, the incursions of armed gangs from the Central African Republic (followers of Seleka or Anti Balaka) in the Adamaoua and East Regions and the activities of separatist groups in the North-West and South-West Regions. According to the NRA, the sources of financing of terrorist activities come from crowdfunding from abroad, donations and fundraising through some NPOs, and criminal activities including the illicit exploitation of natural resources, drug trafficking and kidnappings followed by ransoms. The awareness of the country's authorities led to the adoption of Law No. 2014/028 of 23 December 2014 on the repression of acts of terrorism and the exclusive attribution of jurisdiction

to military tribunals to hear acts of terrorism and terrorist financing. However, there was insufficient human, material and financial resources, thus limiting the effectiveness of the actions undertaken in CFT.

**121.** Cameroon is vulnerable to TF due to the prevalence of some geographical, economic and social factors, in particular the porosity of its borders, the geographical proximity to hotbeds of tension (Lake Chad Basin, Nigeria, CAR, Gulf of Guinea), membership to a common economic zone with 6 (six) border countries marked by the principle of free movement of people and goods, the low level of literacy of some segments of the population which are easily manipulated.

### ***2.2.2 National policies to address identified ML/TF risks***

**122.** Cameroonian authorities have not yet adopted the approach based on the risks identified following the NRA, neither in the conduct of policies, nor in that of AML/CFT activities. This is ascribable to the fact that the country has only just validated its NRA report. A three-year action plan (2021-2024) is backed up by said report, the start of implementation of which is scheduled for the third quarter of 2021. This should help strengthen the AML/CFT legal and institutional framework, to develop an efficient national coordination framework, to strengthen the control and supervision system of oversight authorities, and to improve the effectiveness of investigating and prosecution authorities.

**123.** Regardless of the NRA, some predominant risks were analysed and strategic studies integrated into sectoral policies in Cameroon. Such is the case with the national anti-corruption strategy adopted in 2011, which aims to strengthen the anti-corruption institutional and operational framework. To this end, measures to improve the effectiveness of the fight against corruption have been proposed by CONAC, including the following: the national anti-corruption strategy (SNLCC); the national integrity education program (PNEI); the Charter of the National Anti-Corruption Coalition (CCNLCC). These operational instruments are accompanied by several intervention tools, namely: Quick Results Initiatives<sup>16</sup> (IRR); Actions through Rapid Intervention<sup>17</sup> (AIR); sectoral anti-corruption campaigns; Anti-corruption Caravans and Road Shows;<sup>18</sup> the No Corruption Competition<sup>19</sup> (COSCO); Espace CONAC and Espace CONAC Alerte,<sup>20</sup> CONAC Newsletter; Press review; Annual Report; the toll-free number;<sup>21</sup> anti-corruption posters bearing the CONAC toll-free number, affixed to the frontages of administrative buildings to impose CONAC's presence in the field by bringing users closer to public services; the dematerialization

---

<sup>16</sup>Concomitant implementation of Prevention, Education, Conditions, Incentives and Sanctions, to obtain a change in 100 days.

<sup>17</sup>Field actions to dismantle an ongoing corruption practice.

<sup>18</sup>Local awareness raising to build a critical mass of positive actors ready to say NO to corruption.

<sup>19</sup>For justice, transparency and fairness in official examinations.

<sup>20</sup>Audio-visual program aimed at educating, informing and sensitizing the public on the dangers of corruption and on how to fight this gangrene.

<sup>21</sup>Number 1517: To facilitate denunciations of acts of corruption. A minimum of 100 calls received per day.

of procedures to eliminate opportunities for corruption and conditions conducive for acts of corruption in public services.

**124.** In the same vein, reports have been produced and studies carried out by some administrative services, including the following: ANIF annual activity reports containing the findings of strategic studies; the report on financial crime covering the period 2010 to 2013, drafted by the Committee for Strategic Studies and Trends in Financial Crime; the study initiated by the Ministry of Finance on ML/TF risks in the foreign exchange and remittance sectors; the missions on the “Phenomenon of de-risking and bank correspondence relations” or the assessment of the “national NPO supervision system” carried out in 2018. All these sector studies formed a baseline for the development of the NRA.

**125.** It should be emphasized that the above-mentioned sector study reports have raised the awareness of Cameroonian authorities in taking management and risk mitigation measures. Thus, for example, to mitigate the risks identified in the area of foreign exchange and transfer of funds, a system for authorizing the purchase of currencies has been set up for foreign exchange bureaus, the ceiling of which has been set at 5,000,000 CFA francs by the Minister of Finance, as well as the strengthening of access to the profession of manual currency changer by converting the deposit into capital with the compulsory opinion of COBAC. On repression, clandestine currency exchange is henceforth sanctioned by a fine coupled with seizure of currencies and their retrocession to BEAC.

**126.** To strengthen people’s access to financial services and avoid opening the door to the underground economy, the authorities have put in place incentives for financial inclusion. For example, financial institutions, whether or not in partnership with mobile telephone operators, have introduced innovative payment instruments over the past decade. Since their introduction, these instruments have developed significantly both in the number of instruments issued and in the volume of transactions carried out. This fosters financial inclusion and improves the banking rate over the years.

**127.** Regarding terrorism-related risk, the assessment mission noted the existence of a not yet formalized coordination at the Ministry of Defense, bringing together the following services: the Gendarmerie, the Directorate General for External Research (DGRE), the National Security (Directorate of General Intelligence and Directorate of Territorial Surveillance). It is coordinated by the Central Director for Coordination at the National Gendarmerie. In Cameroon, there is a National Security Council (NSC) set up by Decree No. 2009/004 of 8 January 2009, tasked, among others, with producing periodical summary intelligence relevant to security in and out of the country, without specifically insisting on terrorism and its financing.

**128.** Cameroon has a good approach in guiding AML/CFT decisions in order to face the risks to which it has always been exposed. This approach reflects the will of the authorities to combat ML/TF in the country. Before the conduct of the NRA, Cameroon reacted to most of the risks identified as national priorities. It therefore set up some entities in implementation of its national security policy and its criminal law policy, notably: the special criminal court; the inter-ministerial

working group responsible for coordinating and monitoring the implementation of the GABAC recommendations formulated for the attention of Cameroonian authorities in the 3<sup>rd</sup> monitoring and evaluation report and typology study reports; the consultation framework between MINAT, ANIF and MINFI to ensure better control of the external financing of NPOs; the inter-ministerial working group responsible for laying down appropriate mechanisms for the circulation of currencies and the suppression of illegal currency exchange; the working group responsible for reviewing national currency exchange and fund transfer instruments.

**129.** Cameroonian authorities have always taken the full measure of AML/CFT issues by actively participating in all international and sub-regional initiatives relating thereto. In 2008, the country agreed to comply with the first assessment of the national AML/CFT system under the aegis of the World Bank. Following the assessment, Cameroon adopted several instruments, including: a Law of 2014 on the suppression of acts of terrorism; Law No. 2018/11 of 11 July 2018 to institute the Code of Transparency and Good Governance; the Decree on the automatic declaration threshold for cash and bearer security transactions; the new accreditation procedures for foreign NGOs; the control guide for MFIs and foreign exchange bureaus integrating the AML/CFT aspect; the ANIF guidelines.

### ***2.2.3 Exemptions, Enhanced and Simplified Measures***

**130.** No derogation from due diligence measures in high-risk and low-risk scenarios has been determined by the authorities on the basis of the risk assessments.

**131.** The NRA in Cameroon has not yet had an impact on the legal and regulatory provisions relating to the strengthened or simplified CDD measures to be applied by financial institutions and DNFBPs due to the fact that the implementation of the action had not yet started at the time of the on-site visit.

### ***2.2.4 Objectives and activities of competent authorities***

**132.** The NRA, which has barely been completed, does not yet have an impact on the operational policies, strategies and activities of the competent authorities. However, before the conduct of the NRA, Cameroon had taken measures to deal with ML/TF risks including, at the institutional level, the creation of ANIF, CONAC, TCS, CONSUPE, Ministerial Anti-Corruption Units and the existence of ad hoc working groups on AML/CFT issues.

### ***2.2.5 National coordination and cooperation***

**133.** Cameroon does not have a defined mechanism, or a designated authority responsible for coordinating national AML/CFT policies, but has several institutions responsible for combating financial crime, including CONAC, CONSUPE, TCS and military tribunals. However, these institutions do not have a global coordination, in the sense that they act in isolation each in its field.

**134.** Coordination and cooperation in combating ML/TF are ensured, to a lesser extent, by ANIF through its network of correspondents from several government services. They are appointed

within the competent ministries, and are responsible for collaborating with ANIF in performing its duties to ensure proper cooperation between ANIF and the administrations to which they belong.

**135.** With regard to terrorism and its financing, the mission noted the existence of an informal coordination bringing together the Gendarmerie, the Directorate General for External Research and the General Delegation for National Security. During the on-site visit, cooperation on TF between these different entities was limited in practice.

**136.** In 2010, ANIF and CONAC formalized their information sharing by signing a partnership agreement. The relationship between ANIF and COBAC was not active at the time of the on-site mission, which impacts on the development of policies and procedures to combat money laundering and terrorist financing, in particular the development of guidelines for FIs. In addition, the Regulations do not provide for any formal mechanisms allowing the liable competent authorities and professionals to the obligation to consult each other.

### ***2.2.6 Private sector's awareness of risks***

**137.** Apart from a few private actors<sup>22</sup> who told the mission that they were not aware of the NRA, the implementation of this exercise brought together most of the private actors involved in AML/CFT and helped to collect their respective contributions. Some of them stated that they had also participated in the restitution of the findings and had received the NRA report. This participation in the NRA was a starting point for a shared knowledge of the country's ML/TF risks with the private sector actors involved in AML/CFT. However, at the time of the on-site visit, the wide and complete dissemination of the NRA findings and their inclusion in the development of internal risk management programs were not effective in the reporting entities' sectors.

**138.** ANIF conducts awareness-raising and training activities on AML/CFT issues to enable reporting entities to become aware of the ML/TF risks to which they are exposed. It regularly organizes meetings with the banking sector and ensures the dissemination of its periodic reports as well as the outcomes of studies on AML/CFT issues initiated by national and regional authorities, notably GABAC, to private sector actors. The actors also participate in awareness seminars and workshops organized by GABAC. They are informed about the risks identified, the relevant recommendations and all the measures taken by the authorities to mitigate or manage such risks. However, the assessment team found that unlike financial institutions, other reporting entities, especially DNFBPs, are not well informed about ML/TF risks.

---

<sup>22</sup>Real estate agencies, Order of Lawyers, Casinos, NPOs, Order of Chartered Accountants, BVMAC.

### ***Overall Conclusion on IO 1***

**139.** Cameroon has just validated its NRA. The outcomes of this exercise have not yet been disseminated to all AML/CFT players and are not taken into account for the development of internal risk management programs in the reporting entities' sectors. That is why the overall and common understanding of the identified ML/TF risks remains sparse and fragmented among the actors to this day. Nevertheless, the NRA is a significant step in the identification and understanding of these risks despite some shortcomings to the process, in particular the lack of a coherent strategy for the collection, management and dissemination of statistical data and reluctance to provide some information considered sensitive.

**140.** In addition, apart from the subsidiaries of large foreign financial groups and the sectoral study conducted by the Investigation and Statistics Unit of the Department of Financial and Monetary Cooperation at the Ministry of Finance on the phenomenon of de-risking with regard to credit institutions, it was noted that no other sector has carried out its risk assessment. DNFBPs, which are the most exposed category, have not yet fully realized their vulnerabilities to ML/TF risks.

**141.** Cameroonian authorities have not yet adopted the risks-based approach identified following the NRA, neither in the conduct of policies nor in that of AML/CFT activities. No derogation from due diligence measures in high-risk and low-risk scenarios has been determined by the authorities on the basis of the risk assessments.

**142.** Also, the action plan designed to mitigate the identified risks has not yet started to be implemented. This environment allows identified threats to persist and vulnerabilities to be exploited.

**143.** The absence of a mechanism or authority for coordinating national AML/CFT policies constitutes a major failure of the Cameroonian AML/CFT system, thereby affecting the effectiveness of actions undertaken at national level.

**144.** *Cameroon is rated as having a low effectiveness level for IO 1.*

### 3: LEGAL SYSTEM AND OPERATIONAL ISSUES

#### 3.1. Key findings and recommendations

##### *Key findings*

##### **Immediate Outcome 6**

- (a) ANIF receives STRs from some reporting entities, mainly banks. It analyses STRs by making use, if necessary, of additional information obtained from reporting entities and information shared with its foreign counterparts. The financial intelligence thus obtained is disseminated to the competent authorities. However, in view of the scale of ANIF activity and the volume of STRs, it would be necessary to reinforce the resources in order to allow an optimal handling of STRs.
- (b) ANIF received STRs relating to TF and disseminated reports on TF to various services including the Military Tribunal, the Ministry of Defense, the Police and the Gendarmerie. However, no information was provided as a follow-up to these reports.
- (c) Other financial intelligence on suspicion of ML was disseminated by ANIF to the competent authorities and an unspecified number gave rise to the opening of investigations by the Police and to two prosecutions for ML not yet completed.
- (d) Customs does not send ANIF statements relating to the physical cross-border transport of cash and other bearer negotiable instruments.
- (e) DNFBPs are not very aware of their reporting obligation. This situation has a negative impact on the abundance and quality of financial intelligence that must be made available to the competent authorities.
- (f) ANIF carries out strategic analysis. However, due to lack of sufficient information, it was not possible to assess the relevance of the analysis.
- (g) Investigation and prosecution authorities have a wide variety of information that can enable them to seize assets and identify the perpetrators of the offences with a view to their conviction. However, due to a lack of sufficient resources and expertise, they do not make optimal use of the data made available to them.
- (h) Although sources of STRs are limited, ANIF produces good quality financial intelligence. However, their use is not optimized due to a lack of ML investigation expertise by investigators and legal and judicial officers.
- (i) Cooperation and information sharing between ANIF and other national competent authorities is good. However, its collaboration with the control and supervisory authorities, notably COBAC, appears to be very limited.
- (j) The submission of STRs, the dissemination as well as the sharing of information at national level are carried out by physical transmission of confidential letters to the recipient. This mode of transmission is not a completely secure and protected channel of information.

### **Immediate Outcome 7**

- (a) Cameroon does not adequately and sufficiently identify ML cases deriving from predicate offences and does not systematically resort to parallel financial investigations into predicate offences handled by other specialized agencies. This is partly attributed to the absence of an AML criminal policy and the insufficient resources and expertise of the authorities investigating and prosecuting AML matters.
- (b) ML offences are identified and prosecuted mainly on the basis of the reports sent to the judicial authorities by ANIF. The reports disseminated to these authorities allowed the opening of investigations and only two prosecutions are in progress. No conviction for ML has yet been handed down.
- (c) Cameroon has a special criminal court (TCS) with jurisdiction to try embezzlement of public funds and related offences. ML can only be prosecuted at this court if it is related to the misappropriation of public funds. Likewise, the country's laws provide for the stay of proceedings in the event of the return of the *corpus delicti*, which constitutes a guarantee of impunity.
- (d) The data provided by Cameroon highlight some consistency between the predicate offences prosecuted and the threats and risk profile of the country.
- (e) The effectiveness and proportionality of the sanctions regime in place could not be measured in the absence of a conviction for ML.
- (f) Cameroon did not provide examples of the implementation of alternative criminal justice measures.

### **Immediate Outcome 8**

- (a) Seizures and confiscations appear to be a priority for Cameroonian authorities with regard to the discussions during the on-site visit. There are adequate powers for the seizure and confiscation of property, but they are rarely exercised. The lack of expertise and appropriate investigative means by investigation and prosecution authorities has a negative impact on their ability to implement ML/TF-related confiscation, freezing or seizure.
- (b) Judicial authorities confiscate the property and objects of crimes relating to the predicate offences committed in the country. Confiscation of funds is ordered for the benefit of the Treasury. The confiscated movable and immovable property is sold and the proceeds of the sale are paid to the Treasury. The Deposit and Consignment Fund which should be responsible for managing frozen, seized and confiscated property is not operational. This prevents the country from effectively conserving and managing the value of frozen, seized and confiscated property.
- (c) Mutual legal assistance is not used for the confiscation of proceeds and instrumentalities of crime, and property of equivalent value, in connection with predicate offences committed abroad and proceeds transferred to other countries.

- (d) Cameroonian Customs carries out joint actions and shares information at the borders with Chadian, Gabonese and Nigerian Customs. It repatriates or restores the property, which are objects of crime. Currencies seized by Customs are paid to the Treasury and precious stones and metals are handed over to the competent authorities for auction. Customs cooperates and regularly shares information with ANIF. However, it does not forward information relating to seizures of cash and bearer negotiable instruments.
- (e) The financial and logistical resources intended to combat illicit trafficking in wildlife species and illegal logging are insufficient.

### ***Recommendations***

#### **Immediate Outcome 6**

Cameroon should:

- (a) Further raise the awareness of reporting entities, in order to improve the reporting ability of reporting entities that already do so on the one hand, and on the other hand, to encourage reporting by reporting entities that do not yet report, in particular DNFBPs, with a view to increasing the volume of STRs and diversifying sources of financial information;
- (b) Build the capacity of investigation and prosecuting authorities on the exploitation and use of financial intelligence in ML and TF procedures and, ultimately, lead to their specialization in this domain;
- (c) Provide ANIF with a sufficient number of financial analysts in order to increase its STR processing capacity;
- (d) Implement the interconnection of the ANIF database and those of the main State entities with which it collaborates, for the purposes of a direct and rapid exchange of relevant financial information;
- (e) Set up a computerized system for information sharing between competent authorities and for submitting STRs in order to ensure greater confidentiality of financial intelligence and other information;
- (f) Strengthen cooperation and information sharing between ANIF and the AML/CFT control and supervision authorities;
- (g) Sensitize the customs administration on compliance with its AML/CFT obligations and in particular the transmission to ANIF of reports relating to the physical cross-border transport of cash and bearer negotiable instruments and ensure their implementation.

### **Immediate Outcome 7**

Cameroon should:

- (a) Further strengthen the human and material resources of the competent investigation authorities (JPO of the Police, the National Gendarmerie and the TCS) and train their staff in financial analysis and investigations and on the detection of various types of ML and appropriate investigation techniques;
- (b) Broaden the scope of material jurisdiction of the TCS to ML offences and at the same time prohibit the stay of proceedings in the event of the return of the *corpus delicti*;
- (c) Set up an economic and financial pole responsible for ML/TF cases and other financial offences and see to the specialization of legal and judicial officers in this domain;
- (d) Build the capacity of other specialized government services such as the wildlife and forestry, customs and tax administration in AML matters, in particular on the criminal aspect of their activities;
- (e) Sensitize investigating authorities to proactively use financial intelligence;
- (f) Build the capacity of investigation services to allow parallel ML investigations to be conducted in line with the risks identified. This includes giving priority to investigations and prosecutions in accordance with ML threats or risks identified on the basis of the outcomes of the NRA; ensure that investigating and prosecuting authorities prosecute the different types of ML cases in accordance with ML threats to which the country is exposed (including predicate offences committed abroad);
- (g) Step up coordination and cooperation between the various actors in the criminal justice chain to ensure successful investigations and prosecutions, in particular by establishing permanent and regular exchange platforms and by carrying out joint actions or activities;
- (h) Require investigation and prosecution authorities to proactively seek and collect evidence of the ML offence and to implement alternative criminal justice measures in cases where it is not possible to enter a conviction for ML;
- (i) Set up a computerized system for consolidating statistical data that integrates investigations for ML and associated predicate offences, prosecutions and convictions, seizures, freezes and confiscations;
- (j) Make greater use of mutual legal assistance in investigations aimed at detecting and locating criminal property abroad.

### **Immediate Outcome 8**

The country should:

- (a) Implement protective and confiscation measures for products and instruments relating to ML/TF, in application of laws and regulations and in accordance with its identified risks;

- (b) Provide training/specialization of prosecuting authorities in ML/TF matters and provide them with sufficient financial and logistical resources to perform their duties;
- (c) Put in place mechanisms to identify assets for possible confiscation;
- (d) Regulate the management of frozen, seized and confiscated property in order to ensure the conservation and efficient management of said property;
- (e) Consolidate and update statistics on assets frozen, seized and confiscated during ML/TF prosecutions;
- (f) Systematically resort to international cooperation for the seizure for purposes of confiscation of the proceeds and instrumentalities of crime and property of equivalent value in connection with predicate offences committed in the country and abroad;
- (g) Also, Cameroonian authorities present at the borders should implement the freezing, seizure and confiscations linked to ML/TF, take into account TF risks and those linked to the porosity of the borders to apply effective, proportionate and dissuasive sanctions and spontaneously forward the information relating to seizures of cash and bearer negotiable instruments to ANIF.

145. The Immediate Outcomes relevant to this chapter are IO.6, 7 and 8. Relevant recommendations for the assessment of effectiveness under this section are R.1, R.3, R.4, R.29, R.30, R.31, R.32 and some items of R. 2, 8, 9, 15, 30, 31, 34, 37, 38, 39 and 40.

### **3.2. Immediate Outcome 6 (Financial Intelligence ML/TF)**

#### ***3.2.1. Use of financial intelligence and other information***

146. Overall, the competent authorities have access to financial intelligence and other information. However, as part of their duties, they do not make sufficient use of the financial information made available to them.

147. Cameroon's FIU (ANIF) is an administrative authority, under the oversight of the Ministry in charge of finance. It has independent decision-making power over matters falling within its competence and is endowed with financial autonomy.

148. ANIF has effective access to financial intelligence and other information required for the performance of its duties, through the mechanism of the right of communication exercised against reporting entities and all State and non-State actors, as well as through its cooperation with its foreign counterparts.

149. ANIF's primary source of financial information is suspicious transaction reports (STRs) received from reporting entities, which enable it to generate financial intelligence suitable for establishing facts relating to financial crime, clandestine financial circuits, money laundering and terrorist financing. Where necessary, it uses additional information from reporting entities and

other sources of public or private information to carry out an in-depth analysis. Collaboration between ANIF and most of the reporting entities is to a large extent effective.

**150.** The ANIF database is also a source of information. It consists of information on automatic reporting of cash transactions of an amount greater than or equal to 5 million CFA francs, on remittances with foreign countries, on imports and exports as well as all the information from the processing of various files. This computerized database allows for automated search of information as well as the establishment of links with previous files. ANIF accesses and receives information from public authorities other than CENADI, Customs, Taxation, the Budget and the Treasury by requesting for information. Indirect access to their databases does not allow ANIF to have, in a timely manner, the additional information it needs for rapid and optimal operation. Indirect accessibility to other databases also concerns other government services<sup>23</sup> in which ANIF has correspondents.

**151.** As a member of the Egmont Group, ANIF obtains information from its foreign counterparts in order to handle cases of an international nature. From 2015 to 2020, it had a fairly intense exchange of information with its foreign counterparts (see Tables 8.2 and 8.3). ANIF asserted, without providing any illustrative case, that the information received under this cooperation enables it to improve on its operational and strategic analyses in processing suspicious transaction reports.

**152.** The investigation authorities and in particular the Judicial Police, the SCRJ (Gendarmerie), the Specialized Corps of JPOs of the TCS, the DGSE and CONAC have access to financial intelligence through the dissemination of such intelligence by ANIF. In addition to ANIF, these authorities obtain the information needed to perform their duties through collaboration among them. They can also, upon request, obtain from banks and other financial institutions useful information for the performance of their duties. On the basis of the financial intelligence received, the judicial police and the JPOs of the TCS carried out investigations on ML (the specialized corps of JPOs of the TCS is investigating 11 ML cases relating to the embezzlement of public funds) whose outcome has not been disclosed to the assessment mission.

**153.** Prosecution authorities receive financial intelligence from ANIF from the analysis of STRs on the basis of which prosecutions for ML and TF could be initiated. As such, from 1 January 2006 to 31 December 2020, 745 reports relating to ML were forwarded to civil courts and 72 relating to TF were forwarded to military tribunals. The various reports led to the opening of investigations for ML and TF and allowed some ML prosecutions to be initiated. Apart from ANIF, prosecution authorities also obtain intelligence and other information from public administrations and private entities through judicial requisitions. Where necessary, additional information is made available to them by the various investigation services. All this information is useful to them in establishing

---

<sup>23</sup>Ministry of Justice, Ministry of External Relations, Ministry of Territorial Administration, Ministry of State Property, Surveys and Land Tenure, Ministry of Trade, Ministry of Culture, General Delegation for National Security, Directorate General for External Research, Secretary of State for Defense in charge of the National Gendarmerie.

proof of the existence of the offences being prosecuted and in locating property to be seized or confiscated. Through the mechanism of mutual legal assistance, judicial authorities can also collect financial intelligence and other information.

**154.** However, the assessment team noted the low prosecution rate and a slowdown in the conduct of ML investigations. Indeed, it emerges from the interviews with the Department of Judicial Police, the Attorney-General at the Mfoundi High Court and the Legal Department at the Special Criminal Court that the financial intelligence received from ANIF is of high quality. Yet, it is difficult to use the information, due to a lack of proven expertise in investigating ML matters and sufficient human resources. In addition to the aspect of formatting to obtain police reports, the investigating authorities have difficulty in using financial intelligence in the conduct of ML investigations in general and in particular in locating the proceeds of crime and in conducting investigations on asset. Furthermore, notwithstanding the use of some special investigation techniques (surveillance, wiretapping), the complexity of ML cases requires material and financial means of investigation and investigators do not have enough of it.

**155.** As for the judicial and legal officers, they have not yet mastered the CEMAC Regulation on AML/CFT. The training already received in this area does not yet allow easy handling of ML and TF cases. Prosecution authorities do not think of spontaneously extending the scope of ML/TF prosecutions when prosecuting predicate offences generating significant financial flows.

**156.** Cameroonian Customs collects information in connection with the physical cross-border transport of cash and BNIs through reports on cash and currencies made at the borders. However, access to this information remains limited due to the fact that the reporting system is still manual. Customs also has information on seizures of currency and other goods made during border controls. In addition, Customs has access to information relating to the Kimberley Process as part of the controls instituted in relation to the illicit trade in minerals which involve the various actors of the airport platform. With regard to CAATS, Customs, being an integral part, has access to the information collected by this unit. The information is used in combating drug trafficking and counterfeit medicines as well as in information sharing between border Customs (Central African Republic, Congo, Gabon, Nigeria, Chad). Overall, all the information collected by Customs is used as part of its traditional duties and not to conduct ML/TF investigations.

**157.** As part of the collaboration between Customs and ANIF, information sharing is regular and takes into account the information on import and export which is included in ANIF's Integrated Financial Intelligence Management System (SIGREF). However, information on reports and seizures of cash and bearer negotiable instruments is not forwarded to ANIF. With regard to the financial intelligence received from ANIF, in addition to the difficulty in identifying the natural persons concerned, Customs stated that the information is largely useful in the performance of its duties, but did not demonstrate the resulting use. From a cross-border perspective, Cameroon Customs receives information from Customs in Chad, Gabon, Congo, Central African Republic and Nigeria to share intelligence and joint actions. As a member of WCO, it also receives information from its foreign counterparts.

**158.** The tax administration has access to financial intelligence received from ANIF and other competent national authorities and on the basis of its cooperation with foreign counterparts under OECD and other international forums for exchange for tax information, of which it is a member. With regard in particular to its collaboration with Customs, it stated that it had made tax adjustments on the basis of the financial intelligence received from this administration. However, no document was sent to the assessment mission to support this information.

### **3.2.2. Reports received and requested by the competent authorities**

**159.** ANIF receives STRs from reporting entities, which it analyzes and sends the results to investigation and prosecution authorities and, where necessary, to tax and customs authorities and specialized intelligence services for matters relating to public and State security.

**Table 3.1. STRs received by ANIF according to reporting entities**

Entities / Year	2015	2016	2017	2018	2019	2020	Total
Banks	446	434	552	616	529	720	3297
MFIs	19	37	65	25	18	14	178
Notaries	0	0	0	0	0	0	0
Lawyers	1	0	0	2	0	1	4
Chartered Accountants	0	0	0	0	0	0	0
Insurance	1	0	1	0	4	3	9
Foreign exchange bureau	0	0	0	2	0	0	2
MTCs	0	0	0	12	62	47	121
PSI	0	0	0	0	1	0	1
Treasury	0	3	0	0	0	0	3
<b>Total</b>	<b>467</b>	<b>474</b>	<b>618</b>	<b>657</b>	<b>614</b>	<b>785</b>	<b>3615</b>

**160.** ANIF has three operational units: The Judicial Investigations and Research Unit, the Financial and Administrative Investigations Unit and the Legal Affairs Unit. They each comprise only 3 (three) analysts under the authority of the Unit Heads. Almost all of the STRs received are analyzed and those that are unfounded are dismissed. Prioritization in processing is based on the urgency of the file. However, an analysis of the above data shows a considerable discrepancy between the STRs received and the releases made. An interview with ANIF revealed that this state of affairs is attributable to the fact that apart from the dropping of cases without follow-up for lack of evidence, some STRs are put on hold pending additional or new elements, others require longer investigations spread over time in order to be processed. The expectation of responses to requests for information and the number of analysts<sup>24</sup> in view of the extent of the activity of the FIU are as many causes likely to slow down the processing of the STRs. ANIF did not provide the assessment

<sup>24</sup> The staff of ANIF is made up of civil servants, executives and State contract officers. It is a diverse staff with multidisciplinary skills. There is a judicial and legal officer, tax executives, statistical engineers, administrative officers, computer engineer, finance contract executives, managers, computer technician, contract executives, secretaries, police officers, liaison officer. The operational pool includes: Director (1), member (1), heads of units (3), analysts (9), IT department (2).

team with the exact number of STRs being processed. As for the STRs processing time, it stated that there is no fixed time limit, as it all depends on the file at hand (2 to 3 days for urgent files and up to 1 month for complex files).

**161.** STRs are sent to ANIF in a sealed envelope deposited by the designated representative of the reporting entity with ANIF services, though their processing is computerized. It is carried out through the Integrated Financial Intelligence Management System (SIGREF) which takes into account, in addition to the management of suspicious transaction reports, automatic reports, the unique identification number (UIN), the import and the export. Although manual, the transmission of STRs follows a procedure that guarantees a level of confidentiality.

**162.** It should be noted that STRs emanate to a very large extent from reporting entities in the financial sector, banks in particular. DNFBPs are not very aware of their reporting obligations. ANIF stated that STRs received from reporting entities that have been trained are of good quality. In general, it noted a significant improvement in the quality of the information contained in the STRs transmitted. Awareness-raising efforts are needed here in order to elicit reports from reporting entities that do not yet do so and to improve the reporting ability of entities which already do so. Interviews with reporting entities revealed that ANIF does not provide formal feedback on the outcomes of the analysis of STRs received.

**163.** Cameroon Customs receives currency reports as part of the physical cross-border transport of cash and bearer negotiable instruments carried out at the borders. However, no report is forwarded to ANIF.

### ***3.2.3. Operational needs supported by FIU analysis and dissemination***

**164.** In general, the analyses made by the FIU are to some extent in line with the operational needs of the competent authorities. However, the latter do not have appropriate and sufficient skills and resources to analyse them and use them effectively in the repression chain (investigation, prosecution and judgement).

**165.** The operational analysis of STRs carried out by ANIF enabled it to release 1,199 reports to various competent national authorities from 1 January 2006 to 31 December 2020.

**Table 3.2. ANIF releases from 2006 to 2020**

Recipient authorities	Number of reports
Civilian courts	745
Military tribunals	72
General Delegation for National Security	142
Central Judicial Research Service (Gendarmerie)	37
South-West Gendarmerie Legion	3
Centre Gendarmerie Legion	1
Mfoundi Gendarmerie Territory Regiment	1
Ministry of Defence	3
Supreme State Audit Office	10
National Anti-Corruption Commission	2
General Directorate for External Research	52
Ministry of Justice	6
Ministry of Finance	34
Ministry of State Property, Surveys and Land Tenure	1
Directorate General of Taxation	90
Directorate General of Customs	18
Civil Cabinet of the Presidency of the Republic	1
<b>Total</b>	<b>1,199</b>

**Table 3.3. ANIF releases broken down by years from 2015 to 2020**

Years	2015	2016	2017	2018	2019	2020
Reports	75	73	164	178	143	228

**166.** Every year, there is an increase in the reports released, which provides information on the continuous improvement of ANIF’s analytical capacities in relation to reported transactions and in the use of additional documents collected during the investigation.

**167.** With regard to judicial authorities, civilian courts received 745 reports on ML incidents while military tribunals responsible for the prosecution of terrorism and its financing received 72 reports. The reports gave rise to the opening of ML and TF investigations with 2 (two) ML prosecutions already initiated. From the interview with the Government Commissioner at the Yaoundé Military Court, it emerges that in 2019, the Attorney-General’s Chamber received 7 (seven) reports from ANIF which were forwarded to the judicial police units for investigations and reports. For his part, the Attorney-General at the Mfoundi High Court stated that the reports received from ANIF were forwarded to the police units for investigations. Two police reports from the Sub-Department of Economic and Financial Investigations recounting some due diligence carried out during the investigation and referring to ANIF reports testify to this.<sup>25</sup> At the date of the mission, the outcome of these files had not been brought to the attention of the assessors. Almost all of the legal actors

<sup>25</sup> Requisition report executed on the basis of ANIF report No. 2749/20D/ANIF/CEJR of 27 April 2020, and Requisition report executed on the basis of Hand-delivered message No. 1226/STR/CG/TMY of 20 December 2016 by the Government Commissioner to the Yaoundé Military Court, relating to a ANIF denunciation.

met asserted that the financial information produced by ANIF is of good quality. However, it lacks proven expertise on the one hand, in the conduct of appropriate ML and TF investigations and, on the other hand, in trying this type of offence for which gathering the constituent facts is not easy, as reported by the Government Commissioner to the Yaoundé Military Tribunal. With regard in particular to TF litigation, an interview with the Government Commissioner also made it possible to note on the part of judicial and legal officers, an inclination for national law to the detriment of the CEMAC Regulation on AML/CFT. There is every indication that actions to popularize this Regulation must be stepped up. For better performance, it is absolutely necessary to build the capacity and, much more, provide specialized training to investigation and prosecution authorities.

**168.** ANIF stated that it had received feedback from the Attorney-General's Chamber of the High Court and from the Tax Authorities. For the other competent authorities, the mission noted that ANIF does not receive any feedback on the use of the financial information released. However, the competent authorities met (Directorate General of Police, Gendarmerie, Department of Financial and Monetary Cooperation, Ministry of Wildlife and Forestry, Territorial Administration, CONSUPE) as well as the BCN-Interpol asserted, without further details, that the financial information was useful to them in the performance of their respective duties.

**169.** Regarding strategic analysis, Cameroon has set up a Committee in charge of Strategic Studies and Trends within ANIF, which is responsible for producing a report on the techniques and trends of economic and financial crime. (Decision No. 00163/MINFI/SG/ANIF of 9 April 2013). The strategic analysis thus produced is contained in ANIF periodic reports and other documents, and reveals ML/TF methods and trends and the ensuing recommendations. During the on-site visit, ANIF made available to the assessment team its 2019 activity report which contains a section dedicated to the strategic analysis on the vulnerabilities relating to the misuse of bank cards for ML/TF purposes. In the absence of other reports for previous years, the assessment team was unable to assess the other topic addressed, their content and the methodology adopted.

#### ***3.2.4. Cooperation and exchange of financial information/ financial intelligence***

**170.** Overall, cooperation between ANIF and the competent authorities is moderately satisfactory with regard to the sharing of financial intelligence and other information. The quality of the cooperation is good with the investigation and prosecution authorities, limited with the supervisory and oversight authorities of FIs, while it is non-existent with the supervisory authorities and SRBs of DNFBPs.

**171.** ANIF cooperates and shares financial intelligence and other information with all the competent national authorities responsible for the prevention and repression of acts of financial crime in general and ML in particular. The cooperation mechanism is mainly carried out through ANIF correspondents in 12 government services, thanks to whose involvement cooperation is facilitated and the information sharing is fast. In the same light, ANIF signed a partnership agreement at national level with CONAC.

172. The competent authorities interviewed unanimously asserted having a constant, fluid and sustained collaboration with ANIF. Its position makes it easier for them to obtain financial information from reporting entities and also allows collection of information abroad through its network of foreign counterparts. The Attorney-General’s Chamber at the Special Criminal Court noted the quality of the verifications carried out by ANIF, prior to referral to justice, on the documents appended to the reports and ANIF’s availability to provide additional information likely to support the prosecution case.

**Table.3.4. Requests received by ANIF in 2020**

SOURCES	NUMBER
Ministry of Finance	6
Central Judicial Research Service (Gendarmerie)	6
General Directorate for External Research	8
General Delegation for National Security	5
Centre Regional Directorate of Judicial Police	1
Ministry of Defence	3
Ministry of Territorial Administration	1
Supreme State Audit Office	1
Mfoundi Territorial Gendarmerie Regiment	1
South-West Gendarmerie Legion	1
Ministry of External Relations	1
Civil Cabinet of the Presidency of the Republic	1
Directorate General of Customs	1
<b>Total</b>	<b>36</b>

173. ANIF and COBAC cooperate through very limited information sharing. The country did not demonstrate ad hoc information sharing and collaboration between ANIF and supervisory authorities of other reporting entities.

174. For DNFBPs, the mission noted a virtual absence of competent authorities designated to provide supervision in matters relating to AML/CFT. Discussions with the administrative oversight or self-regulatory authorities revealed that DNFBPs are not informed of AML/CFT obligations. Interviews with the Bar Council, the Notarial Chamber, the Order of Chartered Accountants and some NPOs revealed that cooperation between ANIF and the DNFBPs sector is most often with individual entities.

175. The information held by ANIF is confidential. The STRs and other information received are processed and recorded in a computerized system which ensures their confidentiality. STRs received and the identity of their authors may not be disclosed. The members of ANIF and its correspondents take an oath. The other employees sign a pledge of honour to perform their duties in total confidentiality. The premises security system also helps to ensure confidentiality. Access to each office is conditioned by the activation of a code held by the occupying employee. ANIF offices are permanently and physically secured by an armed guard of the National Police. Information sharing, both within the framework of a formal cooperation agreement or without an

agreement, takes place under this condition of confidentiality. However, it should be noted that at national level, ANIF does not yet have a secure computer system for communicating information. Indeed, the mode of transmission of STRs as well as that of the release of financial intelligence and other information still remains manual, which increases a potential risk of information leakage or dissipation, even though the transmission is done in a sealed envelope.

**176.** Internationally, information is shared with member units of the Egmont Group through the Egmont Secure Web.

### ***Overall Conclusion on IO 6***

**177.** Financial intelligence sources are not diverse. ANIF collects, processes and releases high quality financial intelligence to investigation and prosecution authorities, based on the STRs it receives primarily from banks. The other reporting entities send very few STRs and this obligation is not fulfilled by DNFBPs, with the exception of lawyers, whereas this category of reporting entities has been identified among the high risk sectors. The customs authorities do not forward to ANIF reports on physical cross-border transport of cash and BNIs.

**178.** The analyses produced by ANIF are in line with the operational needs of investigation and prosecution authorities, but their use is not effective. To a lesser extent, these authorities use financial intelligence with difficulty due to a lack of proven expertise in ML investigation. There are a few ML and TF investigations initiated by the police and only 2 (two) ML prosecutions initiated by the judicial authorities out of the 745 reports received from ANIF. Likewise, financial intelligence is not always used in the conduct of predicate investigations and in the conduct of asset investigations.

**179.** Information sharing between ANIF and the competent authorities is moderately satisfactory. The information is of good quality with the investigation and prosecution authorities, limited with the control and supervision authorities of FIs and non-existent with the control authorities and the SRBs of DNFBPs. The process of manual transmission of financial information and intelligence does not guarantee optimal protection/security or confidentiality thereof.

**Cameroon is rated as having a moderate level of effectiveness for IO 6.**

## **3.3. Immediate Outcome 7 (ML investigation and prosecution)**

### ***3.3.1. ML identification and investigation***

**180.** Cameroonian authorities stated that the fight against financial crime is a major concern. To this end, the country has set up investigation and repression entities (Department of Judicial Police, Central Judicial Research Service of the Gendarmerie, Specialized Court endowed with a Specialized Corps of JPOs: The Special Criminal Court). However, the assessors noted that their activity is limited to predicate ML offences.

**181.** No criminal policy has been specifically formalized for ML that would clearly define the priority of ML investigations. However, special attention is paid to ML matters which are taken into account immediately upon receipt of the reports forwarded by ANIF.

**182.** In practice, the Police, the Gendarmerie and other relevant services (Customs, Taxation, CONSUPE and CONAC) which investigate the predicate offences generating much profits likely to be laundered, or which in the performance of their duties may identify ML-related cases, do not systematically open ML investigations. By way of illustration, in 2019, CONAC initiated and then brought to justice 8 (eight) proceedings concerning, among other things, acts of embezzlement of public property and active corruption.<sup>26</sup> Unfortunately, such procedures were not considered as triggers for ML investigations. In 2019, CONSUPE sanctioned 11 heads of some administrative services, found guilty of various management errors. Some of them were debited for a total amount of 2,733,911,861 CFA francs.<sup>27</sup> All these financial flows could have given rise to financial investigations for ML. Meanwhile, CONSUPE informed the mission that the fight against money laundering does not primarily fall within its remit and that, therefore, it can only be done incidentally. The TCS told the assessment mission that it was investigating 11 denunciations of ML facts in addition to those of embezzlement.

### Parallel investigations

**183.** Detection of ML through parallel financial investigations is not a common practice in Cameroon. ML was not targeted in any of the proceedings relating to the predicate offences prosecuted. This confirms the statements collected from the judicial authorities, according to which all the players in the criminal law chain do not systematically think of ML in the conduct of investigations and prosecutions.

**Table 3.5. Cases handled at the Mfoundi High Court from 2016 to 2020**

Crime / Year	2016			2017			2018			2019			2020		
	Cases entered for trial	Cases tried	Cases pending	Cases entered for trial	Cases tried	Cases pending	Cases entered for trial	Cases tried	Cases pending	Cases entered for trial	Cases tried	Cases pending	Cases entered for trial	Cases tried	Cases pending
Misappropriation of public funds	43	10	33	70	5	65	78	20	58	54	19	35	52	34	18
Drug Trafficking	43	10	33	70	5	65	78	20	58	54	19	35	52	34	18
Smuggling and trafficking of persons	2	0	0	3	0	3	4	0	4	2	1	1	2	0	2
Terrorism	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

<sup>26</sup>Report on the status of the fight against corruption in Cameroon in 2019.

<sup>27</sup>Report on the status of corruption in Cameroon; section relating to CONSUPE activities.

**184.** The above data show that predicate offences generating significant financial flows have been prosecuted and have even been the subject of convictions. However, they did not give rise to a prosecution for ML, which would have made it possible to trace the destination of the funds thus diverted and to deprive criminals of the proceeds of crime.

**185.** From the interview with the investigation authorities (Police, Gendarmerie, Customs, Directorate General of Taxes), it actually emerges that the practice of parallel financial investigations is non-existent. The National Police (Economic and Financial Investigations Unit) as well as the Gendarmerie (Central Judicial Research Service) asserted that they do not conduct parallel financial investigations. The customs authorities stated that customs investigations do not always result in ML cases. Meanwhile, the tax authorities mentioned the absence of employees specialized in financial investigations. Tax auditors have no reflex on ML issues and only focus on the tax aspect of the recovery. So far there is no implementation of criminal sanctions.

**186.** The assessment team found that JPOs receive training on financial crime in general, although not on a regular basis. The country further stated that a training module on AML/CFT had been included in the training program of the National Police Academy in Yaoundé. However, investigators point out the complexity of ML investigations, the limited and sometimes inadequate resources for investigation which make it difficult to detect the fund investments made, their conversion movements as well as the recycling carried out. Accordingly, effectively tracing a laundering system is an uphill task.

### ***3.3.2. Consistency of ML investigations and prosecutions with threats and risk profile, and national AML policies***

**187.** The NRA report identified as main threats the following predicate offences: tax and customs fraud, corruption, embezzlement of public funds, fraudulent bankruptcy, crimes public contract, bribery, trafficking of wildlife and wood products, cybercrime, counterfeiting, scamming, trade forgery, taking an interest in an act, pimping, drug trafficking, currency trafficking, trafficking in objects of art, human trafficking, or even deception of associates. The main predicate offences concerned in the files released by ANIF also add to this list of threats drawn up by the NRA.

**188.** Statistics on financial crime in general, listed in the Table below, show very clearly that the investigations and prosecutions carried out relate to a large number of predicate offences which constitute the main ML threats. This practice is believed to have effectively helped to mitigate or curb the ML threats facing the country, if it were a subject of parallel financial investigations or systematic prosecutions for ML.

**Table 3.6. Statistical bulletin for 2019 taking into account the data from the jurisdictions of the Courts of Appeal of the Centre, Littoral, North-West, South and South-West**

Offences	<i>Cases entered for trial</i>				
	Old at the start of the judicial year	New during the judicial year	Tried during the judicial year	Of the tried cases, how many led to a conviction	Outstanding cases to be tried at the end of the judicial year
Corruption	72	430	278	170	224
Misappropriation of public funds;	375	236	270	120	341
Scam	1660	2428	2778	2064	1310
Aggravated scam	215	179	290	289	104
Drug Trafficking	711	1055	1258	1237	508
Possession of narcotic drugs	1852	2037	2030	2003	1859
Child trafficking	20	18	25	16	13
Human Trafficking	9	4	7	2	6
Counterfeit money	39	86	63	58	62
Counterfeit drugs	62	107	151	148	18
Cybercrime	8	115	119	113	4
Money laundering	3	1	1	0	3
<b>Total</b>	<b>5026</b>	<b>6696</b>	<b>7270</b>	<b>6220</b>	<b>4452</b>

**189.** Regarding ML more specifically, the investigations initiated by the Attorney-General’s Chamber at the Mfoundi High Court are aligned with the threats of the country, given that they stem from the ANIF reports whose main alleged predicate offences are in line with the characterization of the main ML threats identified by the NRA. Such is also the case with the Attorney-General’s Chamber at the Special Criminal Court, which initiated two ML prosecutions in addition to acts of embezzlement of public funds, this offence having been identified as a high ML threat. These are more or less concrete cases which help to assess the consistency between ML investigations and prosecutions and the country’s threats identified by the NRA.

### **3.3.3. Types of ML cases pursued (prosecution)**

**190.** The ML cases detected by ANIF and forwarded to judicial authorities are mostly identified during investigations. All the same, two ML prosecutions had already been initiated in the country. However, this is a very low rate of prosecutions in view of the numerous releases already made by ANIF to the various investigation and prosecution services. There is therefore a significant gap between the number of cases that have been investigated and that of cases that have led to prosecution. As a result, the perpetrators of this form of delinquency still go unpunished to this day. ANIF reports sent in particular to the Attorney-General’s Chamber at the Mfoundi High Court from 2018 to 2020 led to a treatment broken down as follows:

**Table 3.7. ANIF case follow-up sheet (2018-2020)**

Complaints received	36
Minutes received	11
Minutes that have been closed without action	02
Minutes that have been returned	07
Minutes sent to the Examining Magistrate for the opening of the judicial investigation	01
Minutes sent to the Directorate General of Taxes	01
<b>Total:</b>	<b>58</b>

**191.** The Attorney General at the Mfoundi High Court informed the mission that there is no financial pool at the Attorney-General's Chamber, that ML cases are entrusted to some of his assistants in view of their professional skills on financial crime issues. No information was provided regarding the consideration of ML cases by other courts. It seems that just like the courts within the jurisdiction of the Court of Appeal for the Centre, they only receive general instructions in order to regulate their activities. Regarding ANIF reports sent to the Attorney-General's Chamber at the Special Criminal Court, it should be noted that the statistical report below was drafted, presenting the treatment of cases.

**Table 3.8. Files forwarded by ANIF to TCS**

Files received: all offences combined (2013-2020)	61
Denunciations evoking facts of ML as an appendix to those of embezzlement (2016 - 2020)	24
Files under investigation	11
Files closed without follow-up after investigations	3
Withdrawal after investigations	7
Files under investigation	1
Cases entered for trial	2
<b>Total:</b>	<b>24</b>

**192.** It can be seen from the above data that ML procedures at the Attorney-General's Chamber at the Special Criminal Court are for the most part under investigation, one under investigation and two are entered for trial. This does not provide information on the types of ML in question (autonomous ML, self-ML, third-party ML). Nevertheless, in one of the cases entered for trial, the Examining Magistrate sent requests for mutual legal assistance to his French, Belgian and Moroccan counterparts. This suggests that it is ML with a foreign element, which may be either a predicate offence committed abroad, or involving persons with a foreign link, or transactions to a foreign country.

**193.** It should be noted that the Special Criminal Court has jurisdiction to try embezzlement of public funds, when the damage is a minimum amount of 50 million CFA francs and related offences provided for by the Penal Code and international conventions ratified by Cameroon. The Court has already entered several convictions for embezzlement of public funds. The Advocate General at this Court stated that, from 2016 to 2020, the Special Criminal Court rendered 117 judgements including 13 ordering confiscations. Prosecution of embezzlement of public funds, which generate significant financial flows liable to be laundered, should have been systematically coupled with that of ML. However, on the one hand, because of the material jurisdiction of this Court, ML can only be prosecuted if it is previously related to the misappropriation of public funds. On the other hand, the legislation of the country provides that at any stage of the procedure, in any case before the handing of the judgement on the merits, the possibility of ordering a stay of proceedings in the event of restitution of the *corpus delicti* in cash or in kind.<sup>28</sup> This approach is at the least a handicap for the repression of ML, which would have been better suited to this Court due to the concentration of its activity on a single litigation, and guarantees impunity for criminals. It would be judicious to refer the repression of ML directly to the TCS without any requirement of a connection with the embezzlement of public funds.

**194.** In an interview with the Attorney-General's Chamber at the Special Criminal Court, another obstacle was identified, linked to the mutual legal assistance requested in relation to seizure and freezing of laundered or diverted property and their products before the judgements on the merits: the actions granted by the foreign counterparts consist exclusively in identifying the goods; seizure of the goods is subject to the production of court decisions or supporting documents that the judges do not have at the stage of judicial investigation. Yet, it is at this stage that there is a need to secure the goods identified in the requested countries, precisely while awaiting the confiscation decision pronounced by the Tribunal. Hence the need, according to the Attorney-General's Chamber, to integrate into existing judicial cooperation agreements specific clauses providing for confiscation procedures or facilities without prior conviction.

### ***3.3.4. Effectiveness, proportionality and dissuasiveness of sanctions applied for ML***

**195.** The CEMAC Regulation provides for a good number of penalties which, in theory, are heavy (minimum of 5 years' imprisonment and fine ranging from 5 to 10 times the amount of the value of the goods or laundered funds). There is a possibility of doubling the penalties in the event of aggravating circumstances. In the case of legal entities, the penalty can go as far as the prohibition to operate or the closure of the entity. The Regulation also provides for mandatory additional penalties for confiscation of property and publication of sentencing decisions. However, the penalties may, in practice, be reduced by an order for respite and mitigating circumstances. In the latter case, the judge may pronounce sentences below the legal minimum. To date, ML prosecutions have not yet resulted in convictions. In the absence of a conviction, there was no

---

<sup>28</sup>Decree No. 2013/288 of 4 September 2013 to lay down conditions for restitution of the body of the offence.

additional fact to enable the mission assess to what extent the sanctions are applied by the courts or their real impact.

### ***3.3.5. Use of alternative measures***

**196.** The confiscation implemented by the customs, tax, forestry authorities or other administrative services does not allow systematic transmission of the procedures concerned to the judicial authorities to assess the existence of ML facts. Such measures cannot be considered as an alternative to conviction for ML because of the lack of link with ML in their implementation.

**197.** Cameroonian authorities did not state to the mission that on the basis of sufficient evidence gathered, confiscation may be implemented when a conviction for ML is not possible. Cameroon therefore does not have criminal justice measures which, like confiscation without prior conviction, would allow confiscation even if a conviction for ML could not be obtained. Confiscation is always backed up by a conviction (main penalty) in that it constitutes an additional penalty.

### ***Overall Conclusion on IO 7***

**198.** Cameroonian authorities have a more or less sustained view of ML investigations and prosecutions. ML activities are not prosecuted with great success. However, a few investigations are underway and only 2 prosecutions have been initiated without leading to a conviction. Parallel financial investigations are not carried out. In the absence of penalties handed down, their proportional and dissuasive nature cannot be assessed in practice. The country does not implement alternative criminal justice measures when a ML conviction is not possible. The statistics provided did not reveal the types of ML being investigated and prosecuted, but they do suggest that prosecution of predicate offences is aligned with the country's main threats.

**199.** *Cameroon is rated as having a low level of effectiveness for IO 7.*

## **3.4. Immediate Outcome 8 (Confiscation)**

### ***3.4.1. Confiscation of proceeds, instrumentalities and property of equivalent value as a policy objective***

**200.** From the discussions during the on-site visit, seizures and confiscations appear to be a concern for Cameroonian authorities. Meanwhile, apart from the formal aspect of seizures and confiscations of illicit assets, instrumentalities of crime and property of equivalent value, these measures are rarely applied and are limited to the proceeds of the predicate offences. However, the assessment team made the request, but the country did not make available statistical data and other documents to demonstrate the priority given to confiscation by the various authorities.

**201.** Confiscation of the proceeds of crime is a mandatory additional penalty. In the event of a conviction, all the confiscated property constitutes the general guarantee for payment of damages to the victims and fines to the State or its divisions. However, the assessment team made the request, but the country did not make available statistical data that could attest to the

implementation of this sanction. Convictions have been handed down in some TF cases, carried out using tangible movable property, without however leading to confiscation as a mandatory additional penalty.

**202.** Measures to freeze funds and other financial resources are provided for by the CEMAC Regulation. During the on-site visit, the Central Service of the Gendarmerie, the Customs and the Ministry of Forestry and Wildlife stated that they had carried out freezes and seizures. However, despite the request, such statistics were not made available to the assessment team.

**203.** As a precaution, ANIF may, on the basis of an order issued by the emergency judge, block an account whose transactions have been the subject of a suspicious report for a period not exceeding 48 (forty-eight) hours. During this period, ANIF carries out investigations which would clarify the suspicion. If the suspicion is not proven, the blockage is lifted.

**204.** In practice, the ML-related seizure and confiscation measures provided for by the CEMAC Regulation are not applied due to the fact that prosecutions focus on the predicate offences. Confiscations of property ordered in such cases cover only the proceeds of the predicate offences formally established. However, despite a formal request, no statistics to confirm this finding were made available to the assessment team.

#### ***3.4.2. Confiscation of proceeds from foreign and domestic predicates, and proceeds located abroad***

**205.** The country stated that following a conviction, the competent authorities confiscate the property and objects of the crime. They repatriate or return confiscated property. International letters rogatory concern the seizure, freezing and confiscation of the proceeds and instrumentalities of crime and property of equivalent value, relating to the predicate offences committed in the country and abroad, to the proceeds transferred to other countries and repatriation of goods. The immovable property is sold and the proceeds of the sale returned to the requesting State. However, the country did not provide any documentation to substantiate such allegations despite the request made by the assessment team.

**206.** Water and Forestry authorities seize products as part of investigations into offences relating to logging and trafficking in protected wildlife species. The products of protected species are systematically destroyed. The other products are sold at public auction. These authorities are faced with insufficient financial and logistical resources to discharge their duties.

**207.** Customs authorities have the power to seize currency and other property relating to money laundering during border controls. Article 51 of the CEMAC Customs Code prescribes the seizure of any goods prohibited on entry or exit of the national territory. The seizure is also extended to goods whose origin cannot be proven (proceeds and instrumentalities of money laundering, predicate offences and profits derived from such offences). In this case, a report is drawn up in accordance with Articles 298 et seq. of the aforementioned Code. However, no information demonstrating the implementation of these provisions was disclosed to the assessment mission which requested it.

**208.** The country stated that customs authorities seize the proceeds of crime and draw up a seizure report which they forward within 8 (eight) days to the judicial authority which in turn hands down the confiscation decision. As part of the administrative collaboration, Customs can make seizures on behalf of other government services and hand over the proceeds of the seizure to the relevant competent administration.

**209.** Cameroon Customs cooperates with various countries within the WCO and through bilateral agreements that it signs. Mutual assistance agreements signed with foreign administrations allow mutual exchange of information and seized products. Indeed, regular exchanges take place between Cameroonian Customs and Gabonese, Chadian and Nigerian Customs. During the on-site visit, the customs authorities informed the assessment team that some seizures of wildlife species and products had been made at the borders through information sharing.

**210.** Cameroon Customs has investigation services, but the majority of them lack expertise in AML/CFT matters. The investigation services have no mechanisms to identify assets and the Ministry of Justice has issued no directives which require investigators in matters of financial crime to identify the assets of the person prosecuted, for possible confiscation.

**211.** Regulating the management of frozen, seized and confiscated assets is a necessity for the country. According to the authorities met, this competence is supposed to be devolved to the Deposit and Consignment Fund, but this entity is not yet operational although it was set up in 2008. In addition, beyond the assertions, the country has not demonstrated that the duties of this entity extend to the management of frozen, seized and confiscated property. Thus, the management of all frozen, seized and confiscated property remains a real problem even though Cameroonian regulations hold that they are State property and the proceeds of their sale are paid directly to the Treasury. Despite the request made, the assessment mission was unable to obtain information on the management of these assets at the level of the Treasury.

#### ***3.4.3. Confiscation of falsely or undeclared cross-border transaction of currency/BNIs***

**212.** The customs regime in force in Cameroon governs cross-border transport of cash and BNIs. The legal system provides for and punishes illicit cross-border transport of currency and bearer negotiable instruments. These provisions are contained in the CEMAC Customs Code, foreign exchange regulations, CEMAC Regulations and finance laws. During the on-site visit, the customs authorities informed the assessment team that there are four entities responsible for border controls (two anti-trafficking brigades within airports, a maritime brigade and an anti-trafficking brigade in the Far-North). There is no cooperation agreement with ANIF but there is a ANIF correspondent at the Directorate General of Customs who acts as interface between the two authorities. Cash or BNI declarations are manual. Airports have scanners and membership of the WCO has enabled Customs to receive training and programs that have stepped up the detection of illicit products at borders. However, the assessment team made the request, but no document was presented to certify the country's information.

**213.** Confiscation relating to cross-border movements of cash and bearer negotiable instruments that are the subject of false declarations /unreported or disclosure of false information, does not take into account the AML/CFT aspect and is not in line with the risks associated with TF and the porosity of borders. The ineffective implementation of the money courier regime negatively influences the effective implementation of provisional and confiscation measures relating to cross-border movements of cash and BNIs. The sanctions applied are not effective, proportionate and dissuasive because they are pronounced on the basis of legal provisions, which do not deal with ML/TF (such is the case with the Customs Code, the current version of which does not contain any section on AML/CFT, no provision on the amount of cash subject to declaration at the borders or on collaboration with ANIF).

**214.** During the on-site visit, the prosecution authorities specified that the property seized during investigations are deposited at the registry. Confiscation following a conviction is ordered for the benefit of the Treasury. The confiscated immovable property is sold and the proceeds of the sale go to the Treasury.

**215.** During the on-site visit, Cameroonian Customs specified that it was carrying out joint actions and sharing information at the borders with Chadian, Gabonese and Nigerian Customs. The seized currencies are transferred them to the Treasury and the precious stones and metals handed over to the competent authorities.

**216.** Seizure of currency by Customs is not reported to ANIF. In addition to the failure to report suspicious transactions to ANIF, this omission prevents the financial intelligence unit and the prosecution authorities from carrying out investigations to establish evidence and locate the proceeds of crime relating to ML, associated predicate offences and TF. This weakness highlights the shortcomings in coordination, national cooperation and information sharing. The omission prevents ANIF from resorting to information sharing with its foreign counterparts and the judicial authorities from resorting to mutual legal assistance for the opening of investigations in the countries of origin of the currencies and BNIs and from applying the relevant freezing, seizure and confiscation measures.

#### ***3.4.4. Consistency of confiscation results with ML/FT risks and national AML/CFT policies and priorities***

**217.** Confiscations relate more to the sectors or predicate offences to which the country is exposed, namely embezzlement of public funds, fraud and various trafficking. However, the authorities did not make available to the assessment team the relevant statistics to report on the match between the outcomes of confiscation and the risk assessment. Besides, the NRA identified the non-exhaustiveness of the laws on confiscation of assets and the absence of consolidated data on investigations and prosecutions to enable the measurement of the results and impact of the national AML/CFT policy, as sources of vulnerability of the AML/CFT system.

***Overall Conclusion on IO 8***

**218.** Despite the legal framework adapted for the freezing, seizure and confiscation of illicit assets, instrumentalities of crime and property of equivalent value in connection with ML/TF, these measures are not implemented. The country does not have consolidated data on freezing, seizures and confiscations relating to ML/TF, nor a mechanism for managing such assets. The competent authorities lack expertise in confiscation of ML/TF-related assets and do not have enough financial and logistical resources to discharge their duties satisfactorily.

**219.** The country does not have a formal mechanism for identifying criminal assets for confiscation, nor a mechanism for managing assets confiscated in the context of AML/CFT.

**220.** *Cameroon is rated as having a low effectiveness level for IO 8.*

## 4: TERRORIST FINANCING AND FINANCING OF PROLIFERATION

### 4.1. Key findings and recommendations

#### *Key findings*

##### **Immediate Outcome 9**

- (a) Cameroon faces a high risk of TF due to terrorist groups active in the territory, in particular the Boko Haram group which operates mainly in the North, the Seleka and Anti-Balaka armed gangs which make incursions in the East and secessionist groups which are rampant in the North-West and the South-West. According to the NRA, the sources of funding come from crowdfunding from abroad, donations and fundraising through some NPOs and criminal activities including the illicit exploitation of natural resources, drug trafficking and kidnappings for ransom.
- (b) In Cameroon, TF is facilitated by the predominance of fiduciary money, the existence of informal HAWALA-type payment and fund transfer channels, as well as the absence of an effective mechanism to control physical cross-border cash transport coupled with the porosity of borders and the free movement of people and goods in an economic and monetary space shared with five border countries.
- (c) Investigating and judicial authorities have successfully conducted a few TF cases which partly reflect the risk profile of the country. As such, some investigations and prosecutions have focused on the financing of the Boko Haram group and secessionist groups considered by the NRA to be active and at high risk. However, no confiscation measure is implemented. Likewise, the country has not demonstrated the implementation of alternative criminal justice measures.
- (d) Terrorism and TF cases fall under the exclusive jurisdiction of military tribunals, but there is no policy of prioritization in the handling of proceedings. The other courts which deal with the greatest number of offences likely to constitute sources of TF do not lead to the parallel opening of investigations for TF by the military tribunals, which alone have jurisdiction over TF.
- (e) Investigating and judicial authorities are not sufficiently trained and equipped to effectively conduct TF investigations. They are faced with a lack of material, logistics and adapted and specialized training deficits.
- (f) The country does not have complete statistics on TF investigations.
- (g) Cameroon has a National Security Council (NSC) which constitutes the national security intelligence coordination framework capable of processing TF intelligence. Meanwhile, ANIF, which is the body responsible for centralizing and analyzing financial information, is not part of this coordination. Likewise, Cameroon has a national AML/CFT strategy which provides for a thrust on strengthening the TF system, but whose implementation is not yet effective.

### **Immediate Outcome 10**

- (a)** Cameroon has a regional legal framework (CEMAC) to implement the targeted financial sanctions of Resolutions 1267, 1373 et seq. of the United Nations Security Council. Unfortunately, Cameroon has not adopted the national measures needed to implement the TFSs and the provisions of the CEMAC Regulation. While the implementation of these measures is subject to notification of a decision by the competent authority, the country has not yet designated a competent authority and no notification decision has been taken. Therefore, no terrorist is subject to an asset freeze in the country. There is also no mechanism for the prompt dissemination of sanctions lists to reporting entities.
- (b)** Despite the absence of a sanction list dissemination mechanism, banks, some insurance companies and leasing companies receive them through commercial software and screen their transactions. Conversely, some non-bank financial institutions, DNFBPs and other reporting entities do not receive them and do not apply the TFSs.
- (c)** Cameroon has not presented a national list on the basis of United Nations Security Council Resolution 1373, or received a request from a third country in application of this Resolution, or identified a competent authority responsible for proposing the designation of persons or entities to the 1267 Committee, despite the significant TF threats the country is facing. No freezing measures have been taken on the basis of these resolutions.
- (d)** Despite the real risk of the misuse of NPOs for TF, the competent authorities of Cameroon have not identified the sub-group of NPOs most vulnerable to the abuse of TF, and do not apply the risk-based approach. The country has not adopted a comprehensive and sustained training and awareness strategy for NPOs that are at risk. Most NPOs ignore their due diligence obligations and the risks to which they could be exposed by their nature or activities. NPO supervisory bodies lack the resources and adequate training to carry out regular and effective controls. The obligations of special vigilance with regard to NPOs imposed by the CEMAC Regulation are not respected. Nevertheless, the NRA includes items for assessing the risks of misuse of NPOs for ML/TF purposes.
- (e)** There is no coordination framework to promote better collaboration between all the actors involved in the creation, life, control and investigations in the NPO sector.
- (f)** Cameroon does not have an administrative freezing mechanism and no measures have been taken to freeze funds or assets within the framework of the United Nations Security Council Resolutions. There is a strong disparity between the overall level of TF risk, which remains high, and the measures taken by the country.

### **Immediate Outcome 11**

- (a)** Cameroon does not have a mechanism for the immediate implementation of TFSs on the repression and disorganization of the proliferation of weapons of mass destruction, or an appropriate legal basis for the implementation of these TFSs.
- (b)** A large part of the reporting entities and the competent authorities have a limited knowledge of the notions of the fight against proliferation. Nevertheless, some banks take measures, in accordance with the internal procedures of the financial group to which they belong, using the commercial filtering software available to them to meet their obligations. DNFBPs are not informed of their obligations in this area.
- (c)** There are no measures to monitor and ensure DNFBPs and VASPs compliance with applicable laws and binding means for the implementation of obligations with regard to proliferation-related TFSs.

### ***Recommendations***

#### **Immediate Outcome 9**

- (a)** The Country should build the capacity of investigation bodies and judicial authorities to effectively conduct criminal prosecutions in TF cases, by: (i) ensuring the specialization of investigation bodies which could be devoted exclusively to the prosecution of terrorism and its financing; (ii) allocating sufficient human and material resources; (iii) providing tools to identify TF activities, ensuring that all relevant actors (investigators, prosecutors and judges) receive sufficient training and support in TF investigations and prosecutions.
- (b)** Judicial authorities must systematically order, following convicting decisions, as soon as the conditions are met, confiscations to deprive terrorists of their sources of financing.
- (c)** The courts which deal with the offences likely to constitute TF sources must trigger the initiation of parallel investigations for TF by military tribunals, which alone have jurisdiction in matters of TF.
- (d)** Investigation authorities investigating terrorist facts should systematically include TF investigations.
- (e)** The country should resort to alternative measures such as confiscations of travel documents, deportations and entry bans, administrative seizures, confiscations without prior conviction, transfer of proceedings and transmission of evidence or information to foreign authorities when conviction for TF is not possible.
- (f)** Cameroon should criminalize the financing of travel by foreign terrorist fighters.
- (g)** Investigation and prosecution authorities should make greater use of the CEMAC Regulation, which offers a substantial range of legal tools to facilitate the repression of TF.
- (h)** Competent authorities should keep comprehensive and centralized statistics on TF investigations.

### **Immediate Outcome 10**

Cameroon should:

- (a)** Set up a mechanism for the immediate dissemination of the lists of sanctions to those liable thereto. The mechanism should include an authority responsible for notifying decisions relating to TFSs, monitoring compliance by all reporting entities with their obligations in terms of TFSs and applying sanctions in the event of breaches in the implementation of TFSs, without delay. The country could, for instance, opt for digital dissemination by mail groups;
- (b)** Carry out an assessment of the NPO sector in order to identify the categories of NPOs most vulnerable to the abusive use of TF because of their activities or their nature, adopt a risk-based approach to address the identified risk;
- (c)** Build the capacity of NPO supervisory bodies and provide them with sufficient resources (human, logistical and financial) to enable them carry out targeted controls and supervision of NPOs to mitigate the risk of their misuse to finance terrorism;
- (d)** Adopt an NPO training and awareness strategy on their obligations and the TF risks to which they are exposed and apply, where appropriate, dissuasive and proportionate sanctions to NPOs that do not comply with their obligations in terms of transparency and the fight against TF;
- (e)** Establish a framework for coordination and information sharing to promote better collaboration between all the stakeholders in the creation, life and control of the NPO sector, including investigative bodies;
- (f)** Implement seizure, freezing and confiscation measures in order to deprive terrorists, terrorist organizations and persons who finance terrorism of goods and instruments linked to TF.

### **Immediate Outcome 11**

Cameroonian authorities should:

- (a)** Adopt an appropriate legal framework and create a mechanism for the immediate implementation of TFSs on the repression and disorganization of the proliferation of weapons of mass destruction;
- (b)** Organize training and awareness programs on TFSs relating to proliferation financing for the benefit of reporting entities and competent authorities;
- (c)** Monitor reporting entities and ensure that they meet their obligations to apply targeted financial sanctions relating to the PF;
- (d)** Apply dissuasive and proportionate sanctions for non-compliance with regard to the application of TFSs relating to proliferation financing and keep related statistics.

**221.** The Immediate Outcomes relevant to this Chapter are IO9, 10 and 11. Relevant recommendations for the assessment of effectiveness in the context of this section are R.1, 4, 5-8, 30, 31 and 39 and some elements of R.2, 14, 15, 16, 32, 37, 38 and 40.

## **4.2. Immediate Outcome 9 (TF investigations and prosecutions)**

### ***4.2.1 Prosecution/conviction of types of TF activity consistent with the country's risk profile***

**222.** Since 2014, Cameroon has been confronted with terrorist acts on its territory perpetrated by the Boko Haram terrorist group with a rear base in Nigeria, particularly in the Far North area. This situation worsened with the militancy of the English-speaking secessionist groups in the North-West and South-West areas considered by the government as terrorist groups, not to mention the incursions of armed groups in the eastern part of the country, bordered by the Central African Republic.

**223.** According to the NRA report, the level of the TF threat in Cameroon is high. The sources of funding are diverse. These include crowdfunding from abroad, donations and fundraising through some NPOs, and criminal activities including the illicit exploitation of natural resources, drug trafficking and kidnappings for ransom. Informal transfers through HAWAL-type institutions, foreign exchange bureaus, some financial institutions and NPOs are channels for the routing of funds and goods used for TF. This situation is made easy by the high preference for cash and the absence of an effective mechanism to control physical cross-border cash transport.

**224.** Some of the TF cases currently under investigation appear to partially match the country's TF risk profile identified in the NRA. Surveys often focus on people's involvement in TF by providing resources or services. Thus, among the successful cases, some perpetrators have been convicted for having organized crowdfunding through donations, provision of resources (financial, material or logistic, human ...) to the Boko Haram group, a group identified in the NRA as being very active on Cameroonian territory and which receives such funding. Investigators sometimes resort to special investigative techniques such as shadowing, interception and surveillance of communications. However, the investigations carried out did not make it possible to discover the real origin of the funds received by Boko Haram to confirm the sources of TF identified in the NRA, given the difficulties of traceability of the funds, the lack of specialization and the insufficient resources for investigators.

**225.** The non-criminalization of financing the travel of foreign terrorist fighters in Cameroonian legislation is a weakness in the fight against TF, given the threat linked to the presence and mobility of terrorist groups active in neighboring countries and making incursions at the borders and within Cameroon. This threat is accentuated by the vulnerability linked to the porosity of borders.

### ***4.2.2. TF case identification and investigation***

**226.** The Republic of Cameroon has a national framework for the coordination of terrorism intelligence, under the authority of the National Security Council (NSC), set up by the 8 January 2009 Decree. This body summarizes information relevant to the nation's internal and external security and provides guidance for forecasting intelligence. It can also process TF information even

though this is not expressly part of its duties. Unfortunately, ANIF, which is responsible for centralizing and analyzing financial information, is not part of this coordination. Nevertheless, ANIF collaborates with some member entities of the NSC with which it reciprocally shares information on TF.

**227.** From 2016 to 2020, ANIF received 179 STRs relating to TF and released 162 reports to various services concerned with CFT, in particular investigation services, military tribunals and the Ministry of Defense. Investigation and prosecution services recognize the usefulness of ANIF reports which enable them to initiate appropriate investigations. Thus, sources of investigation or identification of TF include ANIF reports, information from proactive investigations and information forwarded by intelligence services. The lack of complete statistics made it impossible to determine the share of each source in the investigations that were initiated.

**228.** The national authorities responsible for investigating TF cases include the Sub-Department of Financial and Economic Investigations at the Department of Judicial Police and the Central Judicial Research Service of the National Gendarmerie. On the operational front, investigations are carried out under the supervision of the Government Commissioners to the Military Tribunals, which have exclusive jurisdiction to try cases of terrorism and its financing.

**229.** According to the NRA, between January 2014 and December 2018, 112 investigations for TF were initiated, 67 prosecutions initiated and 19 convictions handed down against 18 people. The information disclosed to the assessment team during the on-site visit revealed a total of 28 decisions of conviction for TF pronounced by the military tribunals from 2015 to 2020. The country did not provide information relating to confiscations for TF despite these conviction decisions. Nevertheless, it emerges from the findings of the NRA that the Military Tribunal of Maroua proceeded to a seizure of 500 euros and 30,000 naira in a TF case.

**230.** The detection of TF-related facts and the traceability of the funds used remain a challenge recognized by the Police and Gendarmerie services in charge of investigations. The difficulties encountered by these services could be explained by:

- the absence of systematic opening of parallel TF investigations while the investigation services deal with a large number of offences which generate funds likely to be used for TF;
- the opacity of financial circuits;
- insufficient resources and appropriate training;
- the absence of a specialized investigation service, equipped for and dedicated to TF investigations;
- the non-transmission of cross-border cash and BNIs reports to ANIF when they can be a real source of identification of TF facts.

**231.** Formal requests for mutual legal assistance have not been received or made by Cameroon in the area of TF. The NRA concluded that the military nature of the prosecution institution is an obstacle to international judicial cooperation, because of the possible reluctance of some foreign courts to collaborate with special courts of a military nature, especially when the prosecution is brought against a civilian.

232. Lastly, it should be noted that military tribunals do not adopt a prioritization policy in the treatment of TF cases compared with other offences that fall within their jurisdiction. Also, the competent authorities do not have complete and exhaustive statistics on TF investigations.

#### ***4.2.3. TF investigation integrated with – and supportive of – national strategies***

233. Cameroon has a national AML/CFT strategy which includes a thrust on strengthening the TF system, but the implementation thereof is not yet effective.

234. Military tribunals which have jurisdiction to conduct TF prosecutions at the first instance do not systematically include TF investigations in prosecutions for terrorism. Likewise, the investigation services of the Police and Gendarmerie which deal with cases of terrorism and several financial offences do not systematically include TF investigations in such investigations.

#### ***4.2.4. Effectiveness, proportionality and dissuasiveness of sanctions applied***

235. Cameroon's positive law has two instruments providing for criminal sanctions against the perpetrators of acts of terrorism and TF. Thus, for the CEMAC Regulation, the penalties provided for natural persons found guilty of TF offences are imprisonment for 10 to 20 years and a fine equal to at least five times the value of the goods or funds relating to the TF operations. As for legal persons, they are punished with a fine at a rate equal to five times that incurred by natural persons. Conversely, Law No. 2014/028 of 23 December 2014 on the repression of acts of terrorism in Cameroon, provides for more severe penalties against natural persons, like the death penalty and life imprisonment. With regard to legal persons, they are punished with a fine, the minimum of which is 50,000,000 CFA francs.

236. In practice, courts only apply the sanctions provided for by Law No. 2014/028 of 23 December 2014, which may explain the absence of confiscations because this law is silent on confiscation as an additional mandatory penalty in TF cases. Accordingly, the military tribunals of Cameroon pronounced 28 conviction decisions for TF, against about sixty natural persons from 2015 to 2020, including 5 decisions of death sentences against ten people, 11 judgements of life imprisonment and prison terms of 10 to 35 years.

237. Despite this latent conflict of legal standards likely to hamper international cooperation with States that have abolished the death penalty, the sanctions applied are dissuasive and proportionate.

#### **Box 4.1: Exerpts from judgements**

##### **Judgement No. 035/CRIM/16 of 22 February 2016**

*In the matter of: Public Prosecutor v. AO*

In order to finance terrorism, Mr. AO offered financial services to the Islamic sect Boko Haram. In addition, he made his vehicle available to the Boko Haram sect; the vehicle was used to transport explosives. The Court sentences Mr. AO to 35 years' imprisonment for terrorist financing.

## Box 4.2: Exerpts from judgements

### **Judgment No. 192/CRIM/17 of 18 September 2017**

*In the matter of: Public Prosecutor v. AI alias M*

It turned out that Mr. AI, member of the Boko Haram sect, was responsible for providing this terrorist organization with supplies and fuel in the locality of Hioljilite in Nigeria. He got his supplies in the Cameroonian locality of Djaoude. He was arrested during a refueling mission. Facts constituting an offence of terrorist financing. Mr. AI was found in possession of a loaded automatic pistol without authorization. The court sentences him to 20 years' imprisonment for terrorist financing, carrying and illegally possessing a weapon.

#### ***4.2.5. Alternative measures used where TF conviction is not possible***

**238.** Alternative measures when a conviction cannot be obtained, such as administrative seizures, confiscations of travel documents, expulsions and entry bans, have not been taken. Some authorities consider that these additional measures can only be taken following a conviction for TF. Similarly, no administrative freeze has been carried out.

### ***Overall Conclusion on IO 9***

**239.** Cameroon has pronounced 28 convictions for TF with sanctions that appear dissuasive and proportionate, against about sixty natural persons including some for financing of the Boko Haram group identified as at risk. These sentencing decisions demonstrate the ability of the Cameroonian criminal law chain to investigate and successfully prosecute perpetrators of TF. However, the identification of TF cases remains a major challenge because of the predominance of cash in Cameroon's economy, the insufficient resources of investigating and prosecution authorities, the lack of systematic opening of parallel TF investigations in the processing of terrorism cases, the non-existence of a specialized investigation service equipped for and dedicated to TF investigations. Non-recourse to alternative measures to interrupt TF when a conviction cannot be obtained is a handicap to the effectiveness in this fight. Such sanctions would have more impact if they were accompanied by confiscation measures to deprive terrorists of their resources. Regular recourse to mutual legal assistance is not carried out despite the cross-border nature of the offences.

**240.** *Cameroon is rated as having a moderate level of effectiveness for IO 9.*

### **4.3. Immediate Outcome 10 (TF preventive measures and financial sanctions)**

#### ***4.3.1. Implementation of targeted financial sanctions for TF without delay***

**241.** Cameroon has a Community legal framework to implement the targeted financial sanctions of Resolutions 1267, 1373 et seq. of the United Nations Security Council. However, implementation of these measures is subject to the notification of a decision of the competent authority, which is lacking, and no measures are taken to allow the immediate application of these sanctions. Also, there is no mechanism for prompt dissemination of sanctions lists to reporting entities.

**242.** In practice, the Ministry of External Relations receives the lists of new designations or amendments which are sent by physical mail or email by the Permanent Representation of Cameroon to the United Nations. The average deadline for transmission by the Permanent Representation has not been determined. According to the Ministry of External Relations, after receipt, the lists are expected to be sent to the relevant Ministries, in particular the Ministry of Finance and the Ministry of Justice. However, the lists of sanctions are not disseminated to reporting entities for application.

**243.** Despite the absence of a dissemination mechanism, banks, some insurance companies and leasing companies receive the sanction lists through commercial software and screen their transactions. On the other hand, some non-bank financial institutions, DNFBPs and other reporting entities do not receive such lists and do not apply the TFSs.

**244.** Cameroon has not presented a national list on the basis of United Nations Security Council Resolution 1373, or received a request from a third country in application of this Resolution, or identified a competent authority responsible for proposing the designation of persons or entities to Committee 1267, despite the significant TF threats the country is facing.

#### ***4.3.2. Targeted approach, outreach and oversight of at-risk non-profit organizations***

**245.** The 2016 GABAC report on NPOs recognizes the risk of misuse of NPOs for purposes of terrorist financing in Central Africa. The NRA report also notes the existence of this high risk in Cameroon. However, the country has not carried out a comprehensive study of the NPO sector to identify the possible links between these NPOs and terrorist groups, their real sources of funding and the most vulnerable sub-group of NPOs. The country does not apply a risk-based approach.

**246.** In Cameroon, NPOs are made up of associations, NGOs and foundations. Foreign and religious associations are subject to authorization while other associations are subject to declaration. There are also several undeclared associations.

**247.** The supervision of NPOs is the responsibility of the Ministry of Territorial Administration, in particular the Section of the Sub-Department of Public Liberties and the Technical Commission responsible for studying applications for approval for NGOs. These bodies have the power to inspect and supervise NPO compliance with TF obligations and to impose sanctions in the event

of breaches. However, these services lack adequate means and sufficient resources to carry out checks. Inspections are very rare. Thus, during the last 5 (five) years, only 2 (two) associations have been controlled out of the 536 authorized and registered associations, likewise 2 (two) NGOs out of the 54 registered, not to mention the high number of declared and unreported associations. The obligations of particular vigilance with regard to NPOs imposed by the CEMAC Regulation (Article 46), in particular the keeping of fundraising records, are not respected. MINAT stated that it had imposed sanctions against some NPOs involved in TF in some conflict zones.

**248.** Few NPOs comply with the legal obligation to submit annual activity reports to enable the transparency of their activities to be monitored. Most NPOs ignore their vigilance obligations in the fight against TF and are unable to identify the real source of funds made available to them by donors to finance their activities. The country has not put in place a comprehensive and sustained training and awareness strategy for NPOs that are at risk. Nevertheless, participation in the activities of the NRA allowed those who were involved therein, to have an overview of the risks linked to the sector.

**249.** The Technical Commission set up by Decree of the Prime Minister on 3 May 2001, which brings together some key actors, has a competence limited to the studying approvals and following up NGOs. There is no formal coordination framework bringing together all the authorities involved in the creation, life and control of the NPO sector, including investigation bodies. Instituting such coordination may foster cooperation and information gathering in the event of an investigation of NPOs involved in TF.

#### ***4.3.3. Deprivation of TF assets and instrumentalities***

**250.** Cameroon has no administrative freezing mechanism, and no measures have been taken to freeze funds or assets within the framework of the United Nations Security Council Resolutions. NRA data indicate that a seizure of 500 euros and 30,000 naira was made as part of a TF case investigated at the Maroua Military Tribunal. However, no confiscation measure has been ordered although convictions for TF have been handed down.

#### ***4.3.4. Consistency of measures with overall TF risk profile***

**251.** Cameroon has some tools that promote the fight against terrorist financing, namely a Community legislative framework, investigation authorities, and courts that have already handed down convictions for TF.

**252.** However, the country does not have a mechanism for the implementation of TFSS, and no list based on Resolution 1373. There is no effective risk-based control of NPOs despite the risk of their misuse in the context of TF.

**253.** There is a wide disparity between the overall level of TF risk, which remains high, and the measures taken by the country.

### ***Overall Conclusion on IO 10***

**254.** Cameroon has not adopted a mechanism to implement TFSs. The country has not carried out a comprehensive study of the NPO sector to identify the sub-groups most vulnerable to use for TF purposes. NPO supervisory bodies do not have sufficient resources. The control and risk-based approach of these NPOs is lacking despite the real risk of their misuse for TF. Not enough measures are taken to deprive terrorists of their property, whereas terrorist groups are present and active on Cameroonian territory and convicting decisions for TF have already been handed down. The measures taken by the country are not sufficiently consistent with the TF risk profile.

**255. Cameroon is rated as having a low effectiveness level for IO 10.**

#### **4.4. Immediate Outcome 11 (PF financial sanctions)**

##### ***4.4.1. Implementation of targeted financial sanctions related to proliferation financing without delay***

**256.** Cameroon does not have a mechanism for the immediate implementation of TFSs on the repression and disorganization of the proliferation of weapons of mass destruction, or an appropriate legal basis for the implementation of these TFSs. Sanctions lists are not disseminated to FIs, DNFBPs and VASPs.

**257.** Some banks receive the lists through commercial software and screen their customers and transactions. A great part of reporting entities does not apply these TFSs relating to the financing of proliferation and have a very limited knowledge in this field.

**258.** The customs services stated that they check some forerunners at the level of border controls. However, no information was made available to the assessment mission to appraise the effectiveness of the alleged controls. There are no specific control measures for commercial products from Iran or the Democratic People's Republic of Korea.

##### ***4.4.2. Identification of assets and funds held by designated persons/entities and prohibitions***

**259.** There is no mechanism to identify the funds or other assets of persons and entities designated by the United Nations Security Council on proliferation financing. Most investigation authorities are not very familiar with the issue of financing the proliferation of weapons of mass destruction.

**260.** The implementation of these obligations by some banks, using filtering tools, did not help identify and proceed with a freeze for proliferation financing. Cameroon does not have a mechanism specifically geared towards raising awareness and sharing information and identifying the financing of the proliferation of weapons of mass destruction.

#### ***4.4.3. FIs and DNFBPs understanding of and compliance with obligations***

**261.** The vast majority of DNFBPs are unaware of their TFS obligations related to proliferation financing, likewise regulatory bodies. This can be ascribable to the lack of training and awareness in this area and the absence of a mechanism for implementing TFSs.

**262.** In the financial sector, banks understand their obligations with respect to targeted financial sanctions related to proliferation financing. Some subsidiary banks of large groups benefit from the tools put in place by the group at international level. However, the other players, in particular foreign exchange bureaus and MFIs, have very limited knowledge in this area and hence no application of the measures.

**263.** Most of the actors met by the assessment team stated that the financing of proliferation is a relatively new field and expressed a real need for training in this area.

#### ***4.4.4. Competent authorities ensuring and monitoring compliance***

**264.** DNFBPs have no supervisory authority with regard to compliance with measures to combat proliferation financing.

**265.** For the financial sector, apart from banks which state that during general regulatory control missions COBAC also analyzes items relating to TFSs, the controls are not carried out in this area and the supervisory authorities have very limited knowledge in terms of proliferation-related TFSs.

#### ***Overall Conclusion on IO 11***

**266.** The lack of an appropriate mechanism and legal basis precludes an effective application of the TFSs linked to the fight against the proliferation of weapons of mass destruction. The lack of control and very limited knowledge by reporting entities of their obligations prevent Cameroon from achieving effective results in the fight against proliferation financing.

**267. Cameroon is rated as having a low effectiveness level for IO 11.**

## 5: PREVENTIVE MEASURES

### 5.1. Key findings and recommendations

#### *Key findings*

#### **Immediate Outcome 4**

- (a) Despite their presence in Cameroon, VASPs are not taken into account by the AML/CFT regulations.
- (b) Almost all banks regularly carry out assessments of the risks to which they are exposed and put in place mitigation measures. These institutional risk assessments appear reasonable in that they have enabled these FIs to better understand their risks. On this basis, they adopt appropriate vigilance measures in the face of the risks to which they are exposed. They also take specific due diligence measures in high risk situations with regard to PEPs. None of the institution met indicated that it applied simplified due diligence measures in low-risk situations.
- (c) Despite having carried out their risk assessment, the insurance sector is characterized by limited knowledge of AML/CFT risks and obligations. The implementation of preventive measures, in particular by local companies not backed by large international groups and most of the brokers is weak. This weakness is linked to the absence of compliance departments in these institutions and to the insufficient training and awareness-raising in this area.
- (d) Other financial institutions, including microfinance institutions, leasing companies and MFSPs assess the risks to which they are exposed but have an average understanding of these and their AML/CFT obligations. The vigilance measures they have adopted are to some extent up to the risks identified in their sector.
- (e) As for the players in the financial market, they have very limited knowledge of ML/TF risks in their various sectors of activity and consequently they apply very little due diligence measures to prevent and mitigate risks.
- (f) Despite the high ML/TF risks to which they are exposed, money transfer services and the manual exchange industry have insufficient understanding of the risks. They do not identify their risks and do not implement due diligence measures.
- (g) Overall, DNFBPs do not have a good understanding of ML/TF risks and their preventive obligations. Consequently, they do not conduct ML/TF risk assessments and do not implement the appropriate due diligence to prevent them. They report very few STRs to ANIF.
- (h) Some FIs (banks, insurance companies, leasing companies, etc.) train and assess their staff in AML/CFT matters. More and more, these trainings are carried out via online platforms. They regularly report suspicious transactions to ANIF, without however receiving feedback on the final outcome of their reports. Nevertheless, they receive a lot of requests for information from ANIF. DNFBPs do not provide specific training on AML/CFT.

- (i) The identification of beneficial owners is a concern for most of the financial institutions assessed. To achieve this, banks perform due diligence by requesting additional information on all shareholders with at least 10% of the capital of the company seeking a business relationship and some of them go down to 5%.
- (j) The specific measures aimed at identifying PEPs are implemented when entering into a business relationship or when reviewing the customer portfolio, which is carried out in most banks on an annual basis. This does not allow banks to identify whether their existing customers or their BOs become politically exposed in real time.
- (k) Banks apply internal control measures well. However, compliance departments are poorly resourced. Internal audits of the compliance function are carried out on a regular basis. Some NBFIs have appointed compliance officers and have basic internal controls in place. DNFBP internal control policies and procedures are generally lacking, except in a few cases, such as that of international accounting firms.
- (l) Banks have demonstrated a good knowledge of targeted financial sanctions imposed by United Nations Security Council Resolutions. In particular, subsidiary banks of large international groups consult the commercial lists when they initiate a relationship and do so continuously to “promptly” identify any customer, even existing, who would be the subject of a new freeze measure. On the other hand, local banks find it difficult to access these lists in real time, given that there is no mechanism for promptly disseminating sanctions lists to reporting entities. Application of freezing measures is conditional on the notification to the FIs of a decision of the competent authority, which is also lacking. Therefore, no measures are taken to allow the prompt application of these sanctions. NBFIs and DNFBPs have demonstrated little to no understanding in this regard.

## ***Recommendations***

### **Under Immediate Outcome 4**

- (a) Cameroon should take appropriate measures to encourage all FIs in general, more particularly, the other FIs such as foreign exchange bureaus, money transfer companies and all DNFBPs to carry out their internal risks assessments on a regular basis, in particular through awareness-raising, control and monitoring by the supervisory authorities as well as the application of sanctions, where necessary.
- (b) Supervisory authorities and ANIF should promote and step up awareness of FIs with a view to getting them to carry out their institutional risk assessment, taking into account those identified in the NRA and in the studies of typologies, so as to improve their understanding of the risks as well as their knowledge and implementation of their due diligence obligations and suspicious transaction reporting.

- (c) Financial institutions should develop and implement training programs tailored to their directors, officials and staff in order to ensure understanding of the risks associated with their activities and their AML/CFT obligations.
- (d) Supervisory authorities should clarify, for reporting entities, including through guidelines, when enhanced measures are needed and when simplified measures are appropriate for the effective implementation of preventive measures.
- (e) Supervisory authorities should clarify the notion of BO with FIs/DNFBPs, oblige them to adopt measures aimed at identifying and verifying the identity of the beneficial owner of their business relationships and to refuse to establish the relationship or to carry out operations when this vigilance cannot be observed.
- (f) Cameroon should develop a guidance note to facilitate the identification by FIs/DNFBPs of PEPs, their family members and their associates, in particular by clarifying the definition of PEP and by identifying the good practices implemented or tools to be used to assist in determining whether the customer or the BO is politically exposed.
- (g) Cameroonian authorities should promote and strengthen training policies and programs for all actors in the DNFBP sector so that they understand the risks associated with their professions and understand and efficiently implement their due diligence (CDD) and suspicious transaction reporting (STR) obligations.
- (h) Cameroonian authorities should ensure that real estate developers and agents as well as professionals in the mining sector enhance their understanding of risks and implement their obligations in terms of AML/CFT in their various activities by: (i) organizing awareness-raising and training sessions for reporting entities of these two sectors deemed to be at risk; (ii) adopting measures to facilitate mainstreaming into the formal sector of all those operating in the informal sector; (iii) implementing controls and applying sanctions in the event of breach of obligations.
- (i) For a proper application of targeted financial sanctions, Cameroonian authorities should designate a competent authority in charge of disseminating the United Nations sanctions lists to financial institutions and other reporting entities and ensure that the freezing measures are applied “promptly”, including to existing customers.

#### **Under Recommendation 15**

- The country should legislate on virtual assets and designate a competent authority in charge of approval and control of VASPs.

#### **Under Recommendation 16**

- Cameroon should amend its legislation to correct the anomalies pointed out in the analysis of the Recommendation on electronic transfers, in particular by integrating the obligation (i) of the originator to transmit, upon request, the information accompanying the transfer to the beneficiary’s financial institution or the prosecution authorities within 3 (three) working

days; (ii) for the intermediary financial institution to keep for at least 5 (five) years the information received from the financial institution of the originator; (iii) for FIs to have risk-based policies and procedures in place to decide when to execute, reject or suspend wire transfers that do not include the required originator or payee information and; (iv) for FIs to report suspicious transactions to all countries concerned by the wire transfer.

#### **Under Recommendation 20**

- Cameroon should amend its legislation to make it clear that there is an obligation to immediately report suspicious transactions to ANIF when a financial institution suspects, or has reasonable grounds to suspect, that funds are the proceeds of criminal activity or related to terrorist financing, and include the obligation to report attempted suspicious transactions.

#### **Under Recommendation 22**

- Cameroon should amend its legislation to require DNFBPs to comply with third party requirements set out in Recommendation 17, those related to new technologies set out in Recommendation 15 and impose the obligation on other categories of DNFBPs (stone and/or precious metals dealers, lawyers, notaries, accountants and other independent legal professionals and accountants, providers of services to trusts and companies) to keep documents for at least 5 (five) years.

#### **Under Recommendation 23**

- Supervisory or self-regulatory authorities of the different types of DNFBPs should ensure that their reporting entities comply with the obligations relating to countries presenting a higher risk established in R.19. The country should also amend its legislation to require DNFBPs to apply countermeasures proportionate to the risks, when requested by FATF, and require supervisors to inform DNFBPs of weaknesses in the AML/CFT system of other countries.

**268.** The Immediate Outcome relevant to this chapter is IO.4. Recommendations relevant for the evaluation of effectiveness in the context of this section are R.9 to 23 and some items of R.1, 6, 15 and 29.

## **5.2. Immediate Outcome 4 (Preventive measures)**

**269.** As noted in Chapter I, in Cameroon, the banking sector dominates the financial sector and processes the largest number of financial transactions that take place in the country. Based on its overall market share or its size and importance in the economy, its interconnection with the local and international financial system and its level of exposure with a total balance sheet of nearly 6,000 billion CFA francs, accounting for 10% of GDP, the banking sector is considered to be the most relevant in the AML/CFT system, and is rated as highly important. The microfinance sector whose deposits stand at 356 billion CFA francs and account for 3.12% of GDP, is also rated as highly important, after the banking sector, due to the wide geographical coverage, significant

ML/TF risks and the weakness of due diligence in the sector. The same weighting is given to foreign exchange bureaus depending on the intensive nature of cash transactions in the activity, the activities of unauthorized operators and exposure to ML/TF risks.

**270.** The insurance and securities sectors, VASPs and other FIs are smaller in size and have a limited volume or number of transactions, which has a low impact on the AML/CFT prevention system.

**271.** The DNFBP sector is made up of entities of varying and diversified sizes, whose most significant players are: lawyers, notaries, chartered accountants and approved accountants, casinos, real estate agencies, stone and precious metals traders. The turnover of all these entities taken individually accounts for less than 1% of GDP.

**272.** Since its last assessment, Cameroon has strengthened its AML/CFT system with the adoption of the CEMAC Regulation. In addition, instruments were issued by the various supervisory authorities, in particular COBAC through new Circulars relating to governance, risk management, internal control, compliance, foreign exchange regulations and exercise of the duties of managers in banks.

#### ***5.2.1. Understanding of ML/TF risks and AML/CFT obligations by FI, DNFBPs and VASPs***

**273.** Cameroon has a legal framework (the CEMAC Regulation) to oblige financial institutions and DNFBPs to assess and understand the ML/TF risks to which they are exposed.

**274.** Generally speaking, banks have a good understanding of their ML/TF risks. This level of understanding is materialized by the existence of a risk map which gives a complete perception of the risks associated with their activities. The identified risks relate not only to their own products and services, such as cash transactions, rapid transfers, deposit products, but also to customers' business sectors such as trade, real estate, industry, mining, in particular transactions relating to gold, or to the country or geographical area of residence of customers, as well as customer status, notably PEPs.

**275.** Banks classify their customers by risk categories and apply a rating scale to them which determines the degree of vigilance to be applied to them as well as the frequency of their updates. The risk assessment exercise is repeated on a half-yearly or annual basis, depending on the risk level. This understanding of risks is more remarkable with the subsidiary banks of international and regional groups which apply the standards of their parent companies which are generally quite high. In this regard, automated processes are used to detect risk cases and assign ratings.

**276.** Before being marketed, new products are subject to assessment, and the assessment result is sent to the highest authorities of the institution for approval. However, an annual assessment can conceal some weaknesses in the event that, for example, an existing customer obtains PEP status, or if a new type of risk is revealed by a typology study or identified by the competent authorities. Banks have a good understanding of their due diligence obligations and have the appropriate tools to comply therewith. They implement awareness-raising and capacity building programs for their staff.

**277.** The insurance sector is characterized by limited knowledge of its ML/TF risks, despite an annual assessment obligation provided for by the CEMAC Regulation and the preparation of an annual report provided for by the CIMA Code. Insurance companies and brokerage firms that are subsidiaries of large groups, however, have a good understanding of their ML/TF risks and due diligence obligations. Other insurance companies and brokers have a very limited understanding of their ML/TF risks.

**278.** Regarding other FIs, some microfinance institutions, leasing companies and MFSPs have a good understanding of their ML/TF risks as well as their related obligations. Deficiencies are noted in the understanding and implementation of AML/CFT measures at the level of money transfer services and manual exchange bureaus. To carry out their assessments, these actors rely on the various risk studies relating to their activities carried out either by GABAC, ANIF or MINFI, which does not seem sufficient to enable them properly identify the institutional ML/TF risks to which they could be exposed.

**279.** The securities sector is characterized by a lack of knowledge of their AML/CFT obligations. Most of the sector players met have a very low level of understanding of the ML/TF risks generated by their activities; they generally rely on partner banks for all due diligence measures.

**280.** In the DNFBP sector, most actors have no understanding of the ML/TF risks associated with their activities. This situation is particularly noticeable with casinos, dealers in precious stones and metals, gold buying offices, lawyers and real estate developers and agents. Also, these categories of DNFBPs have little knowledge of the obligations incumbent on them in terms of AML/CFT. Nevertheless, notaries and accountants have shown an understanding and knowledge, albeit limited, of their ML/TF risks and their AML/CFT obligations. DNFBPs have not carried out any internal risk assessment and have not yet adopted procedures and programs for mitigating the ML/TF risks identified by the NRA.

**281.** Regarding VASPs, although the virtual asset is used in Cameroon through cryptocurrency and the existence of several local cryptocurrency exchange platforms or foreign exchange bureaus and several user networks, their activities are not regulated and no sectoral or internal risk assessment has been carried out, meaning that risk understanding is non-existent in this sector.

### ***5.2.2. Application of risk mitigation measures***

Overall, the FI sector implements measures aimed at mitigating risks. However, there is a disparity in the level of implementation between the different categories of FIs. DNFBPs for their part are characterized by a lack of implementation of such measures.

#### ***Financial institutions***

**282.** Most FIs, in particular banks, insurance companies, MFSPs, and some microfinance and leasing companies have demonstrated continued implementation of mitigation measures commensurate with their risks as a result of a periodic and internal assessment of ML/TF risks even

before the NRA. These measures involve staff training, knowledge of the customer (KYC) through the assessment of their risk profile from the start of the relationship and regular updates. The same applies to the obligation of vigilance and the establishment of a filtering system for atypical transactions. Depending on the risk profile, FIs, in particular banks, apply the appropriate due diligence measures. The transactions of certain categories of customers are monitored and their entry into a business relationship requires authorization from senior management. FIs, in particular banks and microfinance institutions, have appointed compliance officers to assess their compliance systems. However, the lack of an identification mechanism for BOs and a guidance note for the identification of national and international PEPs and the non-availability of United Nations sanctions lists through the official channel complicate the task of some FIs, in particular those which are not backed by large groups.

**283. Banking sector.** Almost all banks have written AML/CFT procedures to deal with identified risks. Based on the risk profiles established, banks apply appropriate due diligence measures for the risk situations considered. Transactions of a certain amount are filtered by automated programs and analyzed by compliance officers. Specific due diligence measures are taken with regard to some categories of customers, for whom the authorization to enter into a relationship is granted by top hierarchy and may go, in some subsidiary banks, up to the level of the group. However, the detection of PEP customers, particularly nationals, is considered a challenge and banks put up with the lists which are entered into the system by the parent company, which also makes available to the subsidiaries, the tools for filtering people appearing on the United Nations sanctions list. Banks periodically train their staff and regularly send STRs to ANIF.

**284. Securities sector.** Compared with the banking sector, the financial market is not well developed in Cameroon. The sector has essentially three main activities, namely fundraising, portfolio management and securities brokerage. These activities or services are associated with three main products, namely debt instruments, bonds and shares. Fundraising remains the dominant activity or service that generates the most income, in connection with the development of the public and private securities market. In this sector, risk understanding is limited and the implementation of proportionate measures to mitigate the risks is weak.

**285. Insurance companies.** In the insurance sector, stakeholder understanding of risk is limited. Most insurance companies and brokers do not implement their AML/CFT customer due diligence obligations. Specifically, insurance companies have not implemented measures to mitigate relevant risks in their industry. The sector is characterized by a lack of staff training on AML/CFT. Insurance brokers have not developed AML/CFT training programs for their staff. However, insurance companies and brokers that are subsidiaries of large international groups have adopted internal procedures, including limiting cash payments, investigating the source of funds and identifying clients. Their staff also receive online training. These reporting entities are subject to reasonable vigilance, in particular with regard to PEPs, insofar as they cannot enter into a relationship without the agreement of the General Management or carry out transactions without the agreement of the compliance department.

**286. Microfinance institutions (MFIs).** All large MFIs have a compliance department. They implement risk mitigation programs, which include a mapping of the risks inherent in their activities. They also carry out risk categorization, in particular for capital transfer-related risks. Small MFIs are characterized by poor knowledge of their risks and hence a lack of mitigation programs. However, their involvement in the national TF risk assessment exercise enabled them to know the risks to which their sector of activity is exposed. MFIs do not have exhaustive lists of PEPs, but some do have a list of high-risk countries and clients whose names are on a blacklist, which is constantly monitored.

**287. Money transfer companies (MTCs).** Based on the regulations governing them, MTCs can carry out their activities by concluding service provision agreements with banks and MFIs in order to implement customer identification and risk requirements as well as suspicious transactions reporting. They can also operate on their own. Nevertheless, the authorities could not demonstrate the effectiveness for MTCs in applying proportionate measures aimed at mitigating the specific risk of transactions.

**288. Electronic money operators.** In Cameroon, mobile money products are marketed by mobile phone financial service providers (MFSPs). These operators have compliance units and apply risk management measures, in particular filtering tools targeting persons and entities appearing on the United Nations and PEP sanctions lists. Also, risk management measures are implemented in relation to persons who enjoy identification exemptions due to financial inclusion. These are restrictions imposed on the amount of their financial transactions which cannot exceed a modest threshold. Likewise, particular attention is paid to transactions from or to conflict zones, particularly in the North and West, to prevent their products from being used for TF purposes.

**289. Manual foreign exchange bureaus.** Approved manual foreign exchange dealers do not have a risk management framework and have a very limited understanding of their AML/CFT requirements. In terms of customer identification, they have a register of customers and the transactions they carry out. They identify their customers using the national identity card for residents and the passport for non-residents, but have no mechanism to verify identities. Manual foreign exchange dealers participated in the NRA. They receive training from the banks with which they operate. Foreign exchange transactions are also carried out informally with dealers who do not have authorization. This practice can be a source of money laundering and terrorist financing. Informal foreign exchange represents an important part of manual foreign exchange transactions and arrangements for verifying the identity of customers are non-existent. The function of compliance in the context of AML is not well understood by all the manual exchange bureaus, which increases the sector's vulnerability to ML/TF threats.

#### ***Designated non-financial businesses and professions***

**290.** Most DNFBPs are unaware of the ML/TF risks to which they are exposed. Those who are aware of such risks (lawyers, notaries, accountants) know little about it. In almost all DNFBPs there is no compliance department or effort to implement risk mitigation measures.

**291.** Most DNFBPs are characterized by a failure to implement their customer due diligence obligations. They have not assessed their ML/TF risks and have not adopted any risk mitigation procedure and program. Generally, these entities have no system to combat ML/TF. This is particularly noteworthy in the real estate, casino and gaming room sectors, as well as with lawyers, all very high risk sectors. The NRA reveals that the proceeds of all offences are likely to be laundered through the real estate and mining sectors in which all operations involve huge amounts of cash.

**292. Lawyers** have a limited understanding of anti-money laundering and terrorist financing and have not carried out any assessment of the risks to which their activities expose them. The Bar Association indicated that it was not associated with the National Risks Assessment, or at the meeting to restate the findings of the said assessment. Likewise, the Bar Association has not yet created the *Caisse Autonome de Règlement Pécuniaire des Avocats* (CARPA) which is a cash payment account opened in a local bank where all lawyers should record all their professional transactions and disbursement of funds should be countersigned by the President of the Bar. The creation of this fund could have enabled lawyers to better identify their clients and to know the origin of funds. In the performance of their duties, lawyers carry out the incorporation of companies, carry out real estate transactions, manage client accounts, etc. Lawyers are mandated to provide assistance and advice. In the Common Law system, lawyers also play the role of notary. The implementation of preventive measures is characterized by identification of customers through identity documents for natural persons and articles of incorporation for legal persons. They have the obligation to adopt enhanced due diligence measures and to find out about the origin of funds as well as identify the beneficial owners. Lawyers have the right to refuse to enter into a relationship with a client, for example, in the event of incomplete documentation or when the subject of the transaction appears suspicious. However, the Bar Association does not have lists of PEPs, nor lists of people under United Nations sanctions.

**293. Notaries.** Notaries have not carried out an internal risk assessment. As a rule, they do not fulfill their customer due diligence obligations and most often rely on banks for CDD measures in the case of natural persons. Legal persons and beneficial owners are identified on the basis of the information contained in the articles of incorporation. Notaries carry out transfers of companies and private property as well as their registration, contract drafting, document authentication and incorporation of companies. However, most of the operations carried out by notaries are with the physical presence of the interested party apart from equity release operations. Despite the prohibition made by Article 17 of the CEMAC Regulation against cash payment in real estate transactions, notaries sometimes do not have a perfect knowledge of the real amounts of the transactions, which are apparently and most often undervalued, and the origin of the funds is generally unknown. The parties to the transaction generally contact the notary only for the purpose of registering the sale of the property once the contract has been concluded.

**294. Chartered accountants and approved accountants.** Members of this profession have a limited understanding of their due diligence obligations. They do not have a risk management framework and have not carried out any ML/TF risk assessment. The Association of Chartered Accountants and Approved Accountants has organized several training sessions for its members. However, these trainings focus more on IFAC standards, as well as other accounting standards than those on money laundering and terrorist financing. The services generally offered to clients by chartered accountants fall into two categories: assistance and advisory services and control services. The first aim to support the client in his organization, production and use of his financial and accounting information, while the control services allow the chartered accountant to verify that the systems of organization, production and use of the financial and accounting information of his client are effective and efficient. Control services can be provided within the framework of a legal mission, i.e. statutory audit, or under a contractual mission, i.e. a contractual audit.

**295. Real estate agents and developers.** These entities carry out their activities under the supervision of the Ministry of Housing and Urban Development (MINH DU), which is not interested in the AML/CFT aspect and does not have dedicated staff. According to NRA, the real estate sector, which is rated as high risk, remains dominated by the informal sector. Real estate developers and agents operate in large cities without approval. Real estate professionals have insignificant knowledge of AML/CFT requirements and do not understand the ML/TF risks they face. These entities do not apply AML/CFT due diligence measures when conducting their operations.

**296. Casinos and other games of chance.** The gaming sector in Cameroon consists of casinos, betting, online games (including betting), entertainment games, lotteries, raffles or commercial lotteries. Games oversight in Cameroon is provided by MINAT. The country currently has around 30 approved companies and more than double that number operate illegally. The majority of promoters are from Eastern Europe and Asia. The gaming sector is considered by NRA as one of the sectors most vulnerable to money laundering in Cameroon. Officials have very limited knowledge of their AML/CFT due diligence obligations. Managers of casinos do not implement their customer due diligence obligations. They do not register customers, as there are no dedicated registers for this purpose. This state of affairs makes it impossible to reconstitute the list of players. Managers of casinos have not carried out their risk assessment and have not adopted risk mitigation measures. The use of cash is very high in the sector, especially in terms of payment of stakes and winnings. The checks carried out by the supervisory authorities, i.e. MINAT, do not relate to AML/CFT. Therefore, casinos could easily be used for money laundering purposes by customers and casino owners. Measures should be taken by the authorities in charge of the sector to remedy this situation, in particular in terms of training and awareness-raising, in order to ensure that casino managers comply with their due diligence obligations, notably customer identification and registration in accordance with Article 47 of the CEMAC Regulation on AML/CFT.

**297. Mining and precious metals sector.** The mining sector is governed by Law No. 2016/017 of 14 December 2016 to institute the Mining Code and approvals to operate in the mining sector

are granted by the Ministry of Mines, Industry and Technological Development (MINMIDT). No risk mitigation measures have been implemented by the sector players and no AML/CFT awareness campaign has been specifically conducted with mining operators and traders. However, ANIF has involved officials from MINMIDT, SNNPPK (Kimberley Process) and CAPAM in several of its training seminars.

### ***5.2.3. Application of customer due diligence and record-keeping requirements***

**298.** Most FIs in Cameroon, particularly banks, have internal policies and procedures that take into account CDD and document conservation measures. Several banks claimed to have refused to enter into business relationships with some customers or to execute certain transactions when they are unable to obtain all the information required to implement CDD measures. However, at the level of DNFBPs, there is virtually no customer due diligence and information preservation measures.

#### ***Financial institutions***

**299. Banking sector.** Overall, Cameroonian banks are aware of their AML/CFT obligations consisting in performing CDD procedures before, during and after any business relationship and during completion of a transaction, whether e one-off or part of an existing relationship. In particular, large banks and those owned by foreign groups have adopted adequate measures to effectively execute CDD measures and keep records of their customers and transactions. They have guidelines and procedures for proper identification and verification of various categories of customers. They apply CDD/KYC measures and collect all the information required under CDD, and keep the documents obtained under the CDD measures for a period of at least 10 (ten) years from the end of the business relationship or the execution of the transaction. These files can be produced and made available to the competent authorities when necessary. Competent authorities, in particular ANIF, stated that they have easy access to information held by banks in the course of the cases they investigate.

**300.** The banks met by the assessors during the on-site visit stated that they require some information before opening accounts in order to have an idea of the customer's professional activity, which is then used to determine the customer risk profile. In the case of a natural person, the information includes first and last names, date of birth, country of origin, address of permanent residence, a valid identity document, a residence permit is also required in the case of foreign nationals. For legal persons or legal arrangements, they require KYC related information such as articles of association, certificate of incorporation of the legal person, major shareholders and the identities of the persons authorized to act on behalf of the legal person. In addition, they perform other CDD measures by carrying out customer identifications and verifications when they suspect ML/TF or have doubts about the veracity of customer identification data obtained previously. Banks generally tend to turn down customers when the information necessary to comply with CDD requirements cannot be obtained.

**301. Identification of beneficial owners and application of obligations with regard to BOs.**

Although identification of the BO is an obligation for FIs and DNFBPs, its implementation is a real challenge for these reporting entities. Indeed, the entities responsible for business development do not systematically obtain the identity of the BOs. This makes it difficult for reporting entities to identify BOs. However, to comply therewith, some FIs, in particular the banks, take steps to better identify BOs in their business relationships. In this regard, most of the banks interviewed stated that they require all contracting legal entities to provide information on all shareholders with at least 10% of the capital for some and up to 5% for others. In the absence of such information and depending on the case, they refuse to enter into a business relationship or terminate the said relationship. They send an STR to ANIF in case of suspicion.

**302. Securities sector.** The actors of the sector interviewed do not have an internal KYC/CDD policy and procedure. The identification of customers, the verification of their identity and the sources of funds are limited to transactions carried out by intermediaries, mainly banks. Likewise, these actors did not apply the requirements of identification and verification of the identity of the beneficial owners. There is no evidence that securities market operators have turned down customers or business due to an incomplete CDD. However, BFs are the only players in the sector to carry out procedures and have understood their obligation to keep records.

**303. Insurance sector.** Insurance companies collect relevant KYC information about their customers when they enter into a relationship with them or take out an insurance policy. However, they rarely verify such documents. The sector representatives met during the on-site visit have approved policies and programs to guide the application of CDD measures and the continuous monitoring of their policyholders. However, it is noted that the programs are not correctly applied in most cases. In addition, they do not or rarely identify the beneficiaries of the premiums at the time of payment of the benefits. The situation is similar for insurance brokers and agents. There is no evidence that insurance companies, insurance brokers and agents turn down customers or businesses due to incomplete CDD. The insurance companies interviewed understood their obligation to keep records. Unfortunately, the majority of insurance companies and brokers have not implemented due diligence measures as prescribed by CIMA Regulation No. 0004 relating to AML/CFT which obliges these entities to set up corporate-level compliance functions to investigate the origin of funds. Insurance brokers are required to observe special due diligence measures in relation to cash payments, as brokers are not supposed to collect premiums of more than one million in cash. Only insurance companies and brokers which are subsidiaries of large groups implement customer due diligence obligations quite satisfactorily. In addition, no specific due diligence measure is applied to a beneficiary of a life insurance contract. Regarding record keeping, most insurance companies still continue to keep their information manually, which could make it difficult to retrieve very old information.

**304. Mobile financial service providers** identify customers through the registration of the SIM card which serves as a medium for electronic transactions. Specifically, they apply KYC measures at multiple levels to their customers and have transaction caps based on the type of customer.

However, their due diligence rarely goes beyond collecting identification documents. In addition, MFSPs provide their services through authorized agents who, in turn, do not fulfill their duty of vigilance vis-à-vis customers.

**305. Other financial institutions.** The level of implementation of due diligence measures in other financial institutions remains low, in particular, manual foreign exchange bureaus and MTCs, which are however identified by NRA as being high risk sectors for ML/TF. Likewise, small MFIs do not implement their customer due diligence obligations. However, some financial, leasing and microfinance institutions we met carry out KYC measures when opening an account and throughout the business relationship. This process is certainly not in-depth since they do not identify the beneficial owners and do not have the necessary tools to monitor transactions carried out by customers. Other FIs, especially foreign exchange bureaus, rarely ask for the identity of customers when making transactions. There is no evidence that these FIs have turned down customers or businesses due to an incomplete CDD. Based on discussions with representatives of MFIs and EFSs, record keeping may not be systematic, but it is better than that of other FIs.

#### ***DNFBPs***

**306.** In accordance with the AML/CFT legal framework, DNFBPs are required to take CDD measures and conserve customer and transaction data. Most of the DNFBPs met by the assessors did not carry out risk assessment to be able to apply proportionate CDD measures to manage and mitigate the identified risks. Indeed, DNFBPs have little or no understanding and application of CDD measures. Likewise, they do not take steps to identify beneficial owners. There is no evidence or instances where transactions or business relationships have been refused due to incomplete CDD in all DNFBPs. The implementation of CDD requirements in the DNFBP sector is generally weak or non-existent. Although lawyers, notaries and accountants make efforts to identify their clients, they do not have any specific identification procedure, especially when it comes to legal persons and PEPs.

**307. Accounting/auditing firms,** especially those belonging to international groups, are somehow vigilant towards their clients under global standard procedures which require the application of a KYC requirement to all clients. Other smaller accounting and auditing firms do not have internal KYC/CDD policies, hence the continued poor execution of CDD measures. In general, accounting and auditing firms have a good record keeping system.

**308. Legal professionals (lawyers and notaries)** interviewed stated that they obtain basic information from their clients when entering into a business relationship. However, the assessment team found that they do not carry out all the due diligence measures required with regard to their clients, in particular with regard to CDD and, in fact, all the AML/CFT requirements. The information obtained from their clients is mainly intended to meet professional needs and not AML/CFT objectives. They have not adopted any measures to identify the source of funds and the beneficial owners, especially when carrying out real estate transactions.

**309. Dealers in precious metals and precious stones** demonstrated a lack of understanding and application of CDD measures and record keeping requirements. For example, respondent representatives of precious metals and stones dealers, in particular gold buying offices, stated that there are no measures to identify sources of funds and possibly their BOs. Most transactions are informal and take place in cash. There is little or no CDD or transaction record to keep.

**310.** Other DNFBPs, especially casinos, rarely identify customers and do not collect information on CDD measures. In addition, there are no measures to identify the sources of such funds and BOs. Consequently, the records kept have weaknesses. CDD measures and record keeping by real estate agents are also insufficient.

**311.** Regarding record keeping, in general, FIs comply with the provisions of Article 38 of the CEMAC Regulation relating to AML/CFT which provide for an obligation to conserve data for at least 10 (ten) years. The data is stored in physical and electronic form and accessible on request by all competent authorities. To this end, they have acquired software to track customer transactions. They implement their record keeping obligations for CDD/KYC for 10 years after the end of the relationship with the customer and for transactions also for 10 years from the date of the transaction. Most FIs stated that records are centralized in places designed for this purpose. However, the assessment mission was able to observe in some FIs that the records were stored at agency level and below optimal conservation conditions.

**312.** Overall, DNFBPs do not comply with document conservation obligations. All the same, accountants, notaries and lawyers seem to make efforts to keep documents relating to transactions with their clients.

#### ***5.2.4. Application of enhanced due diligence measures***

**313.** Cameroonian financial institutions, in particular banks, MFIs and insurance companies, have adopted internal policies and defined procedures for the implementation of enhanced due diligence measures in high-risk situations. The vigilance measures adopted take into account the risks associated with customers, products and services and situations involving a PEP. Most banks refuse to enter into a relationship with a customer, especially when the latter does not have all the required documents. For others, the relationship may be established but no transaction is made if the CDD requirements are not fully met. For non-bank FIs and DNFBPs, the implementation of due diligence measures remains weak due to the fact that they do not have, for the most part, maps of the risks inherent in their activities and have not adopted risk mitigation measures. Consequently, they have not implemented enhanced or specific measures. Risk mitigation measures backed by a risk assessment are needed at the level of the DNFBP sector deemed vulnerable to ML/TF.

**314.** Banks implement their customer due diligence and document conservation obligations satisfactorily. For high-risk activities, banks - in particular those that are subsidiaries of large banking groups - apply enhanced procedures for the identification of some customers. The risk mitigation measures will be reinforced with the effective implementation of the measures provided for in the NRA, which are already set out in an action plan.

**315. Politically exposed persons.** The specific measures to identify PEPs are implemented when entering into a business relationship or when reviewing the customer portfolio, which is carried out in most banks annually. This situation does not allow banks to identify whether their existing customers or their BOs become politically exposed in the middle of the year. For the identification and monitoring of foreign PEPs, banks often use databases provided by their groups. They have also put in place internal procedures under which Management approves their entry into a business relationship with the bank. PEPs are also on the list of customers placed under enhanced surveillance so as to obtain an alert for each transaction carried out on their accounts. However, in the absence of a guidance note on PEPs, some banks find it difficult to identify them in real time. In the insurance sector, there are no up-to-date lists of PEPs, except for insurance companies and brokers that are subsidiaries of large groups. Regarding DNFBPs, no specific measures are implemented for the detection of PEPs. The sector could therefore be subject to abuse for ML/TF purposes.

**316. Correspondent banking services.** In the course of their activities, banks establish relationships with other correspondent banks. They are required to adopt enhanced and appropriate measures once they enter into a relationship, in accordance with the CEMAC Regulation. To this end, banks identify correspondent banks by collecting information on the nature of their activities. They ensure that the corresponding banking institution applies anti-money laundering standards at least equivalent to those implemented by their institutions. Due diligence measures are put in place, in particular the approval of operations by the designated competent authority. Banks periodically exchange reports on their level of compliance with their correspondents. In the context of peer-to-peer relationships, banks define criteria such as the level of compliance, the quality and extent of the network and the country of operation, in accordance with FATF Recommendations and the requirements of local and Community regulations.

**317. New technologies.** FIs are required to assess ML/TF risks before the launch or use of new products, new business practices or new delivery mechanisms. But in practice, only banks properly fulfill this obligation. Indeed, before the launch of any new financial product using new technologies, it is subject to an assessment by the compliance department, which reports the findings of its assessments to senior management and the board of directors which, in turn, determine the controls required to mitigate any identified risk. Banks, especially those that are part of an international group and large banks, have developed guidelines on internal policies regarding access to and use of new technologies such as internet banking, mobile banking services and digital customer identification.

**318. Electronic transfers.** Despite the shortcomings in the legislation on electronic transfers, financial institutions, in particular banks, have put in place systems which allow them to identify the originators and beneficiaries of electronic transfers. To this end, they filter the names of senders and beneficiaries against the lists of people under sanction and take into account high-risk courts. In addition, FIs check the correspondence between the type of message and the transfer to be executed and also verify the completeness of the information accompanying the transfer, namely that all the mandatory fields are correctly filled. FIs also check the correspondence between the content of the message and the known profile of the customer concerned and decide, accordingly, whether to authorize or block the operation.

**319. Targeted financial sanctions.** FIs, in particular banks belonging to large international financial groups, have the software and programs adapted to meet their obligations in this area. These banks stated that they consult the UN, EU and OFAC lists and have lists of people who are involved in TF. On this basis, they take specific measures to implement their TFS obligations. Such measures include the freezing of accounts of the designated persons as well as the suspension of any transaction on these accounts. However, no evidence was produced to the assessment team to support these claims. Subsidiary banks of large international groups consult the commercial lists when they initiate a relationship and do so continuously to “promptly” identify any customer, even existing, who would be the subject of a new freeze measure. This is not the case for local banks which have difficulty accessing such lists in real time. Application of freezing measures is conditioned by the notification to the FIs of a decision of the competent authority, which is non-existent. Consequently, no measures are taken to allow the immediate application of these sanctions. In addition, given that the reporting entities do not systematically receive from the competent authorities the lists of persons and entities designated by the United Nations Security Council, this results in a limited implementation of the TFSs by the reporting entities. Cameroon has not drawn up a national list under Resolution 1373. DNFBPs are not aware of the United Nations sanctions lists. As for VASPs, they are not yet regulated in Cameroon.

**320. Higher-risk countries identified by FATF.** Most Cameroonian banks have taken into account the list of high-risk countries in their software. The lists are taken into account in the computer programs for filtering transfer operations. The banks stated that they regularly follow up on FATF publications to this effect.

#### ***5.2.5. Reporting obligations and tipping-off***

**321.** Although the obligation to report suspicious transactions is contained in the various instruments governing AML/CFT in Cameroon, in particular Article 83 of the CEMAC Regulation, the effectiveness of the reporting system has not been demonstrated. Indeed, even though there is a constant increase in the number of STRs, it is still the only banking sector with more than 90%. In practice, the average time between the detection of a suspicious transaction and the submission of an STR is generally one week.

**322.** With regard to the provisions guaranteeing the confidentiality of STRs, they are well provided for in the regulatory arsenal of CEMAC in general and Cameroon in particular. According to the country under review, the effectiveness of this system has resulted in the absence of information leaks in thirteen years of operation of ANIF, where more than 3,500 STRs have been generated.

**323.** With regard to FIs, banks meet their suspicious transaction reporting obligations. This is primarily due to the fact that unlike other FIs, they have tools to automatically track and report suspicious transactions as well as other large and unusual cash transactions.

**324.** MFIs are struggling to meet their reporting obligations despite the absence of automated monitoring tools for their customers’ transactions, for most of them. In fact, from 2015 to 2020, they provided a total of 178 STRs.

**325.** In addition, there is very little STR transmission by the insurance sector, whether by insurance companies or brokers. During the aforementioned period, only 9 STRs were drafted. This situation may arise, on the one hand, from the fact that the main insurance activity in Cameroon concerns non-life activities which are considered less risky for ML/TF and, on the other hand, the fact that the staff of insurance companies is barely trained in AML/CFT matters while most insurance brokers do not have any AML/CFT knowledge.

**326.** Most STRs submitted to ANIF came from 3,297 banks over the period 2015 to 2020 and only 4 were sent by DNFBPs, all lawyers. The absence of STRs from notaries and accountants can be explained by the low level of knowledge of their obligations. Indeed, ONECCA explained to the mission that most accountants made their suspicious transaction reports directly to the Prosecutor.

**327.** To ensure confidentiality of the reporting process and to avoid disclosing to customers that an STR has been submitted (tipping off), the respondent banks stated that they have developed internal procedures which ensure that the whistleblower, generally a front office employee in direct contact with customers is not informed of the follow-up given to atypical transactions that it reports to the compliance service, responsible for analyzing such transactions, to decide on the need for a STR. Only the compliance officer and General Management are informed of the action taken on the suspicion. STRs are sent to ANIF in a sealed envelope filed by the designated representative of the reporting entity with ANIF services.

#### ***5.2.6. Internal controls and legal/regulatory requirements impeding implementation***

**328.** Most FIs, in particular banks, insurance companies, leasing companies, MFSPs and MFIs, some financial market intermediaries including BFs, have internal control and compliance departments that ensure the existence and effectiveness of the AML/CFT system.

**329.** Banks have established compliance departments and appointed compliance officers, some of whom report directly to senior management and the board of directors. They have also adopted AML/CFT training and capacity building programs for their employees in order to raise awareness on AML/CFT and promote compliance in this area.

**330.** Banks have adequate internal control tools and procedures, such as senior management approval for entering into relationships with some customers, as well as internal submission procedures for STRs. Compliance programs are subject to internal audit to ensure compliance with AML/CFT requirements. The measures implemented seem to be more developed in large banking institutions belonging to international financial groups than in small banks. However, no assessment mission by the control and supervision authorities has made it possible to demonstrate the effectiveness of this system.

**331.** Implementation of internal controls and AML/CFT compliance programs in non-bank FIs is not as strong as observed in the banking sector, although they generally understand the need to do so. With the exception of insurance companies, other non-bank FIs do not have designated compliance officers. In addition, some FIs did not provide training on AML/CFT to their employees. They do not have AML/CFT compliance functions, internal procedures and senior management controls. These shortcomings should be due, for the most part, to insufficient supervision in this sector.

## ***DNFBPs***

**332.** The application of internal DNFBP controls and procedures is adequate only in large accounting/auditing firms belonging to international groups. These entities have a compliance structure thanks to group-wide internal control programs. SRBs such as lawyers, notaries and accountants may rely on their strict entry requirements to ensure the integrity of their members. However, the control measures do not extend to compliance with AML/CFT requirements. Likewise, the other DNFBPs do not have internal control measures focused on AML/CFT. The absence of internal AML/CFT-focused controls and procedures for DNFBPs could be attributed to the absence of designated supervisory authorities in this area.

### ***Overall Conclusion on IO4***

**333.** The banking sector, the largest and most significant in the financial services sector, has a good understanding of ML/TF risks and AML/CFT obligations and implements ML/TF risk mitigation measures to a large extent. Compliance in the banking sector is also strengthened to a large extent by the fact that some Cameroonian banks are subsidiaries of large regional and international groups and therefore apply AML/CFT measures based on group policies. The understanding of ML/TF risks and AML/CFT obligations by the insurance, securities and other FI sectors varies by sector, but is generally low. The implementation of risk mitigation measures in these sectors is limited. Likewise, DNFBPs have not demonstrated an understanding of their specific risks and obligations under AML/CFT, whereas some of them have been identified as high risk and rated as significant.

**334.** Cameroonian banks apply appropriate CDD/KYC measures but they encounter some difficulties in implementing the requirements relating to identification of beneficial owners. Application of CDD and enhanced measures by non-bank FIs and DNFBPs varies, but is generally weak or non-existent.

**335.** With regard to the reporting of suspicious transactions, banks fulfill their reporting obligation and are the main contributors in terms of STRs sent to ANIF. Compliance with the reporting obligation by non-bank FIs and DNFBPs is mixed, judging by the number of STRs sent to ANIF.

**336.** The application of internal controls by banks is adequate. They have well-resourced compliance control functions and regularly conduct internal audits and trainings. Other FIs have basic internal controls, while DNFBPs generally lack internal control policies and procedures, except in a few cases, such as that of international audit firms.

**337.** Banks have knowledge of TFSs. Some of them have internal mechanisms for the application of these sanctions, though the implementation thereof has not been demonstrated. Non-bank FIs and DNFBPs have not demonstrated their knowledge of TFSs and their application.

**338.** *Cameroon is rated as having a low effectiveness level for IO 4.*

## 6: SUPERVISION

### 6.1. Key findings and recommendations

#### *Key findings*

#### **Immediate Outcome 3**

- (a) For financial institutions in Cameroon, the information collected and processed at market entry and during major changes throughout their life, to a great extent, prevent criminals and their accomplices from holding a large number of shares or becoming beneficial owners thereof, or to control them or occupy a managerial position. Nevertheless, the assessment team noted that the manual exchange and money transfer sectors are characterized by the competitive cohabitation of formal and informal operators, which undermines the measures taken and offers opportunities to criminals. For the financial markets sector, concerns relating to this issue are not being addressed.
- (b) With regard to DNFBPs, although for self-regulated professions such as lawyers, notaries or accountants, the procedures and conditions of access to the profession are such that, to a certain extent, criminals and their accomplices cannot take control; for others, such requirements are unsatisfactory and involve obvious risks.
- (c) In practice, COBAC, BEAC and the services of the Ministry of Finance seem to better understand the ML/TF risks to which the sectors under their respective oversight are exposed. However, the poor follow-up actions on the ground and the absence of operational tools to refine and adequately establish the risk map prevent these authorities from updating their risk understanding level at all times. As for the other FI supervisory authorities (CIMA, COSUMAF) and SRBs of DNFBPs, the level of understanding of ML/TF risks in the sectors under their supervision is very low.
- (d) For financial institutions supervised by COBAC, controls are not programmed on a risk basis. To date, COBAC has not organized a thematic control ML/TF-related issues. Nevertheless, an AML/CFT aspect is systematically taken into account during general missions and thematic missions on compliance with exchange rate regulations.
- (e) As regards CIMA and the National Insurance Directorate (DNA), the issue of AML/CFT is only summarily taken into consideration during controls. The risk-based approach is not yet taken into account.
- (f) As for the Central African Financial Market Surveillance Commission (COSUMAF), it has not yet integrated the AML/CFT component into its control system.
- (g) With regard to DNFBPs, the mission noted that there was virtually no competent authority designated to oversee AML/CFT. Discussions with the administrative or self-regulatory authorities revealed that they are generally not informed of AML/CFT obligations, leading to lack of implementation of the relevant requirements. Overall, it emerges that the issue of AML/CFT is not a major concern for the moment even though the conduct of the NRA in which some participated allowed them to flirt with the subject.

- (h) But it COBAC, CIMA or COSUMAF, sanctions for failure to comply with AML/CFT obligations are not imposed on the reporting entities they control.
- (i) The supervisory authorities take very little or no action against the various reporting entities with regard to compliance with their AML/CFT obligations and the effects of such actions in terms of improving the level of compliance of FIs and DNFBPs is not visible.
- (j) Supervisory authorities' actions to promote good understanding of AML/CFT obligations and ML/TF risks by FIs and ENPFs were not visible at the time of the on-site visit.
- (k) No action is taken in Cameroon to regulate and supervise VASPs.

### ***Recommendations***

#### **Immediate Outcome 3**

Cameroonian authorities are invited to implement the following actions:

- (a) Designate an authority responsible for AML/CFT control and supervision and provide same with the necessary powers and resources to cover all categories of DNFBPs;
- (b) Build the capacity of supervisory services through specific training on supervision, understanding, identification and analysis of ML/TF risks inherent in each sector and sub-sector;
- (c) Allocate substantial resources to the supervisory authorities to facilitate the effective implementation of risk-based control;
- (d) Sensitize the Community supervisory authorities (COBAC, BEAC, COSUMAF and CIMA) to pay more attention to AML/CFT issue to make it a major focus, in the same way as other general or specific requirements, and ensure that ML/TF risks be an integral part of the considerations taken when developing their control strategies and plans;
- (e) Take steps to oblige all supervisory authorities, be they FIs or DNFBPs, to plan and conduct their specific AML/CFT control activities by developing a risk-based documentary and on-site control methodology and making it possible to monitor the compliance of reporting entities;
- (f) Produce and disseminate thematic information documents which explain to the various categories of reporting entities their AML/CFT obligations and the due diligence expected of them;
- (g) Develop and implement an VASP AML/CFT supervision mechanism in accordance with R.15, insofar as VASPs will be authorized or registered in Cameroon;
- (h) Encourage FI and DNFBP monitoring and oversight authorities to apply effective, proportionate and dissuasive sanctions against those who fail to comply with their AML/CFT obligations.

**339.** The Immediate Outcome relevant to this chapter is IO 3. Relevant recommendations for the assessment of effectiveness in the context of this section are R.14, 15,26-28, 34-35 and some items of R.1 and 40.

## **6.2. Immediate Outcome 3 (Supervision)**

**340.** In this Chapter, the analyses and findings of the assessment team are based on interviews with various supervisory authorities and self-regulatory bodies. They take into account the significance of the sectors and their ML/TF risk level in the context of Cameroon, as established in Chapter 1. Cameroon's economy is characterized, among other things, by a high predominance of cash transactions, low financial inclusion and a large informal sector. The combination of these factors makes it more vulnerable to ML/TF in view of the high ML/TF risks to which the banking, microfinance, real estate, money or securities transfer sector, foreign exchange bureaus, financial institutions, dealers in precious metals and stones, mobile phone service providers, lawyers and notaries are exposed. The assessors therefore paid more attention to the above-mentioned sectors. The insurance and securities sectors, VASPs and other FIs are smaller in size and have a limited volume or number of transactions, which has a low impact on the AML/TF control system.

### ***6.2.1. Licensing, registration and controls preventing criminals and associates from entering the market***

**341.** In Cameroon, the exercise of activities relating to financial institutions and designated non-financial businesses and professions is subject to obtaining prior approval or authorization. It is in this light that the instruments governing the various financial activities (Articles 12 and 13 of the Appendix to the Convention of 17 January 1992 on the harmonization of banking regulations in Central African States; Article 47 of Regulation No. 01/17/CEMAC/UMAC/COBAC on the conditions for exercising and controlling microfinance activity in CEMAC; Section 326 of the Insurance Code; Articles 6, 80, 91, 104, 149, 189, 190, 194, 195, 249 and 334 of the General Regulations of COSUMAF of 15 January 2009; Article. 82 of Regulation No. 02/18/CEMAC/UMAC/CM of 21 December 2018 to regulate foreign exchange in CEMAC; Law No. 2020/004 of 23 April 2020 to govern postal activity in Cameroon) subject the targeted reporting entities to obtaining prior approval or authorization before carrying out their activities. The same is also true for DNFBPs.

**342.** The provisions of the instruments that regulate the various categories of FIs and EPNFDs also specify at various levels the minimum requirements to be fulfilled by applicants for authorization.

**343. Regarding banks and microfinance institutions,** after receipt of the approval application files, whether for establishment approval, managers or auditors, the Approval Committee (Decision No. 0551/D/MINFI/CAB of 2 June 2016 for credit institutions, and Decision No. 16/0256/D/MINFI/SG/DAJ of 4 March 2016 for MFIs) meets to review them. The constituent elements of authorization application files, including the criminal record of no more than 3 months old for natural persons, the composition of the share holdings and the information provided on the

shareholders for legal persons, make it possible to check the criminal record of the latter and also to verify their good repute and integrity. In order to prevent those convicted of economic and financial crimes from getting an authorization and joining the sector, the information collected is subject to checks with other sources, such as the risk centre. Files deemed admissible after control by the National Committee are then sent to the Central African Banking Commission (COBAC) for assent. This is a second level of control, since COBAC has extended access to other databases<sup>29</sup> for a thorough check. In situations where the shareholders and/or managers are foreigners, COBAC seeks information from its counterparts within the framework of inter-supervisor cooperation. The monetary authority is bound by the opinion of COBAC when issuing the authorization.

**344. Regarding manual exchange**, approval application files are received by the services of the Ministry of Finance which check the required documents before sending them to BEAC for study and assent. It is after the opinion of the Central Bank that the monetary authority may or may not issue the approval given that it is bound by the opinion of the Central Bank, but after a period of two months, the assent is considered granted. In practice, BEAC always expresses its opinion. It should be noted that in addition to aspects of compliance, the documents required and constituting the application for approval<sup>30</sup> include information enabling the Central Bank to ensure that criminals and/or their accomplices cannot participate in the ownership of foreign exchange bureaus or control them or even occupy a managerial position.

**345.** However, since the entry into force of Regulation 02/18/CEMAC/UMAC/CM of 21 December 2018 relating trade regulations in CEMAC, the files of the compliance of foreign exchange bureaus and new application sent to the BEAC are processed slowly, although a permanent Ministerial Working Group responsible for the technical study of these files was set up by Decision No. 0286/D/ MINFI/SG of 24 March 2020.

**346.** In addition, and in practice, natural persons competitively carry out manual exchange activities without prior authorization. The authorized players interviewed deplore this cohabitation which is a major risk ML/TF factor against which action has still not been taken by the competent authorities despite numerous complaints.

**347.** Besides, **money and securities transfer companies** operating in Cameroon are used to working with credit institutions without being directly approved by the monetary authority. They use the approval of said institutions.

**348.** In addition, for all credit institutions and microfinance institutions under COBAC supervision, any changes during operation that significantly affect the legal situation of the reporting entity (change in shareholding, change in share capital, change of corporate name, sale

---

<sup>29</sup> COBAC consults, among others, the databases of BEAC, the central balance sheet office, the payment incidents center, and information held by the national monetary authorities.

<sup>30</sup> The information and documents that must be provided for approval applications are mentioned in Article 22 of Instruction No. 011/GR/2019 of 10 June 2019 on the terms and conditions for exercising the foreign manual exchange activity in CEMAC.

of business assets, merger, demerger, sale of significant shareholdings, etc.) are subject to prior authorization of COBAC or the monetary authority. This enables the supervisory authorities to ensure that criminals or their accomplices cannot hold or become beneficial owners of significant holdings or control the institution or occupy a managerial position.

**349. In the insurance sector**, the approval application files are sent to the Minister in charge of insurance and undergo a preliminary study being forwarded to the General Secretariat of CIMA for assent. Generally, the information and data collected,<sup>31</sup> but above all the category of people involved in setting up insurance companies (insurance companies or investment banks which are already under supervision), help to ensure that criminals and/or their accomplices cannot take significant ownership or occupy managerial positions. For the involvement of natural persons, a sworn statement on the origin of the funds is attached to the application and where CIMA has proven doubts, it simply rejects the application. To this end, CIMA, without disclosing the relevant documents to the assessment mission, asserted that it had effectively faced such a situation in the past and took the decision to refuse the doubtful person from taking shares in the capital of the company. This CIMA approach, which does not provide for any precautionary measures, is a shortcoming in the AML system in the insurance sector. As regards the other players in the sector (brokers, general agents, etc.), the entire approval procedure is carried out at the level of the monetary authority.

**350. For financial market players**, the approval files are processed by COSUMAF. Although AML/CFT issues are not really a matter of concern, it should be emphasized that the configuration of these actors who are generally extensions of banking institutions makes it possible to guarantee, to a certain extent, that criminals and/or their accomplices cannot acquire holdings stakes or control them or occupy a managerial position.

**351. As for DNFBPs**, they are all subject to applying for and obtaining an approval, licence or authorization before carrying out their activities. The approval procedures of some self-regulated categories like notaries, lawyers and chartered accountants, include a verification of the repute and integrity of the applicants, thus making it possible to avoid the acquisition of a holding, control or the occupation of managerial positions by criminals and/or their accomplices. Indeed, access to these professional orders requires that applicants who must present a criminal record of no more than 3 months old, be people trained in specific areas, having undergone internships in other firms. They take an oath before practicing. For casinos, there are perceptible shortcomings with regard to verifying compliance with AML/CFT requirements upon entering the market. In addition, it should be noted that some of these players operate informally without prior authorization. These shortcomings have a negative impact on the system, significantly worsening the sector's exposure to ML/TF risks.

**352. Regarding other categories of DNFBPs** including dealers in precious stones and metals, real estate agencies, other gaming and gambling providers, business service providers, etc., the

---

<sup>31</sup>Articles 328, 329 and 330 of the CIMA Code.

market entry requirements do not sufficiently address ML/TF issues, with no in-depth verifications by the services that have to review the approval or authorization files.

**353.** Cameroon did not provide any information **on VASPs**.

**354.** In general, discussions with the various competent authorities during the on-site visit revealed that there were no proven cases of rejection of a file for suspicion relating to criminals and their accomplices, apart from the single case raised by CIMA. Cases of operating without authorization or approval are detected either during inspection tours or by denunciation of corporations that operate legally.

### ***6.2.2. Supervisors' understanding and identification of ML/TF risks***

**355.** Cameroon completed its first NRA in January 2021 by adopting a priority action plan based on the findings of the NRA. The implementation of this plan could allow the various supervisory bodies to identify and understand the ML/TF risks to which their reporting sectors are exposed, and thus, to adopt a supervision approach based on the identified risks.

**356.** **COBAC** which supervises credit institutions and microfinance institutions with regard to compliance with their AML/CFT obligations, identifies and understands ML/CFT risks in these sectors. **BEAC** and the **Ministry of Finance** which also contribute to regulating these sectors, have a good understanding of the risks, unlike other supervisory bodies. This understanding stems more from a holistic approach based on prudential standards than from an ML/TF risk-based approach.

**357.** In practice, COBAC has set up a reporting system in the form of an Anti-Money Laundering Surveillance, Processing and Organization (ASTROLAB) questionnaire submitted to banking institutions. These institutions are required to provide information and communicate this tool every semester on the AML/CFT due diligence they perform. This ASTROLAB reporting system is a framework that would allow COBAC to understand ML/TF risks in the banking sector and thus be able to update this understanding. However, there is no mechanism to provide COBAC with a continuous understanding of ML/TF risks in the MFI sector. The assessment team noted that on-the-spot checks are not frequent enough to allow inspectors significantly improve their understanding of ML/TF risks in financial sectors.

**358.** **In the insurance sector**, neither CIMA nor the National Insurance Directorate is taking concrete actions to enable insurance companies to continually identify and understand the ML/TF risks facing the insurance sector. They have not yet defined a methodology to ensure them a good understanding of ML/TF risks in the sector.

**359.** **For financial market players**, COSUMAF has not yet integrated AML/CFT concerns into its activities, so its staff have no training thereon. Therefore, COSUMAF can neither identify nor ensure that it has a continuous understanding of ML/TF risks in the financial market sector. In general, Cameroon has not yet clearly designated the supervisory authorities for DNFBP in AML/CFT matters. The outcome of this situation is that no measures have been taken to continually identify and understand the ML/TF risks to which the various categories of DNFbps are exposed.

**360.** At the time of the on-site visit, Cameroon had made no arrangements to ensure VASP supervision, hence the absence of diligent actions by a supervisory authority to identify and ensure continuous understanding of the risks to which VASPs are exposed.

### **6.2.3. Risk-based supervision of compliance with AML/CFT requirements**

**361.** COBAC organizes general verification missions, a chapter of which is systematically dedicated to AML/CFT issues. It also conducts thematic missions on foreign exchange which take into account the AML/CFT aspect. The verification missions entail reviewing, among other things, compliance with staff training in AML/CFT, the existence of formal suspicious transaction reporting procedures and the frequency of their update, the inventory of risk management and compliance functions, verification of inclusion of AML/CFT concerns in the statutory auditors' reports, and the status of implementation of vigilance obligations. Banking institutions provide information each 30 June and 31 December, and submit to COBAC no later than 15 September and 15 March of each calendar year, information and data on the ANIF correspondent, subsidiaries and branches of the reporting institution located outside CEMAC, statistics relating to recorded reports and training provided to staff during the last semester, internal procedures and the functioning of the preventive system adopted by the reporting institution within the context of AML/CFT. COBAC asserted that the use of information collected through ASTROLAB can help to enrich the framework memorandums of its missions. No other use was reported to the mission.

**Table 6.1. Summary table of supervision missions conducted by COBAC**

Type of missions and categories of institutions	2016	2017	2018	2019	2020	Total
<b>Thematic control with an AML/ CFT component</b>	<b>0</b>	<b>5</b>	<b>8</b>	<b>7</b>	<b>2</b>	<b>22</b>
Credit institution	0	4	8	7	0	19
Microfinance institution	0	1	0	0	2	3
<b>General verification with an AML/CFT chapter</b>	<b>11</b>	<b>3</b>	<b>2</b>	<b>6</b>	<b>0</b>	<b>22</b>
Credit institution.	1	0	0	2	0	3
Microfinance institution	10	3	2	4	0	19
<b>Number of missions addressing AML/CFT</b>	<b>11</b>	<b>8</b>	<b>10</b>	<b>13</b>	<b>2</b>	<b>44</b>
Credit institution	1	4	8	€9	0	22
Microfinance institution	10	4	2	4	2	22
<b>Total number of missions</b>	<b>16</b>	<b>€9</b>	<b>13</b>	<b>14</b>	<b>5</b>	<b>57</b>
<b>Total number of institutions</b>						
Credit institution.	19	19	20	20	20	
Microfinance institution	523	ND	412	419	ND	

Source: COBAC

**362.** In practice, COBAC does not program or carry out thematic missions on AML/CFT and the controls it organizes are not based on an approach based on ML/TF risks within the meaning of the FATF Recommendations.

**363.** At national level, the Ministry of Finance has services which are operational units responsible for monitoring the financial sector, with the ability to conduct administrative controls. For the credit institutions, MFIs and insurance sectors, there are respectively the Survey and

Statistics Unit, the MFI Control Brigade and the Insurance Inspectorate. The annual action plans of these structures always include control missions. The control guides designed on these occasions always include aspects which make it possible to assess the level of financial institutions' implementation of their AML/CFT due diligence. Unfortunately, the verifications carried out during controls remain shallow and are not based on knowledge of ML/TF risks. These are generally recurring issues to which reporting entities provide answers without requiring the provision of supporting documents.

**364.** At the level of CIMA, monitoring of insurance companies' compliance with their AML/CFT obligations remains very low. To date, CIMA has not yet organized thematic controls on the issue of AML/CFT.

**365.** The Ministry of Finance shares responsibility for controls with COBAC and CIMA. In practice, these entities do not carry out joint control missions. Nevertheless, the Ministry of Finance remains the recipient of the findings of the missions of the Community bodies.

**366.** At the time of the on-site visit, COSUMAF was not yet carrying out AML/CFT controls.

**367.** As regards DNFBPs in general, risk-based control of the degree of compliance with their AML/CFT obligations is not carried out by the public or self-regulatory authorities of the corporations they constitute. DNFBPs as a whole do not have designated authorities to monitor their AML/CFT obligations, which does not allow for risk-based supervision in this area.

**368.** As no provision has been made with regard to VASPs, the absence of any control action does not therefore allow verification of the implementation of a risk-based approach.

#### ***6.2.4. Remedial actions and effective, proportionate, and dissuasive sanctions applied***

**369.** Article 113 of the CEMAC Regulation provides that the supervisory authority can impose administrative sanctions against the reporting professionals for breach of AML/CFT procedures. The following Articles (114 to 125) also provide for criminal or civil sanctions against natural or legal persons involved in ML/TF. COBAC asserted to have recently pronounced administrative sanctions against some banks and microfinance institutions for non-compliance with AML/CFT diligence, although it did not provide the assessment team with the supporting documents it requested to verify the veracity of the sanctions and to assess their effective, proportionate and dissuasive nature. Discussions with the various supervisory authorities revealed a very low level of implementation of sanctions on reporting entities for non-compliance with their AML/CFT obligations.

**Table 6.2. Sanctions pronounced by COBAC against reporting institutions and their managers from 2016 to 2020**

Type of sanctions and categories sanctioned	2016	2017	2018	2019	2020	Total
<b>Types of sanctions pronounced</b>	<b>1</b>	<b>0</b>	<b>19</b>	<b>0</b>	<b>1</b>	<b>21</b>
Warning	0	0	4	0	0	4
Reprimand	0	0	15	0	0	15
Disciplinary withdrawal of approval (MFI)	1	0	0	0	1	2
<b>Sanctioned categories</b>	<b>1</b>	<b>0</b>	<b>19</b>	<b>0</b>	<b>1</b>	<b>21</b>
General Manager (reprimand)	0	0	5	0	0	5
Assistant General Manager (reprimand)	0	0	4	0	0	4
Board Chairperson (reprimand)	0	0	5	0	0	5
Institution	1	0	5	0	1	7
Warning	0	0	4	0	0	4
Reprimand	0	0	1	0	0	1
Disciplinary withdrawal of approval (MFI)	1	0	0	0	1	2
<b>Categories of sanctioned institutions</b>						
Credit institution						
Microfinance institution						

Source : COBAC

**370.** In addition, the reporting entities with whom the assessment team was able to discuss, did not mention the sanctions they suffered following any failure of their AML/CFT system. This situation leads the assessment team to believe that the actual implementation of effective, proportionate and dissuasive sanctions and/or corrective actions did not appear to be effective at the time of the on-site visit.

**371.** Similarly, CIMA did not provide information on corrective actions or sanctions applied to insurance companies, not even statistics on sanctions pronounced for non-compliance with AML/CFT obligations, to allow assessment of their effective, proportionate and dissuasive nature.

**372.** With regard to COSUMAF, given that there were no controls vis-à-vis financial market players to ensure compliance with their AML/CFT obligations, there is no need to assess the effective, proportionate and dissuasive nature of the actions and/or sanctions applied.

**373.** The same applies to the national authorities responsible for supervising financial institutions. In this situation of failure to provide supporting documents, data and statistics on the sanctions imposed, concerns on the effective, proportionate and dissuasive nature of the actions and/or sanctions applied cannot be validly assessed. Accordingly, the assessors believe that these concerns have not been effectively implemented by Cameroon with regard to FIs, which reflects the weakness of the system for monitoring reporting entities' compliance with their AML/CFT obligations.

**374.** For all DNFBPs, the assessors once again noted the absence of sanctions applied following non-compliance with AML/CFT obligations. This situation actually reflects the absence of competent authorities designated for the various categories of EPNFD, which consequently renders the AML/CFT control system inoperative.

**375.** No action is taken in Cameroon with regard to the VASP sector.

#### ***6.2.5. Impact of supervisory actions on compliance***

**376.** In general, the impact of the actions of supervisory authorities on the level of compliance of FIs and DNFBPs is not perceptible with the absence of information and data relating thereto.

**377.** Nevertheless, it should be noted that banks and microfinance institutions are gradually stepping up their levels of compliance, mainly because of the requirements relating to their openness to the outside world, in particular the correspondent banking relations concerning banks, and their strong interrelationships with banks for MFIs.

**378.** For other financial institutions and DNFBPs in general, the weak control for some and the absence of supervision for others are not likely to create conditions that could make it possible to impact, to any extent, the level of AML/CFT compliance of these reporting entities.

**379.** Since VASPs are not supervised, there is no action by the supervisory authorities to impact their level of compliance.

#### ***6.2.6. Promoting a clear understanding of AML/CFT obligations and ML/TF risks by financial institutions, DNFBPs and VASPs***

**380.** The assessment team notes that Cameroonian authorities have not issued appropriate guidelines with regard to the various categories of reporting entities or provided feedback in order to promote and ensure good understanding of their AML/CFT obligations and the ML/TF risks to which their activities are exposed.

**381.** No promotional action is taken in Cameroon for a good understanding by VASPs of their AML/CFT obligations and the ML/TF risks to which they would be exposed.

### ***Overall Conclusion on IO 3***

**382.** In Cameroon, the monitoring of compliance with AML/CFT obligations in FIs is shared between Community institutions (COBAC, BEAC, COSUMAF, CIMA) and national authorities. Only COBAC has set up an information collection system in the banking sector, which allows it to identify and understand the ML/TF risks in this sector. In its general or thematic verification missions relating to foreign exchange, COBAC systematically includes an AML/CFT component. Control in other sectors of FIs barely (insurance) or never (financial market) includes the AML/CFT issue. Programming of controls by the various supervisory authorities is not risk-based. Implementation of sanctions for breaches of AML/CFT obligations remains a challenge, so it has not been possible to determine whether the sanctions taken are effective, proportionate and dissuasive.

**383.** DNFBPs as a whole do not have designated authorities to monitor compliance with their AML/CFT obligations. Nevertheless, they have supervisory authorities as well as SRBs for some professions such as lawyers, notaries or even accountants. However, these self-regulatory bodies or the supervisory authorities do not provide any supervision in the area of AML/CFT.

**384.** At various levels, Cameroonian authorities take very little action to explain to reporting entities their obligations, the risks to which they are exposed and how they should proceed to improve their compliance system.

**385.** To date, the VASP sector is not yet taken into account in AML/CFT policies in Cameroon.

**386.** *Cameroon is rated as having a low effectiveness level for IO 3.*

## 7: LEGAL PERSONS AND ARRANGEMENTS

### 7.1. Key findings and recommendations

#### *Key findings*

##### **Immediate Outcome 5**

- (a) In accordance with the relevant OHADA Uniform Acts, legal persons created in Cameroon comply with the general transparency obligations arising from the obligation to register with the TPPCR which provides basic protection against their misuse for money laundering and terrorist financing purposes. The procedures for setting up NGOs, associations and other types of legal persons also guarantee transparent information on their founders, officials or managers.
- (b) Information on the creation of legal persons governed by the OHADA Uniform Acts is registered with the Registry of the Court of First Instance of each subdivision in the TPPCR. They are subsequently centralized and kept in a computerized but not interconnected national database at the Centre Court of Appeal. The information is updated, albeit irregularly, following the same procedure.
- (c) The recent NRA neither assessed nor addressed the risks of misuse of legal persons for ML/TF purposes. The authorities responsible for business development and record keeping have not conducted a comprehensive assessment or carried out specific related work to understand these risks. The authorities are still to fully understand the concepts of beneficial ownership, trusts and legal arrangements.
- (d) In Cameroon, there are no mechanisms for identifying and collecting information on the beneficial owners of legal persons, and information on BOs of legal persons does not appear in the company register. Only banks belonging to large international financial groups are able to identify BOs. Cameroonian authorities responsible for creating legal persons and keeping company registers, in particular notaries, CBDFs and the registries of courts of first instance only know the identity of the promoters during the submission of business development files.
- (e) Generally, in ML/TF investigation files, the competent authorities have access to information on beneficial owners because it is available from some FIs, with the authorization of the prosecutor.
- (f) Cameroon's legal order does not provide for the creation of legal arrangements. However, legal arrangement services may be provided by certain independent legal professions, and foreign legal arrangements and other similar arrangements may operate or be administered in the country. There is no mechanism that guarantees their transparency.
- (g) The applicable law in Cameroon provides for penalties for failure by legal persons to comply with their obligations to provide information, but the enforcement of such penalties by the relevant authorities is limited. No sanction has been imposed to enable assessment of its proportionate and dissuasive nature.

## ***Recommendations***

### **Immediate Outcome 5**

Cameroonian authorities should:

- (a)** Set up a mechanism for identifying and collecting information on the beneficial owners of legal persons during their creation and when their articles of association are amended, and ensure that they are regularly updated;
- (b)** Carry out a specific analysis of the risks of misuse of legal persons and legal arrangements for ML/TF purposes, and take them into account when updating the NRA with a view to proposing measures to mitigate such risks and disseminate the findings to all the competent authorities as well as the private sector actors concerned by the study;
- (c)** Require and ensure that legal persons effectively update the register of their shareholders/partners/members/representatives and their beneficial owners, including for companies with bearer shares, in order to check the accuracy of the information on legal ownership and beneficial owners and make it accessible to the competent authorities on time;
- (d)** Provide the authorities responsible for keeping information on legal persons with the powers required to ensure compliance with the obligation to update their information and to impose sanctions on any case of any failure;
- (e)** Raise awareness among the authorities, particularly those involved in the incorporation of legal persons and legal arrangements, on the issue of related ML/TF risks, and build their capacity to obtain the most complete range of information in accordance with Recommendations 24 and 25;
- (f)** Set up a computerization system for establishing criminal records that includes legal persons, in order to ensure better preservation and speedy disclosure of personal data;
- (g)** Ensure the effective enforcement of penalties imposed on legal persons for breach of information and transparency obligations, and produce related statistics.

**387.** The relevant Immediate Outcome for this chapter is the IO. 5. The relevant Recommendations for the assessment of effectiveness under this section are R. 24, R. 25, and some elements of R.1, R.10, R. 37 and R. 40.

## **7.2. Immediate Outcome 5 (legal persons and arrangements)**

### ***7.2.1. Public availability of information on the creation and types of legal persons and arrangements***

**388.** The types of legal persons that can be created in Cameroon by virtue of the OHADA Uniform Acts are limited companies (LCs) the limited liability companies (LLCs), simplified joint-stock companies (SJACs), general partnerships (GPs), limited partnerships (LPs), cooperative societies and the economic interest groups. They are bound by general transparency obligations which aim to protect them against their misuse for ML/TF purposes.

**389.** There are other types of legal persons in Cameroon, in particular: (a) associations which are governed by Law No. 90/53 of 19 December 1990 relating to freedom of association and Decree No. 2019/30 of 23 January 2019 to organize the Ministry of Territorial Administration; (b) NGOs whose legal framework is Law No. 99/14 of 22 December 1999 to govern non-governmental organizations and Decree No. 2001/150/PM of 3 May 2001; (c) Law No. 2003/13 of 22 December 2003 relating to patronage and sponsorship also governs certain types of legal persons.

**390.** In Cameroon, the creation of commercial companies, civil societies and EIGs falls under the competence of the Centre for Business Development Formalities (CBDF), which is a service under the SME Promotion Agency (APME) comprising all the government services involved in the business development process. The creation, control and supervision of other types of legal persons, in particular associations, NGOs, NPOs, foundations and political parties are the responsibility of the Ministry of Territorial Administration (MINAT). Information on the creation and types of commercial companies is provided for by the OHADA Uniform Acts (AUDCG and AUSCGIE) which can be consulted by the public directly on the OHADA official website. In addition, relevant information on business development procedures can be obtained from the CBDF's online platform and CBDF branches located in more than eight major cities nationwide. Information on other types of legal persons can be obtained from MINAT, in particular the governors' offices of where their headquarters are found.

**391.** The procedures for creating NGOs, associations and other legal persons are described in the aforementioned laws and decrees, and are easily accessible to the public. The public can either consult the Official Gazette of the Republic, or contact the authorities responsible for controlling these legal persons for information.

**392.** Regarding NGOs, there is a Technical Committee responsible for studying applications for approval and monitoring of NGO activities. The Committee plays a major role in monitoring the activities of NGOs with a view to proposing to MINAT the penalties applicable to them.

**393.** Given that Cameroon is not a signatory to The Hague Convention of 1 July 1985 relating to the law applicable to trusts and their recognition, the competent authorities contacted did not

provide any information on the creation and types of trusts. However, the Cameroonian legal mechanism does not prohibit trusts established abroad from operating or being administered on its territory. Likewise, members of some independent legal professions in Cameroon can freely manage property on behalf of a trust established abroad just like property located on Cameroonian territory can be managed by a trust established abroad.

### ***7.2.2. Identification, assessment and understanding of ML/TF risks and vulnerabilities of legal entities***

**394.** Cameroon has just validated its NRA. The NRA report does not provide information on the level of vulnerability and the risk of legal persons being misused for ML/TF purposes. Indeed, the study does not devote a specific chapter or section to this aspect. The World Bank tool used for the NRA only provides for the assessment of the “availability of and access to information on beneficial owners” variable in some of its chapters. Consequently, the national risk assessment does not make an in-depth analysis of the mechanisms through which commercial companies and other legal persons created in Cameroon in general can be misused and diverted for ML/TF purposes. The findings of the NRA on this point seem incomplete. Nevertheless, the NRA includes elements for assessing the risks of misuse of NPOs for ML/TF purposes.

**395.** The identification of mechanisms through which legal persons are used for criminal purposes helps to better understand the vulnerabilities of the Cameroonian context. Therefore, in 2016 GABAC conducted a study on the risks of using NPOs for ML/TF purposes. Vulnerabilities were identified at the end of the study. The findings of the study were disseminated across the country. Some stakeholders declared that NPOs and associations operating in conflict areas have been used for terrorist financing purposes. Others asserted that foreign legal persons established in regions where terrorists and insurgency movements are operating were identified as highly exposed to ML/TF.

**396.** In addition, discussions with the authorities responsible for creating and keeping information on companies show that they have a very limited understanding of the risks to which these companies are exposed. The competent authorities simply complete the business development formalities without applying due diligence measures because registration applications are generally submitted to them by notaries who are important public officials in the creation process.

**397.** The findings of the NRA revealed that there is no express obligation of prior identification of the real owners of the entity. Thus, the NRA made the recommendation on the establishment of a legal mechanism requiring the identification of the beneficial owners during the creation and modification of companies.

**398.** Overall, Cameroonian authorities have a moderate understanding of the risk of misuse of legal persons for ML/TF purposes. However, the CBDF, notaries as well as court registries have a limited understanding of the risks of using these legal persons for ML/TF purposes. In the same vein, it should be noted that some of these actors were involved neither in the preparation of the

NRA nor in the workshop to present the findings of the NRA. Moreover, the authorities in possession of relevant information on the mechanisms and techniques of misuse of legal persons do not seem to work in collaboration or pool their resources for a detailed and consolidated study which would help to determine the types of vulnerable legal persons and scenarios that encourage ML/TF.

### ***7.2.3. Mitigating measures to prevent the misuse of legal persons and arrangements***

**399.** Legal persons created in Cameroon and governed by the Uniform Acts are bound by the obligation to register with the TPPCR, in accordance with the Uniform Act relating to General Commercial Law (AUDCG) and the Uniform Act relating to the Law of Commercial Companies and Economic Interest Grouping (AUSCGIE).

**400.** Information on the creation of certain legal persons, in particular commercial companies, is registered with the registry of the court of first instance of each subdivision in the Trade and Personal Property Credit Register (TPPCR). Such information is subsequently centralized and kept in a computerized national database at the Centre Court of Appeal, which is responsible for updating data. However, major changes within companies are not recorded in the TPPCR at the behest of the competent authorities even though company managers are required by the Uniform Acts to do so as soon as possible.

**401.** Notaries, CBDF and the registries of courts of first instance only have information on the identity of the promoters during submission of business development files. The business development formalities in force do not help to obtain information on beneficial owners. Notaries who first receive business development files do not carry out additional due diligence on the promoters, potential managers and shareholders of the legal person. As soon as all the required documents are provided, notaries forward them to CBDF which checks the documents of the file as well as the articles of association to ascertain the form and category of the legal person to be created. The intervention of notaries, who authenticate the majority of documents relating to the creation and life of legal persons, should enhance the reliability of the information collected. However, as pointed out above, notaries do not perform all the required AML/CFT due diligence to ensure the quality of the information collected.

**402.** CBDF is only concerned with business creation. In this connection, in addition to criminal histories, it checks the declaration on honour, the promoter's identification sheet as well as residence permit for foreign nationals. CBDF refuses the planned business creation where the file is incomplete, where it is found that the promoter has already created a business or where one of the essential conditions is not fulfilled.

**403.** In reality, the administrative formalities required by CBDF would help to better ensure that the legal person would not be used for ML/FT purposes. However, during the on-the-spot visit, Cameroonian authorities did not prove the establishment and implementation of a set of measures or mechanisms to ensure the transparency of legal persons and legal arrangements, from their

creation to their dissolution, in order to prevent their use for ML/FT purposes, such as: the exclusion of incapacitated persons, bans from practice, justification of origin and use of funds, complete identification of members and officials, the requirement to declare the beneficial owners, background check and production of supporting documents.

**404.** The court registry comes in last. It checks whether the required documents have been collected by CBDF and notaries before registering the company in the computerized company register.

**405.** The production of a criminal record is a requirement for creating any legal person. This document is intended to check whether the applicant has not been imposed a criminal penalty or has not been banned from carrying out an activity or is not ineligible. The production of a criminal record is compulsory for the managers, promoters and partners of the legal person to be created. This obligation does not apply to BOs. It should be noted that the said criminal record is not computerized, such that it is difficult to quickly obtain up-to-date information on an individual when establishing the criminal record. Furthermore, there is no mechanism to check the criminal records of foreigners who wish to register or create a legal person in Cameroon.

**406.** It should be noted that the creation of foreign companies is subject to an authorization issued by the Ministry of Trade (Legal Affairs Division). This division receives the request for establishment in Cameroon, then carries out investigations on the shareholders and members of the company as well as its real activities. Information from embassies, diplomatic representations and other national investigation services enables the Ministry to grant or refuse the requested authorization. This phase enables the country authorities to collect information on the managers of the legal person being created.

**407.** At the same time, the tax administration has representations at CBDF and its agencies. Such representations register taxpayers during the creation of legal persons and the information is centralized by the Registration Unit of the Statistics, Tax Simulations and Registration Division of the DGI. Tax registration is renewed every two years to ensure the accuracy of the initial information as well as the activities of the legal person.

**408.** The anti-terrorism prosecution authorities are aware of the possibilities of using legal persons for TF purposes, although they have not conducted an assessment of the TF risks associated with the various forms of legal persons. To this end, they continuously monitor the activities and transactions of at-risk legal persons, particularly according to their activities, their areas of operation and the identity of their members. Some authorities, in particular MINAT, provided information showing that the country has been undertaking targeted actions in the NPO sector for several years. These authorities stated that they have imposed penalties on legal persons involved in TF in some conflict areas, and reiterated the desire to continue to pay particular attention to this point, particularly on NPOs, NGOs and associations of foreign origin. However, proof of the effectiveness of the declared penalties was not provided to the assessment team.

#### **7.2.4. Timely access to adequate, accurate and current basic and beneficial ownership information on legal persons**

**409.** Basic information on the creation of legal persons can be obtained particularly from the registries of courts of first instance (TPPCR), notarial offices, the tax administration, CBDF, the Approved Business Management Centre (CGAE) as well as the national database which happens to be located at the Centre Court of Appeal. The authorities requesting the information contained in the TPPCR send their requests to the national database which centralizes the registration of all the TPPCRs in the country. Access granted to the requesting authority enables it to directly consult all the information collected from the registries of courts of first instance. Access to information held by CBDF and notarial offices is also subject to request. By virtue of their powers, ANIF, the tax administration and prosecution authorities can easily have access to such information in due course.

**410.** To facilitate direct access to its database, the tax administration has signed cooperation agreements with some competent authorities in the country, in particular ANIF. Conversely, for authorities with which the tax administration has not signed cooperation agreements, access is subject to prior authorization. The processing times for such authorizations are generally long.

**411.** The competent authorities that handle ML/FT cases can have free access and in due course to the *justicia* database of the Ministry of Justice. However, the database only contains basic information, the updating and accuracy of which need to be improved. Moreover, during the on-site visit, the *justicia*<sup>32</sup> platform was being redeveloped and, therefore, inaccessible.

**412.** In practice, competent authorities rarely use information from TPPCR in their AML/CFT activities. They make more use of information from ANIF, the tax administration and reporting entities. Information from these sources is more appropriate and up-to-date compared to basic information available at the TPPCR.

**413.** In Cameroon, it is difficult for competent authorities to access information on beneficial owners, especially as there is no formal mechanism for collecting, storing, updating and making such information available. In a few rare cases, information on beneficial owners is collected by some reporting entities, in particular banks belonging to large international financial groups, which carry out due diligence to identify them when entering into a business relationship.

**414.** As part of ML/TF procedures, the investigating and criminal prosecution authorities may, upon request, obtain information on beneficial owners, which appears to be accurate and up-to-date, given that it exists in some FIs. ANIF has direct access to such information, upon request and in due course, as part of the processing of STRs.

**415.** International cooperation on the identification and sharing of information on legal persons and legal arrangements is generally weak except for exchange of information on the transparency of legal persons for tax purposes, which is more elaborate and more intense. Information from such tax cooperation can be useful for AML/CFT.

---

<sup>32</sup><http://www.minjustice.gov.cm/index.php/fr/espace-presse/justicia>

**416.** On the whole, the assessment team noted that, with the exception of ANIF, the police, tax authorities and some judicial authorities, the other Cameroonian competent authorities do not have the means to adequately and in due course request information on legal persons established in the country.

***7.2.5. Timely access to adequate, accurate and current basic and beneficial ownership information on legal arrangements***

**417.** Cameroon has not acceded to The Hague Convention on the Law Applicable to Trusts and their Recognition. Trusts and other similar legal arrangements are not recognized in Cameroonian law. However, foreign trusts can operate in Cameroon and domestic professionals can provide services to foreign law trusts (see comments under R.25).

**418.** Cameroonian authorities stated that the use of trusts is almost non-existent. This approach is shared by some private sector actors who pointed out that there is a scarcity of trusts and similar legal arrangements in business relationships. The authorities held that there are mechanisms to identify foreign trusts that may operate in Cameroon. The assessment team does not share the assessed country's point of view because the mechanisms deployed by Cameroon do not enable the competent authorities to obtain information on the actors in the creation and functioning of trusts, owing to the predominance of economic activities in the informal sector. Consequently, the authorities cannot promptly obtain information on the beneficial owners of any legal arrangements that may exist.

**419.** In practice, there is no data on the existence of trusts and other local legal arrangements or foreign law providers of services to trusts. Only a few financial institutions owned by large international financial groups have internal mechanisms for identifying the beneficial owners of legal arrangements that may operate in Cameroon.

**420.** Although the authorities are convinced that the existing legal mechanisms for identifying beneficial owners would be sufficient to identify beneficial ownership of legal arrangements and other similar arrangements, the assessed country does not clearly indicate how such information on beneficial ownership is collected. As a result, the assessment team believes that the satisfactory, exact and up-to-date nature of such information cannot be assessed since the competent authorities are unable to obtain information on the beneficial owners of legal arrangements.

***7.2.6. Effectiveness, proportionality and dissuasiveness nature of the sanctions***

**421.** Law No. 2003/8 of 10 July 2003 relating to penalties for offences provided for in some OHADA Uniform Acts lays down the penalties applicable to the offences provided for in the OHADA Uniform Acts relating to general commercial law, the law of commercial companies and economic interest groups and collective proceedings for clearing off debts. It thus provides for prison sentences ranging from three months to five years and fines ranging from 100,000 to 20,000,000 CFA francs or one of such penalties only, on officials of the legal person or company itself in the event of non-compliance with the rules of transparency of legal persons. Such is the case where registration was fraudulently obtained or the company was irregularly incorporated, in the event of failure to comply with the obligation of the registered form of shares and where there

was no information relating to the registration of the legal person in the documents prepared by the company.

**422.** Similarly, Sections 206, 216, 219, 219(1), 311(1) and 334(1) and (2) of the Penal Code provide for penalties in the event of falsification and fake documents, impersonation within legal persons, false declarations, misuse of name or usurpation of title, forgery of official documents, absence or false declaration of formalities to the TPPCR or withholding of information on legal persons or any other failure to report to the registry of the competent court on the situation of the legal person with the list of partners. The quantum of these penalties varies from one offence to another. However, the minimum imprisonment term is one month and the maximum ten years. Fines vary from 100,000 CFA francs to 10 million CFA francs.

**423.** The common penalty for breach of transparency obligations by legal persons in the process of being created is rejection of the business creation plan where the authorities in charge of collecting (CBDF and notaries) and controlling information (registry having territorial jurisdiction) are not satisfied with the convincing, plausible and consistent nature of the information.

**424.** In practice, the authorities do not take the necessary steps to impose penalties on legal persons that do not update information on major changes that take place within the legal person or on regularizations required by law. Indeed, the authorities in charge of keeping information on legal persons do not have sufficient powers to compel legal persons or their managers/partners to report new happenings that lead to substantial changes within the company.

**425.** Interviews during the on-site visit revealed that the competent authorities have not imposed any penalties on legal persons and legal arrangements for non-compliance with the obligations to provide information to which they are subject under the OHADA Uniform Acts and special domestic laws. Judicial authorities provided the assessment team with figures on cases of legal persons struck-off without indicating the reasons for which these persons were struck off. The assessment team was therefore unable to determine whether these penalties were linked to cases of breach of transparency obligations or cases of dissolution or liquidation due to the economic situation of the company which would be irreparably compromised.

**426.** From the foregoing, the information provided by the assessed country does not help to assert that effective, proportionate and dissuasive criminal and administrative penalties are imposed on legal persons created or operating in Cameroon.

### ***Overall Conclusion on IO 5***

**427.** Commercial companies created in Cameroon under AUDCG and AUSCGIE are subject to general transparency obligations, and their registration in the TPPCR constitutes a basic protection against misuse for ML/TF purposes. The country has separate instruments that impose transparency obligations on other types of legal persons (NGOs, associations, foundations, civil societies). Trusts and other legal arrangements established abroad can operate in Cameroon, but there is no mechanism to ensure their transparency. However, in Cameroon there are no mechanisms for identifying the beneficial owners of legal persons and legal arrangements, besides the obligations imposed on persons liable to the AML/CFT Regulation, whose application or compliance is only perceptible in banks owned by large international financial groups.

**428.** The country has not carried out a specific study on the risks of misuse of categories of legal persons for ML/TF purposes, regardless of their sectors of activity (LC, LLC, PCS, PEREF, cooperative societies, etc.) with a view to proposing mitigation measures.

**429.** Competent authorities do not often make use of basic information held by the TPPCR, CBDF and notaries in ML/TF files and do not ensure that such information is regularly updated and made available in due course.

**430.** To date, no penalty has been imposed for non-compliance with transparency obligations by legal entities.

**431.** *Cameroon is rated as having a low effectiveness level for IO 5.*

## 8: INTERNATIONAL COOPERATION

### 8.1. Key findings and recommendations

#### *Key findings*

#### **Immediate Outcome 2**

- (a) Cameroon has a legal framework that makes ample provisions for mutual legal assistance and extradition. However, no recent information on the use of such mechanisms was provided. The country has neither requested nor granted international cooperation regarding mutual legal assistance and extradition in the area of AML/CFT. Data from 2011 suggests that Cameroon has made several requests relating to cases of embezzlement of public funds, but the majority of such requests did not receive any response.
- (b) The military nature of the courts having jurisdiction over terrorism financing cases constitutes a potential obstacle to the mutual legal assistance that several countries could grant to Cameroon.
- (c) There is no formal bilateral cooperation on TF with countries affected by terrorism and its financing. There has been no formal request for cooperation on TF with neighbouring countries and worldwide.
- (d) The country has a central authority and a department in charge of mutual assistance and extradition within the Ministry of Justice. However, there is no centralized file recording and management system, making it difficult to have information on collection and processing times. The authorities have not been able to demonstrate their effectiveness in providing mutual legal assistance or prioritizing cases.
- (e) ANIF is a member of the Egmont Group and has signed a number of cooperation agreements with a view to facilitating exchanges with its foreign counterparts. In that connection, it sends numerous requests for information to its foreign counterparts. It also responds to requests and submits requests for information from taxpayers and correspondents on behalf of a foreign FIU and obtains information for the former.
- (f) Some competent authorities such as the National Police through the BCN Interpol, the Customs through WCO and the tax administration through OECD share information with their foreign counterparts and seek support during investigations. However, data on such cooperation are not systematically kept. Thus, the authorities could not demonstrate that they share information appropriately and in due course.
- (g) COBAC has cooperation agreements that enable it to share information on the supervision of reporting entities, including on AML/CFT aspects, with its foreign counterparts. However, data on such cooperation are not systematically kept. Thus, COBAC could not prove that it shares information in an appropriate and timely manner.

(h) The country can share basic information on legal persons. However, the manual archiving of information at the registry may lengthen the turnaround times for requests or make it difficult to collect the requested information. Moreover, the absence of a mechanism for identifying beneficial owners limits information-sharing in the field.

### ***Recommendations***

#### ***Cameroon should:***

- (a) Make greater use of international legal assistance and other forms of international cooperation to prosecute ML, predicate offences and TF which have transnational ramifications;
- (b) Broaden its scope of international cooperation, in particular by concluding agreements with countries facing terrorism and its financing in Africa and worldwide;
- (c) Establish a centralized computer system for collecting, managing and filing data on international cooperation. This includes data on mutual legal assistance and extradition, sharing of basic information on the beneficial owners of legal persons and all other forms of international cooperation concerning the competent authorities granted and received by the country;
- (d) Build the capacity of competent authorities, in particular the investigation and prosecution authorities, specialized agencies (customs, taxation and wildlife and forestry administrations) and control and supervision authorities by providing the required resources and training in order to enable them to make better use of international cooperation;
- (e) Establish, within the competent authorities, mechanisms for monitoring requests received and submitted so that they are processed in time and according to effective prioritization;
- (f) Encourage control and supervision authorities to use and grant constructive international cooperation in the discharge of their duties.

**432.** The relevant Immediate Outcome for this chapter is IO. 2. Relevant recommendations for assessing effectiveness in this section are Rs.36 to 40 and some elements of R. 9, R. 15, R. 24, R. 25 and R. 32.

## **8.2. Immediate Outcome 2 (International Cooperation)**

**433.** Owing to its geographical location, particularly its closeness to Nigeria and the Central African Republic, Cameroon is facing growing terrorism and terrorist financing. The structure of its economy marked by the predominance of the informal sector and the use of cash in transactions makes it conducive to the development of money laundering activities. Both phenomena (ML/TF) are essentially cross-border. The same applies to most of the predicate offences identified by the

NRA (trafficking in drugs, pharmaceuticals, mineral resources, weapons, works of art and stolen goods, illegal exploitation of wildlife resources, kidnapping, etc.). Suppression of all these offences with ramifications abroad requires sustained international cooperation. To this end, the proper handling of cross-border cases by the judiciary and ANIF is highly dependent on international cooperation that the country can request. In addition, the financial sector, which is also marked by the presence of international groups, also requires, for control and supervision of financial institutions, that the control and supervision authorities be able to seek the cooperation of their foreign counterparts to collect information.

### ***8.2.1. Providing constructive and timely mutual legal assistance and extradition***

**434.** International cooperation in Cameroon is based on international (Vienna Convention, Palermo Convention, the International Convention for the Suppression of the Financing of Terrorism and the United Nations Convention against Corruption), regional (ECCAS, CEMAC) and bilateral (Côte d’Ivoire, France, Russia and Spain) conventions directly or indirectly linked to the fight against ML and TF to which the country is a party. The legal framework for mutual assistance and extradition is elaborate. However, there is no active cooperation in the area of AML/CFT. The country did not provide any information indicating that it has received requests for mutual legal assistance or extradition in ML/TF matters during the assessment period (2015-2020). Similarly, no information on the management and follow-up of requests was provided to the mission to assess the relevance and speed of the country’s responses to requests from foreign countries.

**435.** The Ministry of Justice is the central authority responsible for managing international judicial cooperation. The Department of Legal Affairs and International Commitments of the State, which is a service of the ministry in charge of external relations, receives and transmits to the judicial authorities for processing, requests for mutual legal assistance and extradition from requesting States. Such requests are received on the basis of a cooperation agreement or on the basis of the principle of reciprocity. The Ministry of Justice ensures the regularity of requests and contacts the competent judicial authorities for action. Depending on the data provided by the country, international cooperation is mainly used for offences underlying or related to ML/TF.

**436.** For mutual legal assistance and extradition, the established procedures allow, to a lesser extent, that requests be treated confidentially. The Department of Treaties informed the assessment mission that requests are submitted in sealed envelopes and, during processing, are transmitted from one department to another in a sealed envelope. The employees responsible for processing are bound by ethical rules of confidentiality. In practice, there are no clearly established procedures for prioritizing requests.

**8.2.2. Seeking timely legal assistance to pursue domestic ML, associated predicates and TF cases with transnational elements**

**437.** Just like it obtains for receipt of foreign requests, the ministry in charge of external relations is the channel through which requests made by the country is transmitted to foreign counterparts. However, in emergency situations, the competent authorities may directly contact their foreign counterparts, while subsequently ensuring that such contact is regularized through the ordinary procedure.

**438.** Cameroon has not provided any recent statistics or any other information that demonstrate the use of mutual legal assistance mechanisms to back the investigation and prosecution of ML/TF and predicate offences. Statistics obtained in 2011 show that litigations concerning misappropriation of public property led to the dispatch of 195 international letters rogatory to several countries, of which 58 were acted on and 137 were not acted on. However, no information was provided to the assessment mission to ascertain the relevance and speed of responses to requests from the country. There is also no information indicating whether international letters rogatory that have not been acted on are pending action or have been refused. The authorities have not shown any evidence of having taken steps to follow-up with their foreign counterparts.

**Table 8.1. Status of international letters rogatory in cases of misappropriation of public funds as at 31 March 2011**

No	Country Requested	Number of ILR Dispatched	Number of ILR Acted on	ILR Not Acted on
1	Australia	1	0	1
2	Belgium	22	14	8
3	Canada	20	0	20
4	Djibouti	1	0	1
5	United States	13	0	13
6	France	31	24	7
7	Great Britain	20	0	20
8	Cayman Islands	1	0	1
9	Mauritius	1	0	1
10	Indonesia	1	0	1
11	Luxembourg	25	0	25
12	Monaco	24	20	4
13	Republic of South Africa	13	0	13
14	Senegal	1	0	1
15	Switzerland	21	0	21
<b>Total</b>	<b>15</b>	<b>195</b>	<b>58</b>	<b>137</b>

**439.** With regard to ML, the country indicated that, in one of the cases pending before the Special Criminal Court, in August 2019 the Investigating Magistrate sent requests for mutual legal assistance to his French, Belgian and Moroccan counterparts. France and Belgium responded to the requests. However, no details were given to enable concrete assessment of the mutual legal assistance.

**440.** Concerning extradition, Cameroon has not made any formal request for ML, related predicate offences or TF. With regard to TF specifically, which is an offence within the exclusive jurisdiction of military tribunals, judicial cooperation may potentially be affected by the reluctance of some foreign civil courts to cooperate with military tribunals. In addition, Law No. 2014/028 of 23 December 2014 on the suppression of acts of terrorism punishes acts of terrorism and terrorist financing with the death penalty. Abolished by almost all countries, death penalty may constitute a real obstacle to extradition requests to Cameroon. Lastly, Cameroon does not have specific bilateral cooperation agreements on terrorism and its financing with border countries and other countries affected by these phenomena. Nevertheless, the country has shown that it has satisfactorily resorted to informal cooperation with a neighbouring country on terrorism and its financing.

### **Box 8.2: Case of informal cooperation**

#### **Extradition**

*In the matter of: Public Prosecution Office v. S. J. A. T and 46 secessionists.*

Arrested on 5 January 2018 in Abuja, Nigeria, Mr S. J. A. T and 46 of his secessionist comrades were transferred to Cameroon on 19 January 2018, at the request of the country's authorities. They were arraigned before the Yaoundé Military Tribunal where they were tried for "acts of terrorism, secession, complicity in acts of terrorism, financing of acts of terrorism, revolution, insurrection, hostility to the homeland, propagation of false news, undermining the internal and external security of the State and lack of a National Identity Card". At the end of the trial, ten of them were convicted on 20 August 2019. The convicted persons appealed the sentence.

### **8.2.3. Seeking other forms of international cooperation for AML/CFT purposes,**

#### **ANIF**

**441.** ANIF has signed 2 (two) cooperation agreements with the financial intelligence units of the Democratic Republic of Congo and France. At Community level, ANIF is a member of CAC, and at international level, it has been a member of the Egmont Group since 2010. This positioning enables it to regularly share information with its foreign counterparts. To this end, from 2015 to 2020, it made 243 requests to its foreign counterparts, of which 115 received responses. However, no information was provided on all the remaining requests. No details were given on the subject of the requests and the time limits for replying to them.

**Table 8.3. Information-sharing between ANIF and foreign FIUs (ANIF requests)**

Subject / Year	2015	2016	2017	2018	2019	2020	Total
Requests sent to foreign FIUs	17	15	51	71	57	32	243
Responses received from foreign FIUs	8	9	27	23	31	17	115

442. The table above does not give precise indication as to the foreign FIUs with which ANIF Cameroon communicates. Data is provided in a general manner, which also poses the problem of assessing the types of information and offences the information-sharing dealt with.

443. During the on-site visit, the mission noted that the police, BCN-Interpol, the customs and tax administrations as well as COBAC have cooperation tools that enable them to request, as appropriate, information from their foreign counterparts with a view to discharging their respective duties. However, assessors were not provided with concrete cases in which cooperation could be requested by these various entities as well as by the supervision authorities.

#### **8.2.4. Providing other forms of international cooperation for AML/CFT purposes**

444. From 2015 to 2020, ANIF received 182 requests for information from foreign FIUs and responded to almost all of them. It affirmed that its responses were sent in time, in accordance with Egmont Group standards. However, no file was made available to the assessment mission to enable it assess ANIF's assertions. Statistics provided were general and did not highlight the subject matter of the requests, such that it was not possible to determine the kind of information and type of offences to which they related. The assessed country did not provide a key to the table in order to enable better assessment by the assessment team.

**Table 8.4. Information-sharing between ANIF and foreign FIUs (Requests from foreign FIUs)**

Subject / Year	2015	2016	2017	2018	2019	2020	Total
Requests from foreign FIUs	11	15	38	46	38	34	182
Responses to foreign requests	6	8	40	57	45	19	175

### **National Police**

445. BCN-Interpol is the police service that acts as interface between the General Interpol Secretariat and the national police services, as well as the police services of other countries. The Bureau performs international police cooperation duties, in addition to criminal investigation, intelligence gathering and capacity building support for law enforcement officers and services. To

this end, on the basis of information obtained through the Interpol STAR project,<sup>33</sup> Airport Anti-Trafficking Units (CAATS)<sup>34</sup> and regional counterterrorism poles, BCN-Interpol Cameroon participates in information-sharing by supplying data to Interpol databases as well as by responding to requests from foreign counterparts. During the assessment mission, BCN-Interpol agents affirmed that they had cooperated with their foreign counterparts, but concrete data and cases were not made available to the assessors to enable assessment of cooperation quality.

### **Customs**

**446.** Cameroon Customs collaborates with its foreign counterparts, namely: Central African Republic, Congo, Chad, Gabon and Nigeria. They jointly carry out actions at the borders and regularly share information within the framework of their respective missions. Internationally, Cameroon Customs is a member of the World Customs Organization (WCO). However, the assessment mission was not provided with concrete cases of cooperation in order to assess its existence and relevance.

### **Taxes**

**447.** To control tax fraud and evasion, the Tax Administration is a member of OECD, the Global Forum on Transparency and Exchange of Information for Tax Purposes, the inclusive OECD framework for combating profit shifting abroad and the Inspector Without Borders Initiative for tax audits. However, the assessment mission was not provided with information on the existence or non-existence of requests from this administration to foreign services or vice versa.

### **COBAC**

**448.** Generally, COBAC cooperates and shares information with other supervision authorities, in particular within the framework of cooperation between French-speaking regulatory institutions. To this end, it has signed a number of cooperation agreements, in particular with *the Central Bank of Sao Tome and Principe, Al-MAGHRIB Bank, the Central Bank of Nigeria and the West African Monetary Union Banking Commission*. The purpose of all these agreements is to organize and implement between the supervision authorities, a procedure for sharing information and documents useful for the discharge of the duties assigned to them by the instruments governing their banking supervision activities. The agreements also state that the parties can develop their cooperation in various forms and, in particular, consult each other on a number of issues listed in Articles 14 and 19 of the agreements, including AML/CFT.

**449.** In pursuance of principles 12 and 13 of the Basel Committee on Banking Supervision, COBAC regularly organizes colleges of supervisors of banking groups under its prudential supervision. This aspect of international cooperation with supervisors from host countries has been implemented since 2015. In this context, aspects relating to AML/CFT due diligence are closely monitored by members of these colleges and are the subject of specific recommendations made to these banking groups. As such, in June 2016 COBAC held the first meeting of the college of

---

<sup>33</sup>Concerning data on the recovery of stolen assets.

<sup>34</sup>Regarding data relating to the fight against drugs and all kinds of trafficking.

supervisors of the Afriland Bank Group, made up of the WAEMU Banking Commission and the Central Banks of Congo, Guinea, Liberia and Sao Tome and Principe. The purpose of the meeting was to set up a legal framework for information-sharing through a Declaration on Mutual Cooperation (DMC).

**450.** Concerning *cooperation between COBAC and the French Banking Commission, the Cooperation Agreement concerns information control and sharing*. In accordance with Article 2 of the Agreement, the two supervision authorities may transmit, receive or share all information they deem useful for the discharge of their respective duties in terms of supervision of their taxpayers, in compliance with the instruments in force.

**451.** However, COBAC did not provide the mission which documents that show cooperation or information-sharing already undertaken in order to assess its effectiveness in responding to the requests of counterparts.

#### ***8.2.5. International exchange of basic and beneficial ownership information of legal persons and arrangements***

**452.** Cameroonian authorities can transmit information on legal persons. The TPPCR contains all the information on the creation and life of legal persons. Entered in the registry of the court of first instance of each subdivision, the information is listed in the computerized National Database found at the Centre Court of Appeal. The competent national authorities can, upon request, collect and transmit information on legal persons to their foreign counterparts. However, failure to synchronize the updating of information between the two databases and the manual archiving of information at the sub-divisional level can lengthen the turnaround times for requests or make it difficult to collect the requested information.

**453.** Business development formalities in Cameroon do not enable the obtaining of information on beneficial owners. The absence of a formal mechanism for identifying the beneficial owners of legal persons hampers information-sharing between the competent national authorities and their foreign counterparts.

### ***Overall Conclusion on IO 2***

**454.** Cameroon has, to a lesser extent, requested mutual legal assistance for the prosecution of predicate offences. With regard to ML/TF, no formal request for mutual legal assistance and extradition has been made or received. The fact that terrorism and its financing fall within the jurisdiction of military courts constitutes an obstacle to meeting requests for cooperation by foreign counterparts.

**455.** ANIF cooperates with its foreign counterparts to an acceptable extent. There are cooperation frameworks for the other competent authorities and their foreign counterparts as well as for supervision authorities and, in particular, COBAC. However, the elements of this cooperation were not revealed.

**456.** There is no mechanism for collecting and processing statistics on international judicial cooperation and information-sharing by the competent authorities other than ANIF and supervision authorities. The absence of a formal mechanism for identifying the beneficial owners of legal persons negatively impacts the country's ability to provide effective assistance to other countries.

**457.** *Cameroon is rated as having a low effectiveness level for IO 2.*

## **ANNEX ON TECHNICAL COMPLIANCE**

### **INTRODUCTION**

This annex provides a detailed analysis of the level of compliance of the Republic of Cameroon with the 40 FATF Recommendations. It does not describe the country situation or risks, but focuses on the analysis of the technical criteria for each Recommendation. It should be read in conjunction with the Mutual Evaluation Report (MER).

Where FATF obligations and national laws or regulations have remained unchanged, this report refers to the analysis carried out as part of the previous mutual evaluation conducted in May 2008. The report can be consulted on the following website: [www.spgabac.org](http://www.spgabac.org)

Since the last mutual evaluation, Cameroon's AML/CFT system has recorded significant legal and institutional improvements which have helped to correct the shortcomings identified, in particular through the adoption of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the prevention and suppression of money laundering and the financing of terrorism and proliferation in Central Africa, which incorporated the new obligations arising from the revised FATF Recommendations in 2012.

### **Recommendation 1: Assessing risks and applying a risk-based approach**

This Recommendation introduced new obligations that had not been assessed during Cameroon's previous mutual evaluation.

#### **Country obligations and decisions**

##### ***Risk assessment***

**Criterion 1.1-** Cameroon has just validated its first National Risk Assessment (NRA) which began in 2018. It was carried out using the World Bank's NRA tool and using its quantitative methodology approach. It witnessed the participation of some actors from the public and private sectors<sup>35</sup> involved in AML/CFT in Cameroon.

---

<sup>35</sup>Ministry of Finance (Directorate General of Treasury, Directorate General of Customs, Directorate General of Taxation, Directorate of Legal Affairs), Ministry of Forestry and Wildlife, Ministry of Mines, Industry and Technological Development, Ministry of Justice (Department of Legislation and Department of Criminal Affairs and Pardons), Ministry in charge of Supreme State Audit, Ministry of Urban Development and Housing, National Agency for Financial Investigation, National Anti-Corruption Commission, National Institute of Statistics, Financial Markets Commission, Autonomous Sinking Fund, Chamber of Commerce, General Delegation for National Security, Directorate General for External Research, National Gendarmerie, Special Criminal Court, Yaounde, Maroua, Garoua, Limbe, Bamenda Military Courts, Bank of Central African States, Central African Banking Commission, Inter-African Conference of Insurance Markets, banks, investment service providers, insurance companies, microfinance institutions, currency exchange offices, specialized financial institutions, Mobile Money issuing and marketing companies, funds transfer companies, notaries, chartered accountants, automobile dealers, dealers in building materials, art dealers, dealers in precious metals and stones and non-profit organizations.

The NRA report highlights the main risk sectors for ML/TF, namely: banks, microfinance institutions, foreign exchange bureaus, casinos, the real estate sector, dealers in precious metals and stones, money transfer companies, other specialized FIs, lawyers, notaries, dealers in building materials, art dealers, car dealers and NPOs as well as risk factors such as porous borders and the predominance of cash transactions.

However, the assessment report did not have sufficient statistics. The few statistics were produced cover the period 2016-2018 while the study period starts from 2014 to 2018. This raises concerns as to the relevance and scope of the threats identified and the vulnerabilities highlighted, and hence the objectivity of the ensuing recommendations.

**Criterion 1.2-** Decision No. 00000413/D/MINFI/SG/DAJ of 6 April 2018 designated ANIF Cameroon as the Competent Authority for coordinating risk assessment actions.

**Criterion 1.3** - The provisions of Article 13(1) of the CEMAC Regulation provide for an obligation to update the NRA. However, Cameroon has not yet updated its NRA or determined the periodicity of such update.

**Criterion 1.4** - Cameroon's mechanism for disseminating the findings of the NRA has not yet made it possible to reach all the competent authorities, PBOs, FIs and DNFBPs.

### ***Risk mitigation measures***

**Criterion 1.5-** Cameroon has developed and adopted a priority action plan (2021-2025) which is still to be implemented. The country is still to apply the approach based on risks identified in the NRA to allocate resources and implement measures to prevent or mitigate ML/TF.

**Criterion 1.6** - Cameroon implements all the FATF Recommendations for financial institutions or DNFBPs to implement measures against AML/CFT. The country does not apply any exemption to the FATF Recommendations to its AML/CFT system.

**Criterion 1.7** - The provisions of Articles 56 to 59 imposes a general obligation for reporting entities to take enhanced due diligence measures in some circumstances, in particular in cross-border banking correspondence or when the ML/FT risk presented by a customer, a product or a transaction is high. However, Cameroon still does not have an AML/CFT system that can specifically address the higher risks that the NRA has identified at national level, including by:

- (a) requiring FIs and DNFBPs to take enhanced measures to manage and mitigate risks, or
- (b) requiring FIs and DNFBPs to ensure that such information is included in their risk assessments.

**Criterion 1.8** – Not applicable

**Criterion 1.9** - Article 12(4) of the CEMAC Regulation compels supervisory authorities and self-regulation bodies to ensure that FIs and DNFBPs implement mechanisms to identify, assess and understand the ML/TF risks to which their sector of activity is exposed. However, financial sector supervisory and control authorities, including BEAC, COBAC, COSUMAF and CIMA are till to

apply a risk-based approach to their controls. DNFBPs do not have a designated supervisory authority to ensure that they comply with their AML/CFT obligations.

## **Obligations and decisions for financial institutions and designated non-financial businesses and professions**

### **Risk assessment**

**Criterion 1.10** - The provisions of Article 14 of the CEMAC Regulation compel FIs and DNFBPs to take appropriate measures to identify and assess their ML/FT risks. They are required to:

- (a) document their risk assessment;
- (b) consider all relevant risk factors (customers, countries or geographies, products, services, transactions or distribution channels) while applying appropriate mitigation measures;
- (c) update assessments;
- (d) disclose information on their risk assessment to the competent authorities and self-regulation bodies.

### ***Risk mitigation measures***

**Criterion 1.11** - Pursuant to the provisions of Article 14 of the CEMAC Regulation, FIs and DNFBPs are required to:

- (a) have senior management-approved policies, controls and procedures that enable them to manage and mitigate risks identified (either by the country, the financial institution, the designated non-financial business or profession);
- (b) monitor the implementation of the controls and enhance them, where necessary; and
- (c) where higher risks are identified, take enhanced measures to manage and mitigate them.

**Criterion 1.12**- Not applicable

### ***Weighting and Conclusion***

Cameroon has just carried out its first ever NRA which shows the main high-risk sectors and the determining risk factors. However, the dissemination of the findings of the NRA has not yet reached all stakeholders and the country is still to apply the approach based on the risks identified in the NRA in order to allocate resources and implement measures to prevent or mitigate ML/TF. Financial sector supervision and control authorities, including BEAC, COBAC, COSUMAF and CIMA are yet to apply a risk-based approach to their controls. DNFBPs do not have a designated supervisory authority to ensure that they comply with their AML/CFT obligations.

***Cameroon is rated as Partially Compliant with Recommendation 1.***

## **Recommendation 2: National cooperation and coordination**

During Cameroon's 2008 mutual evaluation, this Recommendation (formerly R.31) on national coordination was rated partially compliant (PC) on the grounds that national cooperation was not yet operational.

**Criterion 2.1** - The provisions of Article 13 of the CEMAC Regulation lays down the obligation for States to carry out their national risk assessment in order to have national AML/CFT policies that take into account the risks identified and are regularly updated. Cameroon recently validated and published its NRA in January 2021. A priority action plan (2021-2025), which has not yet been implemented, has been adopted in order to prevent and mitigate the risks identified in the NRA. It is the basis of the country's national AML/CFT strategy which will be updated periodically alongside the NRA.

**Criterion 2.2-** Article 1 of the CEMAC Regulation requires States to designate an authority responsible for coordinating the national response to risks identified. Cameroon has not designated an authority responsible for coordinating national AML/CFT policies and does not have any mechanism for coordinating such policies.

**Criterion 2.3-** The implementation of the relevant provisions of the CEMAC Regulation enables competent authorities responsible for formulating policies, ANIF, prosecution authorities, supervision authorities and other competent authorities concerned to cooperate and coordinate their actions for the development and implementation of AML/CFT policies and activities (Articles 66, 71 and 79). The working group responsible for coordinating and monitoring GABAC recommendations is a forum for services involved in AML/CFT to coordinate their actions as part of the implementation of related activities. However, the activities of this group are limited and cannot cover the requirements defined in this criterion of R.2

**Criterion 2.4-** The competent Cameroonian authorities do not have any cooperation and/or coordination mechanism to combat the financing of proliferation.

**Criterion 2.5-** There is informal cooperation and coordination on ML/TF between most competent authorities. Informal coordination is ensured by ANIF for ML and the Central Coordination Directorate (Ministry of Defence) for TF. However, some public authorities responsible for AML/CFT (MINDUH, MINAT...) and the control and supervisory authorities of some reporting entities (COBAC, COSUMAF and CIMA) do not participate in such cooperation or coordination.

### ***Weighting and Conclusion***

There is still no coordination of national AML/CFT policies in Cameroon. In addition, there are no cooperation and coordination mechanisms to combat the financing of proliferation of weapons of mass destruction. Nonetheless, there is an informal national coordination and cooperation mechanism managed by ANIF through its network of correspondents from various services involved in AML/CFT.

***Cameroon is rated as Partially Compliant with Recommendation 2.***

### **Recommendation 3: Money laundering offence**

In the 2008 mutual evaluation, Cameroon was rated PC on the requirements of the recommendation on the money laundering offence (former R.1). The shortcomings identified were that terrorism, smuggling of migrants and stock market offences were not money laundering predicate offences. Also, the CEMAC Regulation (2003) has not been implemented as no money laundering case has been tried in Cameroon since the adoption of the said Regulation.

**Criterion 3.1** - In Cameroon money laundering is a criminal offence on the basis of Article 3 (1) of the Vienna Convention and Article 6 (1) of the Palermo Convention. Article 8 of the CEMAC Regulation considers the following acts as ML when they are committed intentionally:

(a) the conversion or transfer of property, by any person who is aware that such property originated from criminal activity or participation in criminal activity, with the aim of concealing or disguising the illicit origin of such property, or helping any person involved in this activity to escape the legal consequences of their actions;

(b) the concealment or disguise of the nature, origin, arrangement position, movement or actual ownership of goods or rights relating thereto, by any person who is aware that such goods originated from a criminal activity or participation in criminal activity;

(c) the acquisition, possession or use of property by a person who, at the time of receipt of the property, is aware that it originated from a criminal activity or from participation in a criminal activity;

(d) participating, involvement in one of the acts referred to in points (a), (b) and (c), conspiracy to commit it, attempt to commit it, helping or inciting someone to commit it or advising them to that end, or facilitating the commission of such an act.

**Criterion 3.2** - Money laundering in Cameroon applies to any property or product derived from criminal activity (Art. 8 of the CEMAC Regulation). However, the smuggling of migrants by land, air and sea is not a criminal act in Cameroon and, therefore, does not constitute an underlying ML offence.

**Criterion 3.3** - In accordance with the relevant provisions of the CEMAC Regulation, Cameroon has adopted neither the threshold method nor a combination of methods, but applies the criminalization of ML to products obtained from any criminal activity.

**Criterion 3.4** - The definition of property in Article 1(18) of the CEMAC Regulation includes any kind of corporeal or incorporeal, tangible or intangible, movable or immovable, fungible or non-fungible assets, as well as documents or legal instruments in any form whatsoever, including electronic or digital, that attest to ownership of such assets or related rights. The definition concerns property which is the direct or indirect proceeds of crime, regardless of its value.

**Criterion 3.5** - In accordance with Article 120 of the CEMAC Regulation, the provisions of this part (suppression) apply even though the original offender is neither prosecuted nor convicted, or even when a condition is lacking for legal action to be taken following the said offence.

**Criterion 3.6** - In accordance with the combined provisions of Articles 1(42) and 8(2) of the CEMAC Regulation, predicate money laundering offences extend to acts that are committed in another country where they constitute an offence and which would have constituted a predicate offence if they had been committed in Cameroon.

**Criterion 3.7** - Article 120 of the CEMAC Regulation provides, in fine, that the perpetrator of the original offence may also be prosecuted for the offence of money laundering.

**Criterion 3.8** - Article 8(1) of the CEMAC Regulation relating to the criminalization of money laundering states that knowledge or intention, as part of the aforementioned activities, may be inferred from objective factual circumstances.

**Criterion 3.9** - Individuals found guilty of money laundering face custodial sentences of from five (5) to ten (10) years and fines from five to ten times the amount of the value of the laundered property. Such penalties are doubled in the event of aggravating circumstances. Additional penalties may also be imposed on them relating to the deprivation of certain rights (Articles 114 to 119 of the CEMAC Regulation). Such penalties are proportionate and dissuasive, in comparison with those applicable to serious offences in the general classification of penalties in Cameroonian criminal law.

**Criterion 3.10** - Article 126 of the CEMAC Regulation provides for the attribution of criminal liability to and the imposition of penalties on legal persons for whom a money laundering offence has been committed, without prejudice to sentencing of their representatives or vicarious agents. Legal persons are punished with a fine equal to five times the fines imposed on natural persons (five to ten times the amount of the value of the goods or funds involved in the laundering operations, but not less than 10,000,000 CFA francs). Natural persons are punished with a prison sentence of from 5 (five) to 10 (ten) years and with the fine mentioned above. Such penalties are increased with additional optional (Articles 124 and 126) and mandatory (Article 130) penalties. All the penalties provided for are proportionate and dissuasive.

**Criterion 3.11** - Articles 114 and 115 of the CEMAC Regulations punish attempt, conspiracy and criminal enterprise with a view to carrying out money laundering. Aiding and abetting, advising and facilitating the commission of offence are behaviours covered by the notion of complicity and punished, under the general provisions of the Penal Code, with the same penalty as the principal offender.

### ***Weighting and Conclusion***

Cameroon largely meets the requirements of the criteria of Recommendation 3. However, the smuggling of migrants by land, air and sea is not criminalized in Cameroon and, therefore, does not constitute a predicate ML offence.

***Cameroon is rated Largely Compliant with Recommendation 3.***

#### **Recommendation 4: Confiscation and provisional measures**

Cameroon's AML/CFT system was deemed PC during the 2008 assessment with regard to confiscation requirements and temporary measures due to the impossibility of confiscating property of equivalent value to the proceeds or instrumentalities of crime, and the non-implementation of the CEMAC Regulation.

Since then, Cameroon has improved its legal confiscation system with the adoption of the new CEMAC Regulation in 2016 which provides for the confiscation of property of equivalent value.

**Criterion 4.1** - The legal system in force in Cameroon allows for the confiscation of the following property, whether or not they are owned by defendants in criminal proceedings or by third parties:

(a) - proceeds from the offence (income or other benefits derived therefrom) or the instruments used or intended to be used for money laundering or predicate offences (Art. 130 of the CEMAC Regulation and Section 35 of the Penal Code);

(b)- property that make up the proceeds of, used for, or intended to be used for or allocated to the financing of terrorism, terrorist acts or terrorist organizations (Art. 131 of the CEMAC Regulation);

(c) - property of corresponding value (Art. 131 supra).

These provisions are reinforced by the general provisions of Section 35 of the Penal Code on the confiscation of "*corpus delicti*". Also, within the specific framework of offences relating to narcotic drugs and psychotropic substances, Sections 108 to 110 of Law No. 97/19 of 7 August 1999 provide for a compulsory confiscation system.

However, there is no provision for the express confiscation of laundered property (a). Furthermore, the confiscation of property of equivalent value (d) in the case of ML is limited to property legitimately acquired by the convicted person to which the proceeds of the offence are added, as well as to income and other benefits derived from such proceeds.

**Criterion 4.2** - As described in R. 31, investigation authorities have the necessary powers that can be implemented in the context of confiscations.

(a) - The general provisions of the Cameroon Code of Criminal Procedure on the investigation powers of judicial police officers (Sections 93 to 100) enable the latter to identify, track and assess property for confiscation purposes. Specifically, Article 98 of the CEMAC Regulation lists a range of investigation techniques that can be used, by decision of the judicial authority, for obtaining evidence of money laundering and terrorist financing and proliferation and location of the proceeds of crime.

(b) - The provisions of Articles 104 and 105 of the CEMAC Regulation which provide for the implementation of precautionary measures for seizing and freezing funds and property in relation to money laundering and terrorist financing and proliferation offences states that: "such

precautionary measures are authorized in order to preserve the availability of funds, property and instruments that may be confiscated". They are used without prior notification.

(c) - The judicial authority may order various measures such as the sequestration of property or the freezing of accounts to prevent the concealment of property that may be frozen, seized or confiscated.

(d) – Cameroon’s legal framework (Criminal Procedure Code) grants competent authorities sufficient powers to take all appropriate investigative measures for confiscation purposes.

**Criterion 4.3** - The provisions of Articles 110, 112 and the last paragraph of Article 131 of the CEMAC Regulation, and Sections 179(5) and 403(1) of the Criminal Procedure Code establish administrative and judicial appeal mechanisms which guarantee the protection of the rights of bona fide third parties.

**Criterion 4.4** - There is no specific mechanism for managing frozen, seized or confiscated property.

### ***Weighting and Conclusion***

The CEMAC Regulation of 2016 corrected the most serious existing shortcomings with regard to standards on precautionary measures and the confiscation of proceeds and instrumentalities relating to ML/TF. However, there are still loopholes concerning the confiscation of laundered property and property of equivalent value in the case of ML. In addition, the country does not have mechanisms for managing assets frozen, seized or confiscated in ML/TF proceedings.

***Cameroon is rated as Partially Compliant with Recommendation 4.***

### **Recommendation 5: Terrorist financing offence**

Cameroon was rated in 2008 as non-compliant (NC) with the obligations laid down by the Recommendation on the criminalization of terrorist financing (formerly SR. II). Cameroon was criticized for not criminalizing the financing of a terrorist organization and terrorist financing, not holding legal persons criminally liable in matters of terrorist financing and not implementing the CEMAC Regulation.

To correct the shortcomings of its instruments, Cameroon adopted the new CEMAC Regulation of 11 April 2016.

**Criterion 5.1-** The terrorist financing offence is criminalized under Article 9 of Regulation No. 01/16/CEMAC/ UMAC/CM of 11 April 2016 on the prevention and suppression of money laundering and the financing of terrorism and proliferation in Central Africa, in accordance with the provisions of Article 2 of the United Nations International Convention for the Suppression of the Financing of Terrorism. Article 9 of the Regulation criminalizes the commission of terrorist acts by a natural or legal person who, by any means whatsoever, directly or indirectly, illicitly and deliberately, provides or collects funds for use, or knowing that they will be used in whole or in

part for the commission of terrorist acts. Article 1(2) of the Regulation defines terrorist act in accordance with Article 2(a) and (b) of the TF Convention.

**Criterion 5.2** - Article 9 of the CEMAC Regulation which criminalizes TF stipulates that this offence is established against any person who, by any means whatsoever, deliberately, directly or indirectly, illicitly or deliberately provides or collects funds for use, or knowing that they will be used in whole or in part:

(a) - with a view to committing one or more terrorist acts;

(b) - by a terrorist organization or by a terrorist, including support for a terrorist or a group of terrorists.

However, the CEMAC Regulation does not cover the collection or supply of other goods. Nevertheless, the jurisprudence of the military tribunals of Cameroon reveals that the country penalizes TF through service provision.

**Criterion 5.2 bis** - The legal framework in force in Cameroon does not criminalize the financing of the travel of foreign terrorist fighters.

**Criterion 5.3** - Article 9(2) of the CEMAC Regulation stipulates, in fine, that TF offence is also deemed to have been committed even if the funds provided or collected are of lawful origin. This provision is reinforced by that of Article 1(38) which defines funds as all financial assets and economic benefits of any kind, whatever their method of acquisition ... However, Article 9 of the Regulation which determines the application of TF offence to all funds does not extend same to “other property”. Nevertheless, the jurisprudence of the military tribunals of Cameroon reveals that the country penalizes TF through services provision.

**Criterion 5.4** - TF offence is deemed to have been committed in Cameroonian law:

(a) - even if the funds were not used to commit or attempt to commit the planned terrorist acts (Art. 9(2) of the CEMAC Regulation);

(b) - even if the funds are not linked to one or more specific terrorist acts (Article 9(1)(d) of the CEMAC Regulation).

The shortcoming identified in C.5.2 has a negative impact on this criterion.

**Criterion 5.5** - In accordance with the last paragraph of Article 9 of the CEMAC Regulation, the criminal intent required to establish proof of TF offence is inferred from objective factual circumstances.

**Criterion 5.6** - According to Article 121 of the CEMAC Regulation, natural persons found guilty of a TF offence are punished with a prison term of from 10 (ten) to 20 (twenty) years and a fine equal to at least five times the value of the goods or funds involved in TF transactions. Such penalties are doubled in the event of aggravating circumstances (Article 122) and increased by additional optional (Art.124) and mandatory (Art. 131 and 132) penalties. Suspended sentence and amnesty measures are excluded (Art. 125).

In relation to the general classification of penalties provided for in the Penal Code for serious offences, these penalties applicable to natural persons found guilty of TF are proportionate and dissuasive.

**Criterion 5.7** - The CEMAC Regulation provides for proportionate and dissuasive criminal sanctions against legal persons responsible for TF.

Article 127 of the Regulation provides that legal persons on whose behalf or for the benefit of whom a TF offence is committed are punishable with a fine equal to five times the fines imposed on natural persons, without prejudice to the sentencing of the natural persons found guilty as principal offenders or accomplices. Legal persons can also be sentenced to one or more of the following penalties:

- (a) definitive ban from public contracts or for a period of 10 (ten) years;
- (b) confiscation of the property that was used or was intended to be used to commit the offence, the property that resulted therefrom or property of equivalent value;
- (c) placement under judicial supervision;
- (d) definitive ban or for a period not exceeding 10 (ten) years, from directly or indirectly exercising one or more professional or social activities in the course of which the offence was committed;
- (e) permanent closure or for a period of 10 (ten) years at most, of the establishments or of one of the establishments of the company used to commit the criminal acts;
- (f) dissolution, where the legal persons were created to commit the criminal acts.

Also, the competent control authority, without prejudice to criminal sanctions, may act ex officio and impose administrative and disciplinary sanctions when the legal person is a reporting entity.

**Criterion 5.8** - The combination of the general provisions of the Cameroon Penal Code (Sections 94 to 97) and the special provisions of the CEMAC Regulation (Articles 9, 121 et seq.) allow for the criminalization of:

- (a) - attempted commission of a TF offence; (Art. 9 of the CEMAC Regulation and Section 94 of the Cameroon Penal Code);
- (b) - participation as an accomplice in the commission of an offence, or in an attempted commission of a TF offence; (Art. 9 of the CEMAC Regulation and Section 97 of the Cameroon Penal Code);
- (c) - commission of or ordering others to commit an offence, or attempted commission of a TF offence (Articles 9 and 121 of the CEMAC Regulation); and
- (d) – contribution to the commission of one or more offences, or attempted commission of TF offences by a group of persons acting together (Art. 9 of the CEMAC Regulation).

**Criterion 5.9** - According to Article 1(20) of the CEMAC Regulation which defines the designated categories of offences, TF is one of the ML predicate offences in Cameroonian law.

**Criterion 5.10** - The provisions of Article 9(2) of the CEMAC Regulation basically state that TF offence is established and the penalty imposed even if TF perpetrators reside in a territory different from that of the perpetrators of terrorist acts.

### ***Weighting and Conclusion***

Cameroon has fulfilled the main criteria relating to the recommendation on the criminalization of terrorist financing. However, the definition of TF in Cameroonian law does not take into account the supply or collection of other goods for TF purposes. Likewise, the financing of the travel of foreign terrorist fighters is not criminalized.

***Cameroon is rated as Largely Compliant with Recommendation 5.***

### **Recommendation 6: Targeted financial sanctions for terrorism and terrorist financing**

Cameroon was rated NC on this Recommendation (formerly SR III) during its 2008 assessment. The main shortcomings identified were: the regional mechanism for freezing funds under Resolutions 1267 and 1373 was very incomplete (absence of clear procedures for implementation, withdrawal from lists and unfreezing of funds, etc.); there was no legal framework at national level, which is complementary to the Community mechanism in the implementation of the obligations relating to Resolutions 1267 and 1373; there were no mechanisms (Community and/or national) for considering the lists submitted by third party States under Resolution 1373; and the obligations relating to Resolutions 1267 and 1373 were not operationally implemented.

The adoption of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the prevention and suppression of money laundering and the financing of terrorism and proliferation in Central Africa (known as the CEMAC Regulation) contributed towards improving Cameroon's legal framework relating to TFSS.

### ***Identifying and designating***

**Criterion 6.1** - With regard to designations under the sanctions regimes relating to United Nations Security Council Resolutions 1267/1989 (Al Qaeda) and 1988, Cameroon:

(a) – has not identified a competent authority or court responsible for proposing the designation of persons or entities to the 1267/1989 Committee, or proposed the designation of persons or entities to the 1988 Committee;

(b) - does not have one or more mechanisms for identifying designation targets, based on the designation criteria established in United Nations Security Council Resolutions (UNSCR);

(c) - should apply “reasonable grounds” or “reasonable basis” proof criteria when deciding whether to propose a designation or not (Art. 105(3) of the CEMAC Regulation). However, Cameroon does not have a designation mechanism for this purpose;

(d) – in the absence of (a) and (b), did not provide any information to prove that the country follows the listing procedures and models (in the case of United Nations sanctions regimes), adopted by the competent committee (Committee 1267/1989 or Committee 1988); and

(e) - in the absence of (a) and (b), did not provide any information to enable assessment whether the country has provided as much relevant information as possible on the proposed name; as detailed an explanatory statement as possible on the reasons for registration; and (in case of nominations to the 1267/1989 Committee) if the country specifies that its status as designating State can be made public.

**Criterion 6.2** - With regard to designations relating to UNSCR 1373, Cameroon:

(a) - has not established a competent authority or court responsible for proposing the designation of persons or entities that meet the specific designation criteria as described in UNSCR 1373; at the initiative of the country itself or after having examined the request of another country and, where appropriate, give effect to the request;

(b) - does not have one or more mechanisms for identifying designation targets, based on the designation criteria established in UNSCR 1373;

(c) - in the absence of (a) and (b), did not provide any information to ascertain whether when it receives a request, the country has the capacity to quickly ensure, under the applicable (supra) national principles, that the request is substantiated on reasonable grounds or on a reasonable basis to suspect or believe that the person or entity proposed for designation meets the designation criteria of UNSCR 1373;

(d) - should apply “reasonable grounds” or “reasonable basis” proof criteria when deciding whether a designation is necessary or not (Article 105(3) of the CEMAC Regulation);

(e) - in the absence of (a) and (b), did not provide any information to enable assessment whether when another country is asked to give effect to actions taken within the framework of the freezing mechanisms, Cameroon provides all the possible information for identification, as well as specific information to support the decision.

**Criterion 6.3** - Cameroon has not designated competent authorities as part of the implementation of UNSCRs, or defined the powers and procedures or legal mechanisms that they should have in order to:

(a) - collect or solicit information to identify persons and entities who meet the designation criteria, on the basis of reasonable grounds, or for which there is a reasonable basis to suspect or believe that they meet the criteria; and

(b) - to intervene ex parte against a person or entity that has been identified and whose designation (or proposed designation) is being examined.

### ***Freezing***

**Criterion 6.4** - The implementation of TFSs is subject to notification of a written decision taken by the national competent authority (Art. 105(5) of the CEMAC Regulation). However, the country does not have a competent authority designated for the implementation of TFSs to be able to assess their speed.

**Criterion 6.5** - Cameroon has not designated a competent national authority responsible for implementing and enforcing TFSs. However, the CEMAC Regulation applicable in this country defines the legal framework for the implementation of TFSs, in accordance with the following procedures and measures:

(a) - The CEMAC Regulation extends the freezing obligation to FIs and any other person or entity that holds the funds and other property of designated persons and entities. However, the implementation of this measure is subject to prior notification of a competent authority that has not yet been designated.

(b) - The freezing obligation provided for by the CEMAC Regulation only covers funds and other property owned by the designated person or entity. It does not take into account funds and other assets controlled or which are the proceeds of such funds, or those possessed by persons under its control.

(c) - Prohibition for reporting entities to directly or indirectly make frozen funds available to natural or legal persons, designated entities or bodies, or to use such funds for their benefit; to provide or continue to provide services to natural or legal persons, entities or designated bodies or to use such funds for their benefit (Art. 105(7-1) and (2)). However, such prohibition is limited to reporting entities and does not apply to all nationals or any other person or entity in the territory. Also, deprivation of funds directly concerns natural or legal persons, designated entities or bodies and does not extend to entities owned or controlled directly or indirectly by the designated persons or entities; and to persons and entities acting on behalf of or on the instructions of designated persons or entities, without any license, authorization or notification to the contrary, in accordance with the applicable UNSCRs.

(d) – There is no specific mechanism for disclosing designations to the financial sector, DNFBPs and VASPs as soon as these measures are taken, and for providing clear instructions, in particular to FIs and other persons and entities, including DNFBPs and VASPs that may hold funds and other assets, as to their freezing mechanism obligations.

(e) – Pursuant to the provisions of Article 105(6) of the CEMAC Regulation, financial institutions and other reporting entities immediately notify ANIF of the existence of funds derived from money laundering or linked to terrorists, terrorist organizations or persons or organizations associated with them, in accordance with the decisions of the Ministerial Committee or of the Ministers of Finance of Member States relating to the list of persons, entities or bodies affected by the freezing of funds and other financial resources, in particular the list established and updated by the United Nations Security Council. However, the obligation to report attempted transactions is not included in the Regulation.

(f) - There is no provision to ensure the protection of bona fide third parties in fulfilment of the obligations laid down by R.6.

### ***Delisting, unfreezing and providing access to frozen funds and other assets***

**Criterion 6.6** - Cameroon is still to develop and implement publicly known procedures relating to delisting and unfreezing of funds and other property of persons and entities who do not or no longer meet the designation criteria. In particular:

(a) - there are no procedures for submitting delisting requests to the relevant United Nations Sanctions Committee in the case of persons and entities designated under United Nations sanctions regimes which, in the opinion of the country, do not or no longer meet the designation criteria;

(b) - there are no powers and procedures or mechanisms for delisting and releasing funds or other assets of persons and entities, designated under UNSCR 1373, who no longer meet the designation criteria;

(c) - with regard to designations made under UNSCR 1373, there are no specific procedures for reviewing designation decisions, upon request, by a court or any other independent competent authority.

(d) - with respect to designations made under UNSCR 1988, there are no procedures to facilitate review by the 1988 Committee, in accordance with any applicable guidelines or procedures adopted by the 1988 Committee, including those relating to the Focal Point mechanism established by UNSCR 1730;

(e) - concerning Al-Qaeda Sanctions List designations, there are no procedures for informing designated persons and entities that the United Nations Ombudsman's Office may receive delisting requests, in accordance with Resolutions 1904, 1989 and 2083;

(f) - for persons and entities whose funds have been inadvertently frozen, Article 112(1) of the CEMAC Regulation stipulates that any natural or legal person whose funds and other financial resources have been frozen, and considers that the freezing decision is erroneous or lacks legal basis, may appeal such decision within one month with effect from publication in the Official Gazette. The appeal is lodged with the authority that ordered freezing or, if the appeal is based on lack of legal basis, with the judge having territorial jurisdiction; and

(g) - there are no mechanisms for disclosing delisting decisions to the financial sector, DNFBPs and VASPs as soon as such decisions are made, and to provide guidance to financial institutions and other persons and entities, including DNFBPs and VASPs that may hold funds or other assets concerned, with regard to their obligations concerning delisting and unfreezing actions.

**Criterion 6.7** - Article 108 of the CEMAC Regulation authorizes access to funds and other frozen assets deemed necessary for covering basic expenses, the payment of some types of charges, fees and remuneration for services or extraordinary expenses. However, the competent authority responsible for authorizations has not been designated.

### ***Weighting and Conclusion***

The Cameroonian legislation based on the CEMAC Regulation does not meet the criteria that may allow the implementation of TFSs linked to terrorist financing. No relevant competent authority has been designated and there is no TFS enforcement mechanism.

***Cameroon is rated as Not Compliant with Recommendation 6.***

### **Recommendation 7: Targeted financial sanctions relating to proliferation**

This recommendation is new. The obligations it contains were introduced following the revision of the FATF Recommendations in 2012.

**Criterion 7.1** - Cameroon does not have a normative framework to ensure immediate TFS enforcement, in accordance with the UNSCRs adopted under Chapter VII of the United Nations Charter relating to the prevention, suppression and disorganization of the proliferation of weapons of mass destruction and its financing.

**Criterion 7.2** - Cameroon has neither designated competent national authorities responsible for enforcing and applying proliferation-related TFSs, nor laid down the powers of such authorities to implement the procedures and standards provided for in (a), (b), (c), (d), (e) and (f).

**Criterion 7.3** - By virtue of its general powers and prerogatives, COBAC controls and supervises FIs to ensure that they comply with the applicable binding laws and means for enforcing obligations with regard to proliferation-related TFSs. However, Cameroon has not adopted any measure in this direction with regard to DNFBPs and VASPs. Article 113 of the CEMAC Regulation provides for civil, administrative or criminal sanctions for non-compliance with these binding laws and means on the part of FIs and DNFBPs.

**Criterion 7.4** - Cameroon is still to develop or implement publicly known procedures for submitting delisting requests to the Security Council in the case of designated persons and entities who, in the opinion of the country, do not or no longer meet the designation criteria.

**Criterion 7.5** - With respect to contracts, agreements, or obligations that arose prior to the date the accounts became subject to targeted financial penalties, there is no provision covering the requirements of this criterion.

(a) - There is no provision that, in accordance with Resolutions 1718 or 1737, enables the adding to frozen accounts interest or other income due on these accounts or payments due under contracts in the context of the fight against proliferation; and

(b) - There is no provision to meet the requirements of this sub-criterion.

### ***Weighting and Conclusion***

Apart from the control and supervision measures applicable to FIs to ensure that they comply with the applicable binding laws and means for implementing obligations regarding proliferation-related TFSs, Cameroon does not meet the requirements of the criteria of R.7.

***Cameroon is rated as Non-Compliant with Recommendation 7.***

## **Recommendation 8: Non-profit organizations (NPOs)**

During the assessment of Cameroon's AML/CFT system in 2008, this recommendation (formerly SR VIII) was rated as NC owing to the following shortcomings: lack of information on the legal regime applicable to declared associations, absence of a mechanism for monitoring and controlling associations and lack of awareness-raising in the association sector on the risks of misuse for terrorist financing purposes.

The new CEMAC Regulation adopted in 2016 introduced provisions aimed at improving the legal framework for NPOs in the area of AML/CFT. However, the fact that all NPOs are considered by the CEMAC Regulation as entities subject to AML/CFT obligations is not in line with the risk-based approach and goes beyond the requirements of Recommendation 8.

### ***Taking a risk-based approach***

**Criterion 8.1** - In Cameroon, the NPO sector is governed by Law No. 90/53 of 19 December 1990 relating to freedom of association and Law No. 99/14 of 22 December 1999 to govern Non-Governmental Organizations (NGOs). However, the country is yet to adopt any measures to meet the requirements of sub-criteria (a), (b), (c) and (d).

### ***Sustained outreach concerning terrorist financing issues***

#### **Criterion 8.2 -**

(a) - The provisions of Articles 44 to 46 of the CEMAC Regulation which define the obligations of NPOs as well as control and surveillance measures seek to promote the responsibility and integrity of NPOs in order to increase public confidence in their management and operation. They are reinforced by the powers conferred on the technical committee responsible for reviewing approval requests and monitoring the activities of NPOs, instituted by Decree No. 001/150/PM of 3 May 2001.

(b) - Cameroon has not provided any relevant information to prove awareness-raising and education campaigns aimed at encouraging and deepening knowledge within NPOs and the donor community on the potential vulnerabilities of NPOs to misuse for the purposes of terrorist financing and the risks of terrorist financing, and on the measures that NPOs can take to protect themselves from such misuse.

(c) - Cameroon has not provided evidence of having taken initiatives to work with NPOs to develop best practices that enable it to respond to FT risks and vulnerabilities, and thus protect them against any misuse for FT purposes.

(d) - NPOs established in Cameroon are required by legislation and encouraged to carry out their operations through regulated financial channels (Art. 46 LL 6 of the CEMAC Regulation and Section 12 of Law No. 99/14 of 22 December 1999 to govern NGOs).

### ***Targeted risk-based supervision or monitoring of NPOs***

**Criterion 8.3** - Article 44 of the CEMAC Regulation stipulates that any NPO that collects, receives, gives or transfers funds as part of its philanthropic activity is subject to appropriate supervision by its competent control body. Article 2 of Decree No. 001/150/PM of 3 May 2001 confers the power to control and monitor the activities of NPOs to the Technical Committee responsible for reviewing approval requests. However, this system does not provide for the risk-based control applied to NPOs that may be misused for terrorist financing purposes.

#### **Criterion 8.4 -**

**(a)** - The surveillance measures applied to NPOs in Cameroon do not take the requirements of this Recommendation into account. The monitoring of risk-based measures does not seem to be the role of the Technical Commission responsible for reviewing approval requests.

**(b)** – There is a wide and varied range of administrative sanctions. Article 46(7) stipulates that the competent authority may order the temporary suspension or dissolution of NPOs which knowingly encourage, promote, organize or commit money laundering, terrorist financing and proliferation financing offences. Section 21 et seq. of Law No. 99/14 of 22 December 1999 to govern NGOs also provides for sanctions, including: refusal of approval, suspension, fines, dissolution, etc. They are applied without prejudice to legal proceedings and sanctions against NPOs or their managers and members.

### ***Effective information gathering and investigation***

#### **Criterion 8.5 -**

**(a)** - Information held by any service in charge of NPOs can be consulted by ANIF, the judicial authority, JPOs in charge of a criminal investigation, upon request, or any authority responsible for controlling NPOs, namely the ministry in charge of territorial administration or the Technical Committee responsible for reviewing NGO accreditation requests (Art. 46 LL 3 of the CEMAC Regulation). However, no effective mechanism for cooperation and coordination of information-sharing has been set up.

**(b)** - By virtue of the general powers conferred on them to carry out investigations, investigation and prosecution authorities in Cameroon have the capacity to examine NPOs suspected of being used for TF by terrorist organizations or to actively support terrorist activities or organizations.

**(c)** - Investigation and prosecution authorities can directly access information on the administration and management of any NPO, including financial information (Art. 46 LL 3 of the CEMAC Regulation, Section 92 et seq. of the Criminal Procedure Code).

**(d)** - The CEMAC Regulation established an obligation for any competent authority to report to ANIF, any donation made to an NPO where the funds may relate to a terrorist or TF company (Art. 46(5)). ANIF is therefore empowered to investigate where an NPO is suspected of being used for illegal purposes. Apart from this, there are no mechanisms to quickly share such information with the competent authorities.

### ***Effective capacity to respond to international requests about an NPO of concern***

**Criterion 8.6** - Cameroon has not designated or established a specific focal point and has not laid down appropriate procedures for responding to international requests for information concerning any NPO suspected of financing terrorism or supporting it by any other means. Cameroon relies on traditional international cooperation mechanisms to respond to requests from third party countries in this specific area.

### ***Weighting and Conclusion***

Cameroon has not identified the sub-group of NPOs that may be misused for terrorist financing, or identified the nature of the threats to which NPOs are exposed. There are no risk-based supervision measures or a designated focal point to respond to requests for collaboration in this area. NPOs are not sensitized on their vulnerabilities to misuse for TF purposes, and on the measures to protect themselves from such misuse. No initiative has been taken to work with NPOs in order to develop best practices to address TF risks and vulnerabilities, and thereby protect them from misuse for TF purposes.

***Cameroon is rated as Non-Compliant with Recommendation 8.***

### **Recommendation 9: Financial institutions secrecy laws**

Cameroon was rated as largely compliant (LC) with obligations regarding professional secrecy laws (formerly R. 4) during the first assessment of its AML/CFT system in May 2008. The main shortcoming observed concerned the ban on the sharing of information relating to anti-money laundering efforts between financial institutions.

**Criterion 9.1** - – Article 75(2) of the CEMAC Regulation institutes a broad right of disclosure for ANIF by peremptorily stipulating that "under no circumstances may professional secrecy be opposed to ANIF's requests". Article 101 of the same Regulation adds that "notwithstanding any repugnant legislative or regulatory provisions, professional secrecy may not be raised by the persons referred to in Articles 6 and 7 (bound by AML/CFT obligations) to refuse to provide information to the supervision authorities as well as to ANIF, or to make the declarations provided for by the Regulation. The same applies to information required in the context of an investigation into acts of ML/TF ordered by the judicial authority or carried out under its control, by State officials responsible for identifying and suppressing such offences (Art. 101 of the CEMAC Regulation).

Article 75 of the same Regulation deals with information-sharing between competent authorities at national or international levels

Similar provisions provided for in Section 6(c) of Law No. 2003/4 of 21 April 2003 relating to banking secrecy facilitate information-sharing between financial institutions. This implies that there is generally no obstacle to information-sharing between financial institutions within the framework of Recommendations 13, 16 and 17.

## ***Weighting and Conclusion***

***Cameroon is rated as Compliant with Recommendation 9.***

### **Recommendation 10: Customer due diligence (CDD)**

Under this Recommendation (formerly R. 5), Cameroon was rated as NC during its first assessment in 2008 owing to the following shortcomings: (i) no obligation on all financial institutions to identify beneficial owners; (ii) no obligations on non-bank financial institutions with respect to the categories of customers at risk; and (iii) unsatisfactory implementation of the system and lack of effectiveness, in particular for non-bank financial institutions. With the adoption of the new CEMAC Regulation in April 2016, Cameroon has bridged several gaps observed in connection with R.10.

**Criterion 10.1** - Article 23(2) of the CEMAC Regulation prohibits financial institutions from keeping anonymous accounts or accounts under fictitious names.

#### ***When Customer due diligence is required***

**Criterion 10.2** - Customer due diligence obligations are enshrined in various provisions of Part II of the CEMAC Regulation dealing with ML/FT prevention measures. The obligations apply to FIs where:

(a) - they establish business relationships: FIs are required to identify their customer and, where applicable, the beneficial owner of the business relationship through appropriate means, and to check the identification elements upon presentation of any supporting document (Art. 21);

(b) - they carry out occasional transactions for an amount exceeding 10,000,000 (ten million) CFA francs or the equivalent of 15,000 euros, for people other than money changers or legal representatives and directors responsible for gaming operators, or for an amount equal to or above 5,000,000 (five million) CFA francs or the equivalent of 7,500 euros, irrespective of whether it is a single transaction or several transactions which appear to be linked. Identification is also required even where the amount of the transaction is lower than the threshold set in the event of doubt as to the legality of the origin of the funds (Articles 29, 32 and 42);

(c) - they carry out occasional transactions in the form of a transfer of funds at national or international level (Art. 29 and 36);

(d) - there is suspicion of ML/TF, even where the amount of the transaction is below the prescribed threshold (Art. 29);

(e) - the financial institution doubts the veracity or the relevance of the customer identification data previously obtained (Art. 29).

The aforementioned provisions of the CEMAC Regulation are reinforced in particular by those of Articles 4 and 5 of COBAC Regulation R-2005 of 1 April 2005 relating to the due diligence by institutions liable to AML/CFT in Central Africa.

Lastly, Articles 8, 9, 10, 11, and 14 of Regulation No. 0004/CIMA/PCMA/PCE/SG/08 of 4 October 2008 to lay down the procedures applicable by insurance organizations in CIMA Member States as part of AML/CFT also contain provisions relating to due diligence obligations.

***Due diligence measures required for all customers***

**Criterion 10.3** - Article 21, 29 to 34 of the CEMAC Regulation and Articles 4 and 5 of COBAC Regulation R-2005 require that FIs identify the customer, irrespective of whether such customer is occasional or permanent and whether the customer is a legal or natural person, and check the identity by means of documents, data and information from reliable and independent sources.

Similarly, the applicable measures for insurance organizations are defined in Article 8 of Regulation No. 0004/CIMA/PCMA/PCE/SG/08 of 4 October 2008 to lay down the procedures applicable by insurance organizations in CIMA Member States within the framework of AML/CFT. However, the identification of a legal arrangement is not expressly indicated in the aforementioned instruments. Consequently, there is no obligation on FIs to identify customers who are or who act on behalf of legal arrangements.

**Criterion 10.4** - FIs must check the identity and powers of persons acting on behalf of their customer, by means of documents, sources, data or independent and authenticated information (Art. 33 CEMAC Regulation).

The same obligations are enshrined in Articles 4 and 5 of COBAC Regulation R-2005 and in Article 8.4 of Regulation No. 0004/CIMA/PCMA/PCE/SG/08.

**Criterion 10.5** - The identification of the BO is mandatory only where the customer is not acting on his own behalf. Indeed, the provisions of Articles 21 and 33 of the CEMAC Regulation stipulates that before entering into a business relationship with their customer or assisting him in preparing or carrying out a transaction, reporting entities identify their customer and, where applicable, the beneficial owner of the business relationship through appropriate means, and check the identification documents upon presentation of any written documentary evidence. Under the same conditions, they identify their occasional customers and, where applicable, the beneficial owner of the business relationship. Lastly, in the event of doubt as to whether the customer is acting on his/her own behalf, the financial institution inquires about the identity of the real originator using any means (Article 30). The identification of the BO is required if and only if the customer or the business relation is not acting on its own behalf. Therefore, where the customer is acting on his own account, his identification is required.

Article 1(16) defines beneficial owner as the natural person who ultimately owns or controls a customer and/or the natural or legal person on whose behalf a transaction is carried out. Beneficial owner also comprises persons who, ultimately, exercise effective control over a legal person or a legal arrangement. This definition of BO is consistent with the one in the glossary of the FATF Methodology.

**Criterion 10.6** - "FIs must gather and analyse the pieces of information from among those featuring on the list drawn up for that purpose by a competent authority,<sup>36</sup> and required for knowledge of their client as well as the object and nature of the business relationship (Art. 22 of the CEMAC Regulation). For legal persons more specifically, FIs must implement mechanisms that help to understand the planned nature of the business relationship (Art. 31 of CEMAC Regulation)". However, the absence of the list of information compiled by a competent authority to be collected by FIs affects compliance with this criterion.

**Criterion 10.7-** The CEMAC Regulation contains provisions that compel FIs to be constantly vigilant with regard to business relationship and, in particular:

(a) – be permanently vigilant regarding any business relationship and carefully examine the transactions carried out in order to ensure that they comply with what they know about their customers, their business activities, their risk profile and, where applicable, the source of their funds (Art. 23(1));

(b) - throughout the duration of the business relationship, collect, update and analyse the pieces of information from among those featuring on a list drawn up for that purpose by a competent authority, which help to have appropriate knowledge of their customer. Such information must be collected and stored in line with the objectives of ML/TF risk assessment and monitoring adapted to the risk (Art. 22(2)). The shortcoming listed above in C.10.6 affects this criterion.

This obligation is also covered by Articles 12 and 13 of COBAC Regulation R-2005 of 1 April 2005 which respectively stipulate that "data relating to customer identification must be periodically revised throughout the duration of a business relationship ..." and "measures to preserve the confidentiality of customers and their transactions should not prevent them from subjecting those customers and their transactions to such rigorous scrutiny and oversight as is customary ...".

### **Specific CDD measures required for legal persons and legal arrangements**

**Criterion 10.8** - Article 31(3) of the CEMAC Regulation relating to the identification of a legal person provides that FIs implement mechanisms to understand the planned nature of the business relationship. They must understand the nature of the activity of legal persons and legal arrangements as well as their ownership and control structure.

Articles 5 and 7 of COBAC Regulation R-2005 1 April 2005, for their part, compel financial institutions to understand the nature of the customer's activities and its ownership and control structure, where customers are legal entities or legal arrangements.

**Criterion 10.9** - For customers who are legal persons, the combined provisions of Article 31 of the CEMAC Regulation and Article 5 of COBAC Regulation R-2005 of 1 April 2005, require FIs to identify and check the identity of the customer using information from the following:

---

<sup>36</sup>Articles 4 and 5 of COBAC Regulation R-2005 of 1 April 2005.

(a) - the articles of association and any document establishing that the legal person has been legally constituted and that it has a real existence at the time of identification, any official instrument or register establishing its name and its legal form;

(b) - the powers that govern and bind the legal person (articles of association), the powers of persons acting on its behalf, determination of the source of funds and identification of their beneficiaries as well as of the persons who control such funds. However, the names of the relevant persons holding managerial positions in the legal person or legal arrangement are not explicitly required;

(c) - the address of the registered office.

For insurance organizations, this obligation is fulfilled in application of the provisions of Article 8 of Regulation No. 0004/CIMA/PCMA/PCE/SG/08.

However, in all these cases, there is no obligation to identify the address of one of the main centres of activity, where it is different from the address of the registered office.

Also, the identification of a legal arrangement is not expressly stated in the aforementioned instruments. Consequently, FIs are under no obligation to identify customers who are or who act on behalf of legal arrangements.

#### **Criterion 10.10 -**

(a) Pursuant to Article 21 of the CEMAC Regulation, FIs are required to identify the beneficial owner of the business relationship and to check his/her identity upon presentation of any supporting document. Article 1(16) defines the beneficial owner as the natural person(s) who ultimately owns or controls a customer and/or the natural or legal person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement.

(b) There are no provisions requiring FIs, in case of doubt as to the identity of the beneficial owner or where there is no natural person exercising control through a shareholding, to identify the natural persons, if any, who exercise control over the legal person or the legal arrangement by other means.

(c) There are no provisions requiring FIs, where no natural person is identified after the implementation of measures in (a) or (b) above, to identify the relevant natural person who holds the position of main manager.

**Criterion 10.11 -** Although Cameroon's legal system does not provide for the creation of legal arrangements, legal arrangements services may be performed by some independent legal professionals and legal arrangements and other similar foreign arrangements may operate or be administered in the country. However, there is no obligation on FIs to identify the BOs of legal arrangements and to take reasonable steps to check the identity of these persons.

### ***CDD for beneficiaries of life insurance policies***

**Criterion 10.12** - No provision meets the requirements of criterion 10.12. The identification requirement provided for in point 8.1 only concerns the list of co-contracting parties and therefore does not aim to identify the beneficiary of the life insurance, i.e. the person who receives the insurance money once the "client" or the person for whom the life insurance was taken out has died.

**Criterion 10.13** - No provision explicitly obliges FIs to consider the beneficiary of a life insurance contract as a relevant risk factor when determining whether enhanced due diligence measures are applicable.

### ***Timing of verification***

**Criterion 10.14** - The provisions of Articles 21, 22, 23 and 32 of the CEMAC Regulation and Articles 4 and 5 of the COBAC Regulation R-2005 of 1 April 2005 require financial institutions to check the identity of the customer and the beneficial owner before or during the establishment of a business relationship or the execution of operations for occasional customers.

Moreover, Article 8 of Regulation No. 0004 /CIMA/PCMA/PCE/SG/08 of 4 October 2008 specifies that before entering into a contractual relationship or assisting their client in preparing or carrying out a transaction, insurance companies must ascertain the identity of their contracting party.

**Criterion 10.15** - The customer benefits from the business relationship before the verification.

### ***Existing customers***

**Criterion 10.16** - The provisions of Article 22 of the CEMAC Regulation require financial institutions to apply due diligence measures to existing customers throughout the term of the business relationship. FIs are required to apply CDD measures to all customers (Article 23 of CEMAC Regulation). Article 34 specifies that where FIs have good reason to believe that their customer's identity and the identification details previously obtained are not accurate or relevant, they should re-identify the customer.

### ***Risk-based approach***

**Criterion 10.17**- The provisions of Article 56 to 60 of the CEMAC Regulation oblige FIs to implement enhanced due diligence measures when ML/FT risks are higher.

**Criterion 10.18** - Pursuant to the provisions of Article 52 of the CEMAC Regulation, when the ML/FT risk appears to be low, FIs may reduce the intensity of ongoing vigilance on all customer transactions. In this case, they should justify to their supervisory authority that the scope of the measures is appropriate for those risks.

### ***Failure to satisfactorily complete CDD***

**Criterion 10.19** - Article 33 of the CEMAC Regulation stipulates that, upon verification, if there is any doubt as to the identity of the **beneficial owner**, the transaction must be cancelled, without prejudice, where applicable, **to the obligation to report any suspicion**, as provide for in Article 83, to the **National Agency for Financial Investigation** set up under Article 65 of these Regulations. This measure, which only concerns the identification of the BO and not all due diligence measures, does not fully cover this criterion.

Furthermore, Article 14 of COBAC Regulation R-2005 of 1 April 2005 specifies that any reporting entity must close accounts with unsolvable identification problems during operation, as well as those of clients who demand anonymity or who use a false name. This provision applies only to institutions that are under the COBAC Regulation and therefore does not cover all FIs.

### ***Customer due diligence and tipping-off***

**Criterion 10.20** - There is no express provision that requires FIs not to proceed with the CDD process and instead to file a STR when they suspect ML/TF and reasonably believe that proceeding with the CDD process will draw customer attention.

### ***Weighting and Conclusion***

Since the adoption of the new CEMAC Regulation in April 2016, Cameroon has intensified the obligations of FIs on customer due diligence. However, there are still some gaps. These include the absence of the information lists established by a competent authority to be collected by FIs (10.6 and 10.7); the absence of an obligation for FIs to identify the BO in all cases (10.10 and 10.11); to identify the beneficiary of life insurance and to include the beneficiary of a life insurance policy in the relevant risk factors for determining whether enhanced CDD measures are applicable (10.12 and 10.13). Furthermore, no express provision requires FIs not to proceed with the CDD process and instead to file a STR when they suspect ML/TF and reasonably believe that proceeding with the CDD process will draw the customer's attention (10.20).

***Cameroon is rated Partially Compliant with Recommendation 10.***

### **Recommendation 11: Record keeping**

During the first round mutual evaluation in May 2008, Cameroon was rated as LC with the obligations of this Recommendation (former R.10) for lack of effectiveness, for the non-bank financial sector in particular.

**Criterion 11.1** - Article 38 of the CEMAC Regulation stipulates that: “without prejudice to provisions laying down more binding obligations, financial institutions shall keep for a period of 10 (ten) years, from the closing of their accounts or the termination of their relations with their regular or occasional customers, the identity documents. They shall also keep all records and documents pertaining to the operations they conducted and the report referred to in Article 35 above

(confidential report on the special monitoring of some operations) for 10 (ten) years following the operation”.

Article 39 of COBAC Regulation R-2005 of 1 April 2005 and Article 13 of Regulation No. 0004/CIMA/PCMA/PCE/SG/08 of 4 October 2008, also take into account these obligations.

**Criterion 11.2** - Article 61 of the CEMAC Regulation states that, regarding the recording and conservation of the outcomes of the implementation of enhanced due diligence measures, the outcomes of the review of the implementation of enhanced due diligence measures provided for in Article 59 of the CEMAC Regulation are recorded in writing and kept in accordance with the procedures laid down in Article 38 of this Regulation.

Article 39 of COBAC Regulation R-2005 of 1 April 2005 stipulates that documents relating to the identification of regular and occasional customers and the characteristics of the transactions must be kept for a period of 5 years. However, the Regulation does not explicitly cover the scope of the documents to be kept, i.e. “documents obtained as part of customer due diligence measures, account books and business correspondence, as well as the outcome of any analysis carried out”.

**Criterion 11.3** - Article 39 of the CEMAC Regulations stipulates that the documents and records relating to identification obligations provided for in Articles 30 to 33 and the conservation of which is contained in Article 38, shall be forwarded, at their request, by the persons referred to in Articles 6 and 7 of the Regulations, to the judicial authorities, to the State officials in charge of the detecting and suppressing money laundering offences, as part of legal proceedings, to the supervisory authorities as well as to ANIF.

The purpose of this obligation is to allow the reconstitution of all the transactions carried out by a natural or legal person, and which are linked to a suspicious transaction report referred to under Article 83 of the Regulation or the characteristics of which have been recorded in the confidential register provided for in Article 46.

Moreover, Articles 39 and 40 of COBAC Regulation R-2005 and Article 13 of Regulation No. 0004/CIMA/PCMA/PCE/SG/08 address this issue in the same way.

**Criterion 11.4** - Article 39 of the CEMAC Regulations, which deals with the disclosure of documents, stipulates that “documents relating to identification obligations shall be disclosed, upon request, by the reporting entities under these Regulations, to the judicial authorities, to State official in charge of detecting and suppressing money laundering offences, acting within the framework of legal proceedings, to the control authorities and to ANIF.

### ***Weighting and Conclusion***

Cameroon largely complies with the requirements of this Recommendation. However, its legal framework does not explicitly cover the scope of the documents to be kept, i.e. “documents obtained under customer due diligence measures, account books and business correspondence, as well as the results of any analysis carried out”.

***Cameroon is rated as Largely Compliant with Recommendation 11.***

## **Recommendation 12: Politically exposed persons (PEPs)**

During the mutual evaluation in May 2008, Cameroon was rated as NC with this Recommendation due to the absence of obligations for non-bank financial institutions regarding politically exposed persons.

### **Criterion 12.1-**

**(a)** Article 25 of the CEMAC Regulation obliges financial institutions to establish adequate risk management systems to determine whether a customer is a politically exposed person. Furthermore, Article 60, which deals with specific measures applicable to PEPs, states that “without prejudice to the obligations laid down in Articles 23 to 25, 31 and 32 of this Regulation, financial institutions shall take specific measures when entering into business relations or transactions with or on behalf of PEPs” which automatically includes BOs. However, the obligation to identify BOs who are PEPs is not clearly specified.

**(b)** Article 25 of the CEMAC Regulation obliges financial institutions to obtain the authorization of top management before entering into or continuing a business relationship with the customer (PEP):

**(c)** to take all reasonable steps to identify the origin of the funds or assets of a PEP. Even if this obligation does not directly concern the BO, the application of Article 60 quoted above may cover this aspect;

**(d)** to ensure a stronger and permanent monitoring of the business relationship.

### **Criterion 12.2 -**

**(a)** Article 25 of the CEMAC Regulation obliges financial institutions to establish adequate risk management systems to determine whether a customer is a politically exposed person. However, this article does not deal with the case where the beneficial owner is a PEP.

**(b)** In the area of specific measures relating to PEPs, Article 60 of the CEMAC Regulation provides that: without prejudice to the obligations provided for in Articles 23 to 25, 31 and 32 of the Regulation, FIs shall take specific measures when they enter into business relations or carry out transactions with or on behalf of PEPs, i.e. natural persons who occupy or have held an important public position, within the meaning of Article 1(55) of the Regulation.

The other categories concerned include, where appropriate, functions performed at Community or international level.

The specific measures referred to in paragraph 1 of this Article include the obligation to:

1. implement adequate and risk-sensitive procedures to determine whether the customer or a beneficial owner of the customer is a politically exposed person;

2. inform top management prior to the payment of benefit, conduct an enhanced review of the whole business relationship with the policyholder and consider preparing a suspicious transaction report, if it is a life insurance;
3. take all appropriate measures, depending on the risk, to establish the origin of the assets and the origin of the funds used in the business relationship or transaction;
4. ensure enhanced continuous monitoring of the business relationship.

This provision therefore obliges financial institutions to apply the measures set out in Criteria 12.1(b) to (d) where business relationships with such persons present a higher risk.

Pursuant to the provisions of the CEMAC Regulation, closely associated persons (other than family members) should not be subject to specific due diligence measures.

**Criterion 12.3** - Articles 25 and 60 of the CEMAC Regulation cover this obligation. Financial institutions should have adequate risk management systems to determine whether the customer is a PEP and to ensure continuous monitoring of the business relationship. Financial institutions also have the obligation to take specific measures when engaging business relationships or transactions with or on behalf of politically exposed persons. Article 8 of COBAC Regulation R-2005 of 1 April 2005 provides for the same requirements prior to the admission of a PEP including one of its relatives to its counters.

Financial institutions are therefore obliged to apply the relevant requirements of Criteria 12.1 and 12.2 to family members of all types of PEPs and to persons closely associated with them, as specified in Article 1(55) of the CEMAC Regulation.

**Criterion 12.4** - Article 42 of the CEMAC Regulations requires insurance companies, agents and brokers conducting life insurance activities to identify their customers and verify their identity in accordance with the provisions of Article 31 of the Regulations, whenever the amount of premiums payable in a year reaches a certain threshold, or premium payments are made according to certain procedures. However, no measures are taken to determine whether the beneficiaries of the policy or, where applicable, the beneficial owner of the beneficiary of a life insurance policy are PEPs. However, since no steps are taken to determine whether the beneficiaries of the contract or, where applicable, the beneficial owner of the beneficiary of a life insurance policy are PEPs, this criterion is not met.

### ***Weighting and Conclusion***

Cameroon only partially complies with the requirements of Recommendation 12 criteria. Indeed, although the CEMAC Regulation requires financial institutions to take specific and enhanced measures vis-à-vis domestic and foreign PEPs, such measures are not, in most cases, extended to beneficial owners and close associates. Moreover, the obligation to identify the BOs who are PEPs is not clearly specified. Finally, there is no express provision requiring financial institutions to take reasonable steps to determine whether the beneficiaries or the beneficial owner of a life insurance policy is/are PEPs.

***Cameroon is rated as Partially Compliant with Recommendation 12.***

### **Recommendation 13: Correspondent banking**

In its first mutual evaluation report, Cameroon was rated as PC with the Correspondent Banking Recommendation as shortcomings included: the absence of obligations on correspondent relationships for non-bank financial institutions and the lack of implementation and verification by the control authority.

**Criterion 13.1** - The Recommendation on correspondent banking falls under Article 41 of the CEMAC Regulation, which states that, in addition to normal customer due diligence measures, financial institutions are required, with respect to cross-border correspondent banking relationships and other similar relationships, to:

1. identify and verify the identification of customer institutions with which they have correspondent banking relationships;
2. collect information on the nature of the customer institution's activities;
3. assess the reputation of the customer institution and the level of monitoring to which it is subject, based on publicly available information;
4. obtain top management approval before entering into a relationship with the correspondent bank;
5. assess control systems put in place by the customer institution to combat money laundering and terrorist financing.

Similarly, Article 11 of COBAC Regulation R-2005 of 1 April 2005, which deals with correspondent banking relationship, obliges all reporting entities to obtain sufficient information on the nature of the correspondent credit institutions, their money laundering prevention and detection procedures, the purpose of the account to be created, and the state of banking regulations and control in the country in which these institutions are located. This provision largely covers this sub-criterion, although the requirement to clearly understand the respective AML/CFT responsibilities of each institution is not explicitly stated.

#### **Criterion 13.2 -**

**(a)** Article 59(5) of the CEMAC Regulation provides that “where financial institutions receive services from correspondent banks directly used by independent third parties to carry out transactions on their own behalf, they must ensure that the contracting credit institution has verified the identity of the customers having direct access to these correspondent accounts and has taken due diligence measures for these customers in accordance with those provided for in Articles 24 and 25 of the Regulation”.

**(b)** However, no requirement obliges financial institutions to ensure that the correspondent is able to provide the relevant information on transit accounts upon request by the correspondent bank.

**Criterion 13.3** - Under Article 58 of the CEMAC Regulation, financial institutions are prohibited from entering into or maintaining a correspondent banking relationship with a credit institution or a company carrying out similar activities established in a State where the institution has no effective

physical presence allowing it to conduct management activities, if it is not affiliated with a regulated institution or group.

***Weighting and Conclusion***

Cameroon is largely compliant with the provisions of the Recommendation on correspondent banking. However, no requirement obliges financial institutions to ensure that the correspondent is able to provide relevant information on transit accounts upon request by the correspondent bank. Also, intra-CEMAC correspondent banking relationships are not considered as a cross-border correspondent relationship.

***Cameroon is rated as Largely Compliant with Recommendation 13.***

**Recommendation 14: Money or value transfer services (MVTs)**

In the May 2008 mutual evaluation, Cameroon was rated as NC with money or value transfer services. Cameroon has been criticized for: the absence of an official responsible for issuing authorizations to money transfer services and the lack of control over the activity of money transfer services. Also, due to the lack of licence, no list of agents is kept by the authorities.

**Criterion 14.1** - Article 92(1) of Regulation No. 01/16/CEMAC/UMAC/CM states that “in accordance with the specific regulations in force, no one may engage in the professional activity of transferring or transporting funds and values without prior approval from the competent State authority on whose territory he/she is to carry out the activity”. However, there is no specific national instrument governing the conditions for the approval or registration of MVTs. Already approved financial institutions such as banks and MFIs do not need a separate approval to provide remittance services.

**Criterion 14.2** - Cameroon has not taken any measures to identify and punish natural and legal persons who provide money and value transfer services without being approved or registered.

**Criterion 14.3** - MVTs providers are not monitored by a designated authority.

**Criterion 14.4** - Pursuant to the provisions of Article 92 of the CEMAC Regulation, money and value transfer service providers are required to provide the list of their agents to the competent authority of the country in which they operate.

**Criterion 14.5** - MVTs providers using agents are not obliged to include them in their AML/CFT programs or monitor the agents' compliance with these programs.

***Weighting and Conclusion***

Cameroon does not have a legal framework governing the approval or registration and supervision of money or value transfer service providers. No measures have been taken to identify and sanction MVTSPs operating without an approval or registration. Lastly, MVTSPs that may use agents are not required to include them in their AML/CFT programs or monitor compliance.

***Cameroon is rated as Non-Compliant with Recommendation 14.***

### **Recommendation 15: New technologies**

During its first round of mutual evaluation, Cameroon was rated as PC on the Recommendation relating to new technologies. Cameroon was found to lack clarity on whether or not it was possible to establish long-distance business relationships, especially for resident customers, including in the banking sector. Also, inadequate obligations on the establishment of long-distance business relationships have also been raised as a complaint.

**Criterion 15.1** - Article 13 of the CEMAC Regulation provides that the competent authority of each Member State shall take appropriate measures to identify, assess, understand and mitigate the ML/TF risks to which it is exposed. Article 40(1) also states that, in managing new technology-related risks, financial institutions must identify and assess the ML/TF risks that may result from:

1. the development of new products and new business practices, including new distribution mechanisms;
2. the use of new or developing technologies in relation to new or existing products.

In the NRA, Cameroon has considered the ML/TF risks relating to some financial inclusion products, namely mobile money, prepaid cards and crypto-currency. However, no specific studies have been conducted by FIs.

#### **Criterion 15.2 -**

**(a)** Article 40(2) of the CEMAC Regulation provides that the risk assessment referred to in paragraph 1 above should be conducted before the launch of new products or business practices or before the use of new or developing technologies.

**(b)** Financial institutions should take appropriate measures to manage and mitigate such risks.

#### **Criterion 15.3 -**

**(a)** The crypto-currency sector was not assessed in the previous NRA.

**(b)** No risk-based approach is applied.

**(c)** The country has not yet taken steps to compel VASPs to take appropriate measures to identify, assess, manage and mitigate their ML/TF risks.

**Criterion 15.4** - VASPs are neither prohibited nor regulated. Thus, Cameroon has not established any approval or registration regulations for VASPs.

**Criterion 15.5** - No provision meets the requirements of this criterion.

**Criterion 15.6** - No provision meets the requirements of this criterion.

**Criterion 15.7** - Cameroon has no competent authorities and control authorities responsible for implementing the requirements of this criterion.

**Criterion 15.8** - No provision meets the requirements of this criterion.

**Criterion 15.9** - As VASPs are not expressly laid down in Articles 5 and 6 of the CEMAC Regulation among the AML/CFT reporting entities, they are not bound to comply with the preventive measures provided for in the Regulation pursuant to Recommendations 10 to 21.

**Criterion 15.10** - No provision meets the requirements of this criterion.

**Criterion 15.11** - The legal framework on international cooperation allows Cameroon to share information and intelligence on VASPs provided the information and intelligence are available. It should be noted that VASPs are not supervised in Cameroon.

### ***Weighting and Conclusion***

Cameroon does not meet the basic requirements for new technologies. The system has major shortcomings due to the lack of VASPs regulation.

***Cameroon is rated as Non-Compliant with Recommendation 15.***

### **Recommendation 16: Wire transfers**

In its first MER, Cameroon was rated as NC with the Recommendation on wire transfers because of the lack of obligations on the originator's information flow.

### ***Ordering financial institutions***

**Criterion 16.1** - This obligation is provided for in Article 36 of the CEMAC Regulation, which states that FIs whose activities include wire transfers shall be required to obtain and verify the full name, account number and address or, in the absence of an address, the national identification number or place and date of birth of the originator and beneficiary of the transfer, and, if necessary, the name of the originator's FI.

This information should be included in the message or the payment form accompanying the transfer. Where there is no account number, a unique reference number must be used for the transfer.

**Criterion 16.2** - Article 36 of the CEMAC Regulations states that FIs conducting wire transfers should obtain and verify the full name, account number and address or, where no address is available, the national identification number or place and date of birth of the originator and beneficiary of the transfer, and, where necessary, the name of the originator's financial institution.

In practice, this provision applies to individual transfers and batch transfers by the same originator.

**Criterion 16.3** - Cameroon does not apply any threshold. The measures provided for in Article 36 of the CEMAC Regulation apply to all wire transfers.

**Criterion 16.4** - Articles 29(2) and 36 of the CEMAC Regulation stipulate that in the event of doubts as to the veracity or relevance of previously obtained customer identification data, of suspected money laundering, terrorist financing or proliferation, the FI should verify customer information whenever there is a suspicion of money laundering and terrorist financing.

**Criterion 16.5** - Article 36 of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 states that financial institutions involved in wire transfers are required to obtain and verify all information on the originator of cross-border domestic wire transfers and, where necessary, the name of the originator's FI.

**Criterion 16.6** - Article 36 stipulates that the required information on the originator and beneficiary should be included in the message or payment form accompanying the transfer. Where there is no account number, a unique transfer reference number must be used. However, there is no obligation for the originator FI to forward, upon request, the transfer information to the beneficiary's financial institution or to the prosecuting authorities within 3 (three) working days upon receipt of the request from either the beneficiary FI or the relevant competent authorities.

**Criterion 16.7** - Article 38 of the CEMAC Regulation covers this obligation. Financial institutions shall keep for a period of 10 (ten) years, upon closure of the accounts of or the termination of their relations with their regular or occasional customers, the identity documents. They shall also keep all records and documents pertaining to the operations they have conducted and the report referred to in Article 35 above for 10 (ten) years after the operation.

**Criterion 16.8** - Article 37 of the CEMAC Regulation provides that “where financial institutions receive wire transfers that do not contain complete information on the originator, they shall take steps to obtain the missing information from the ordering institution or the beneficiary in a bid to complete and verify the information. If they do not obtain such information, they shall refrain from carrying out the transfer”.

### ***Intermediary financial institutions***

**Criterion 16.9** - Article 36 of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 obliges FIs acting as intermediaries in cross-border wire transfers to make sure that all originator and beneficiary information accompanying a wire transfer remains attached to it. In fact, it states that the information on the originator and beneficiary should be included in the message or payment form accompanying the transfer. Where there is no account number, a unique transfer reference number must be used.

**Criterion 16.10** - Article 38 of the CEMAC Regulation partially covers this obligation. Indeed, the Article stipulates that FIs shall keep for a period of 10 (ten) years, upon closure of their accounts or the termination of their relations with their regular or occasional customers, documents relating to their identity. They shall also keep all records and documents of operations they have carried out and the report referred to in Article 35 thereof for a period of 10 (ten) years after the operation has been carried out, as well as the report on certain operations which must be subject to special scrutiny by the financial institutions. As such, FIs are obliged to prepare a report containing all relevant information on the terms of the operation. This report must be kept under the conditions laid down in Article 38 for 10 (ten) years after the operation has been carried out. However, there is no express obligation on the intermediary FI to keep information received from the originator's financial institution or the other intermediary financial institution for at least 5 (five) years should some technical restrictions prevent the required originator or beneficiary information

accompanying a cross-border credit transfer from remaining attached to a corresponding domestic wire transfer.

**Criterion 16.11** - Article 37 of the CEMAC Regulation requires FIs receiving wire transfers with incomplete sender's information to take the necessary actions to obtain the missing information from the ordering financial institution or the beneficiary in order to complete and verify such information. However, incomplete data on the beneficiary are not covered.

**Criterion 16.12** - Articles 14, 28, 37 and 95 of the CEMAC Regulation require financial institutions to adopt policies and control measures to effectively mitigate and manage ML/TF risks. These policies, procedures and controls measures should be consistent with the nature and size of the institutions and the volume of their activities. However, there is no specific provision requiring FIs to have risk-based policies and procedures to decide when to execute, reject or suspend wire transfers that do not include the required originator or beneficiary information and the appropriate follow-up actions to be taken.

#### ***Beneficiary financial institutions***

**Criterion 16.13** - Article 37 of the CEMAC Regulation requires financial institutions receiving wire transfers that do not contain complete information on the originator, to take steps to obtain the missing information from the originator or beneficiary institution in order to complete and verify it. Where they do not obtain such information, they shall refrain from carrying out the transaction. However, there are no provisions requiring the FI to take reasonable steps, which may include post-monitoring or real-time monitoring where possible, to detect cross-border wire transfers that lack the required originator or beneficial owner information.

**Criterion 16.14** - Article 36 provides that the required information on the originator and beneficiary should be included in the message or payment form accompanying the transfer regardless of the amount of the transfer, even if the cross-border transfer amounts to 1000 dollars/euros or more. In addition, the obligation to keep this information in accordance with Recommendation 11 is laid down in Article 38 of Regulation 01/16/ECMCA.

**Criterion 16.15** - There is no specific provision requiring FIs to have risk-based policies and procedures to decide:

- (a) when to execute, reject or suspend wire transfers that do not contain the required originator or beneficiary information.
- (b) with regard to appropriate follow-up actions, Article 37 of the CEMAC Regulation requires FIs receiving wire transfers with incomplete sender information to take the necessary steps to obtain and verify the missing information from the originator or beneficiary and to refrain from executing the transaction if they do not obtain such information.

#### ***Money or value transfer service operators***

**Criterion 16.16** - According to Article 92 of the CEMAC Regulation, no person may engage in the professional activity of transferring or transporting money and values without the approval of the competent State authority where the activity is to be carried out.

This authority shall lay down, by decree or any other appropriate legal instrument, the operating conditions, in particular regarding the regular inspection of money or value transfer services.

The provisions set out in paragraph 1 above are also applicable to any legal or natural person operating as an agent in a CEMAC State.

Money and value transfer service providers are required to provide a list of their agents to the competent authority of the country in which they operate.

Likewise, Articles 32, 62 and 63 are in line with Recommendation 16.

**Criterion 16:17** -

(a) Articles 32, 36, 62 and 63 of the CEMAC Regulation oblige money or value transfer service providers to take into account all information from the originator and the beneficiary in order to determine whether or not a suspicious transaction report should be made.

(b) Article 83 obliges money or value transfer service providers to file a suspicious transaction report, and to provide the financial intelligence unit with all information on the transaction. However, the obligation to file a suspicious transaction report in all countries involved in the suspicious wire transfer is not explicitly stipulated in the Regulation.

***Implementation of targeted financial sanctions***

**Criterion 16.18** - Pursuant to Article 105 of the CEMAC Regulation, the competent authority shall order, by written decision, the freezing of funds and the seizure, for the purpose of confiscation, of laundered property, proceeds of money laundering, predicate offences and terrorist financing, of persons, entities or terrorist organizations identified by the United Nations Security Council acting under Chapter VII of the Charter of the United Nations.

***Weighting and Conclusion***

Cameroon partially meets the requirements of this Recommendation, although there are some gaps. Indeed, there is no obligation for the originator's financial institution to forward, upon request, the information accompanying the transfer to the beneficiary's financial institution or to the prosecuting authorities within 3 (three) working days. There is also no specific obligation on the intermediary financial institution to keep the information received from the ordering financial institution for at least 5 (five) years. The obligations of FIs to have risk-based policies and procedures to decide when to execute, reject or suspend wire transfers that do not include the required originator or beneficiary information and appropriate follow-up actions to be taken are not considered. Also, there are no provisions requiring the FI to take reasonable steps, which may include post-monitoring or real-time monitoring where possible, to detect cross-border wire transfers that lack the required originator or beneficial owner information. In addition, there is no provision for FIs to file a suspicious transaction report in all countries involved in the wire transfer.

***Cameroon is rated as Partially Compliant with Recommendation 16.***

## **Recommendation 17: Reliance on third parties**

In Cameroon's May 2008 mutual evaluation, the country was rated as PC with Recommendation 17 on the grounds that there was no obligation for stock exchange operators to list third party or business providers and a general lack of implementation and effectiveness, particularly in the area of the non-bank financial sector.

### **Criterion 17.1 -**

(a) Article 64 states that the third party which applies the due diligence requirements laid down in Articles 23 and 24 of this Regulation shall, without delay, provide financial institutions with information relating to the identification of the customer and, where applicable, the beneficial owner, as well as information relating to the purpose and nature of the business relationship.

(b) FIs are not obliged to take steps to ensure that the third party forwards the documents - instead, the Regulation places the obligation on the third party itself, which may apply if the third party is under the country's jurisdiction.

(c) Article 63 obliges financial institutions using third parties to make sure that the third party is regulated and controlled or monitored. It does not, however, make sure that the third party has taken measures to comply with customer due diligence and record-keeping requirements in accordance with Recommendations 10 and 11.

**Criterion 17.2 -** According to Article 14(1) of the CEMAC Regulation, reporting entities shall take appropriate measures to identify and assess the money laundering and terrorist financing and proliferation risks to which they are exposed, taking into account risk factors such as customers, countries or geographical areas, products, services, transactions or distribution channels. These measures are proportionate to the nature and size of the reporting entities. Similarly, Article 63(1) provides that the third party must impose corresponding anti-money laundering and anti-terrorist financing obligations as provided for in Article 52(2) of the Regulation. However, it does not explicitly state that countries using third parties should take into account the information available at country level.

### **Criterion 17.3 -**

(a) This recommendation is taken into account by Article 96 of Regulation No. 01/16/CEMAC which obliges financial institutions to adopt measures that are at least equivalent to those provided for in Chapter 3 of Part II of this Regulation, in terms of customer due diligence and account keeping in their branches abroad.

(b) Articles 63 and 96 oblige financial institutions that use a third party belonging to the same financial group to implement customer due diligence and record keeping measures and AML/CFT programs. However, there is no obligation for these measures to be monitored at group level by a competent authority.

(c) In order to prevent ML/TF risks, Article 96 of the CEMAC Regulation obliges branches or subsidiaries established in a third country to apply the AML/CFT measures of the group if they are

more stringent than those of the host country. Basically, the foregoing provisions require supervisory authorities to inform each other when the legislation of a third country does not allow the enforcement of the measures, so that coordinated action can be taken to address the issue. Where the third country's legislation does not allow for the application of the group's measures, FIs are required to take additional measures to effectively address ML/TF risks and to inform their supervisory authorities of the country of origin. Where the supplementary measures are insufficient, the competent authorities of the country of origin will consider additional measures, which may even go as far as requesting the interruption of the activities of the financial group in the host State.

### ***Weighting and Conclusion***

Cameroon largely fulfils the obligations relating to the use of third parties to meet customer due diligence measures set out in Recommendation 10. However, FIs are not obliged to take steps to ensure that the third party forwards the documentation - instead, the Regulation places the obligation on the third party itself, which may apply if the third party is under the country's jurisdiction.

***Cameroon is rated as Largely Compliant with Recommendation 17.***

### **Recommendation 18: Internal controls and foreign branches and subsidiaries**

Cameroon was rated as PC with internal control in the May 2008 mutual evaluation. Indeed, Cameroon has been criticized for the lack of a sectoral mechanism aside from the banking system and the lack of effective implementation of internal control obligations in combating money laundering, particularly in the non-banking financial sector.

Furthermore, in the area of branches and subsidiaries, Cameroon was rated as NC on the grounds of a lack of obligation to report to the supervisory authority for the banking and non-banking financial sector.

**Criterion 18.1** - Article 27 of the CEMAC Regulation specifies that FIs must develop and implement programs to prevent money laundering and terrorist financing.

**(a)** Article 27(1)(2) of the CEMAC Regulation requires FIs to have compliance monitoring mechanisms, and appoint a compliance officer at the head office, at each branch and each local office or agency.

**(b)** Although there are no legal provisions obliging FIs to have selection procedures to ensure that employees are recruited according to high standards, the HR procedures and codes of ethics of all FIs provide for these aspects.

**(c)** Article 27(1)(3) of the CEMAC Regulation of 11 April 2016 requires FIs to implement AML/CFT programs that include, in particular, continuous training of staff to help them detect operations and conducts likely to be linked to money laundering and terrorist financing.

**(d)** Article 14(4)(2) of the CEMAC Regulation of 11 April 2016 obliges FIs to implement AML/CFT programs that include an independent audit function to test the system.

Similarly, Articles 6, 10, 12, 54 and 55 of COBAC Regulation R-2016/04 of 8 March 2016 on internal control in credit institutions and financial holding companies, Articles 8, 31 and 32 of COBAC EMF Regulation R-2017/06 of 24 October 2017 on internal control in microfinance institutions, and Articles 4, 5 and 7 of Regulation No. 0004/CIMA/PCMA/PCE/SG/08 of 04 October 2008 cover this Recommendation as a whole.

**Criterion 18.2 -**

(a) The requirements of this criterion are covered by Article 94(1) of the CEMAC Regulation which obliges financial institutions that are part of a group to implement group-wide policies and procedures, including data protection policies and information exchange policies and procedures within the group to combat money laundering and terrorist financing. Article 96 states that financial institutions shall apply measures at least equivalent to those laid down in Chapter III of Part II of the said law, with regard to customer due diligence and the conservation of information in their subsidiaries located abroad than those imposed in their own territory.

(b) Article 94 (1) of the CEMAC Regulation obliges financial institutions that are part of a group to implement group-wide policies and procedures, including data protection policies and information-sharing policies and procedures within the group to combat money laundering and terrorist financing. The same provisions specify that the policies and procedures referred to must be implemented effectively at the level of branches and subsidiaries, established in Member States and in third countries. However, these provisions do not specify the information to be made available.

(c) Article 94(1) of the CEMAC Regulation states that financial institutions are required to implement data protection measures, and paragraph 3 provides that the relevant control authorities shall inform each other of cases where the laws of a third country do not allow for the application of appropriate minimum AML/CFT measures to their branches and subsidiaries located abroad. However, these provisions do not explicitly provide for satisfactory guarantees of confidentiality and use of the information shared.

Moreover, Articles 6, 10, 12, 54 and 55 of COBAC Regulation R-2016/04 of 8 March 2016 on internal control in credit institutions and financial holding companies cover a large part of the Recommendation, Articles 8, 31 and 32 of COBAC-EMF Regulation R-2017/06 of 24 October 2017 on internal control in microfinance institutions and Articles 4, 5 and 7 of Regulation No. 0004/CIMA/PCMA/PCE/SG/08 of 4 October 2008 are along the same line.

**Criterion 18.3 -** Article 94(2)(2) of the CEMAC Regulation requires FIs to ensure the implementation of AML/CFT measures consistent with those of the country of origin, where the minimum AML/CFT requirements of the host country are less stringent than those of the originating country, to the extent permissible under laws and regulations of the host country. Paragraph 3 states that if the host country does not allow for the proper implementation of AML/CFT measures that comply with those of the home country, financial groups should be

obliged to implement appropriate additional measures to manage money laundering and terrorist financing risks and to inform the home country control authorities accordingly.

Moreover, Articles 6, 10, 12, 54 and 55 of COBAC Regulation R-2016/04 of 8 March 2016 on internal control in credit institutions and financial holding companies cover a large part of the requirements of this Recommendation.

### ***Weighting and Conclusion***

Cameroon meets the requirements for internal controls and branches and subsidiaries located abroad. However, there is no obligation to implement programs that take into account selection procedures that guarantee the recruitment of employees according to high standards.

***Cameroon is rated as Largely Compliant with Recommendation 18.***

### **Recommendation 19: Higher risk countries**

Cameroon was rated as PC with Recommendation 19 on the higher-risk country in its first MER. This rating was underpinned by the following shortcomings: (i) the scope of business relationships and transactions is too restrictive; and (ii) the lack of additional countermeasures.

**Criterion 19.1** - Article 14 of the CEMAC Regulation states that reporting entities must have policies, procedures and control measures to effectively mitigate and manage the risks of money laundering and terrorist financing and proliferation identified at the level of the Community, Member States and reporting entities. These policies, procedures and controls should be proportionate to their scope. However, there are no obligations for FIs to implement enhanced due diligence measures proportionate to the risks, in their business relationships and transactions with natural and legal persons (and in particular financial institutions) from countries where the FATF requires this.

**Criterion 19.2** - Besides the implementation of enhanced due diligence measures, there is no explicit requirement or provision for the country to implement risk-sensitive countermeasures when requested by FATF, regardless of FATF requirements.

**Criterion 19.3** - Article 14(2) of the CEMAC Regulation stipulates that the evaluation referred to in paragraph 1 of this Regulation shall be documented, updated and made available to the control, regulatory and supervisory bodies, to the National Agencies for Financial Investigation and the competent authorities. However, there is no provision that explicitly covers the obligation to put in place measures to ensure that financial institutions are aware of deficiencies-related concerns in other countries' AML/CFT systems.

### ***Weighting and Conclusion***

Cameroon partially meets the requirements of Recommendation 19. However, there are shortcomings in the application of risk-proportionate countermeasures in relations with high-risk countries, where FATF requires such application. There is no obligation to apply risk-proportionate countermeasures when required by FATF or regardless of any FATF requirement. Lastly, the

obligation to adopt measures to make sure that financial institutions are aware of deficiencies-related concerns in other countries' AML/CFT systems is not covered.

***Cameroon is rated as Partially Compliant with Recommendation 19.***

### **Recommendation 20: Reporting Suspicious Transaction**

In the previous first round mutual evaluation, Cameroon was rated as PC with the Recommendations relating to suspicious transaction report (R.13 and SR. IV). The Cameroonian system has been blamed for the lack of an obligation for reporting entities to report attempted suspicious transactions, since the provisions in force do not expressly refer to attempted suspicious transactions unless the term "transaction" has a broad interpretation. It was also noted that the system was not effectively implemented outside the banking sector and that no suspicious transaction reports on terrorist financing had been made to the financial intelligence unit during the on-site mission. Following the adoption of Cameroon's MER, CEMAC adopted Regulation No. 01/16/CEMAC/UMAC/CM of 11 April 2016 on the prevention and suppression of money laundering and terrorist financing and proliferation in Central Africa.

**Criterion 20.1** - Article 83 of the CEMAC Regulation and Articles 26 and 28 of COBAC Regulation R-2005/01 of 1 April 2005 require financial institutions to file suspicious transaction reports to ANIF when they know, suspect or have good reason to suspect that the transaction may be related to money laundering or terrorist financing and proliferation. Moreover, Regulation No. 0004/CIMA/PCMA/PCE/SG/08 of 4 October 2008 obliges, in particular in its Article 4.4, insurance agencies to report suspicious transactions to ANIF. Similarly, the provisions of Articles 230 and 231 of the COSUMAF General Regulations of 23 July 2008 require financial market intermediaries to promptly report to ANIF should there be a suspicion of ML or TF. However, the obligation to report suspicious transactions immediately to ANIF is not clearly stated.

**Criterion 20.2** - Article 83(1) of the CEMAC Regulation requires financial institutions to submit STRs to ANIF when they know, suspect or have good reason to suspect that the transaction in question may fall within the scope of ML/TF. The provisions of Article 83(2) of the CEMAC Regulation oblige financial institutions to report attempted suspicious transactions to ANIF when at least one criterion defined by the regulations in force is met. As formulated, this obligation is restrictive and does not cover all attempted suspicious transactions relating to money laundering or the financing of terrorism and proliferation.

### ***Weighting and Conclusion***

The Community legal framework which is directly applicable in Cameroon covers this Recommendation to some extent. However, some shortcomings remain, namely the clarification of the obligation to make an immediate STR and the limited scope of the obligation to report attempted suspicious transactions.

***Cameroon is rated as Partially Compliant with Recommendation 20.***

### **Recommendation 21: Tipping-off and confidentiality**

Cameroon was rated as LC with the recommendation on disclosure and confidentiality in its first MER adopted in 2008. Cameroon was criticized for the persistent doubts on the respect for confidentiality of suspicious transaction reports. Cameroon's system was reinforced in 2016 with the adoption of Regulation No. 01/16/CEMAC/UMAC/CM on the prevention and suppression of money laundering and terrorist financing and proliferation in Central Africa.

**Criterion 21.1** - The provisions of Articles 88 and 89 of the CEMAC Regulation and Articles 30 and 31 of COBAC Regulation R-2005/01 ensure that financial institutions, their managers and employees are protected from criminal or civil liability for breach of any rule relating to the disclosure of information imposed by contract or by any legislative, regulatory or administrative provision, when they report in good faith their suspicions to ANIF, even if they did not know for sure what the predicate criminal activity was or whether the suspected illegal activity did not actually occur.

**Criterion 21.2** - Under the provisions of Article 87 of the CEMAC Regulation and Article 15.3 of Regulation No. 0004/CIMA/PCMA/PCE/SG/08 of 4 October 2008, financial institutions, their managers and employees are prohibited from disclosing the fact that a suspicious transaction report or related information has been sent to ANIF.

#### ***Weighting and Conclusion***

Cameroon has met all the criteria of Recommendation 21.

***Cameroon is rated as Compliant with Recommendation 21.***

### **Recommendation 22: DNFBPs: customer due diligence**

Following the first round of Cameroon's mutual evaluation, the country was rated as NC with the Recommendation relating to designated non-financial businesses and professions: customer due diligence. The Cameroonian system was criticized for not taking into account, either under the regulatory or legislative framework, company and trusts service providers, as well as for not taking into account, in an exhaustive manner, all the due diligence measures applicable to DNFBPs, namely: the obligation to carry out specific due diligence measures with regard to politically exposed persons, the implementation of risk management systems and the setting up of internal prevention programs. Failure of the NPDF to implement the prescribed provisions was also noted.

With the adoption of Regulation No. 01/16/CEMAC/UMAC/CM of 11 April 2016, many of the shortcomings identified have been corrected.

#### **Criterion 22.1 -**

**(a)** Article 47 of the CEMAC Regulation obliges casinos and gaming establishments to comply with the obligations of customer due diligence by keeping and updating information relating to players and the operations they carry out during gambling for an amount equal to or greater than

one million CFA francs, i.e. the equivalent of 1,500 Euros. However, this is not equivalent to obtaining and verifying information as in R.10.

**(b)** Similarly, Article 48 of the CEMAC Regulation obliges real estate agents involved in transactions on behalf of their customers for the purchase or sale of real estate, to implement the customer due diligence requirements listed in R.10.

**(c)** Article 50 of the CEMAC Regulation stipulates that dealers in precious stones and/or metals are required to comply with the obligations relating to customer identification when they carry out a cash transaction with a customer equal to or greater than the threshold set by the national authority or, failing that, by the Ministerial Committee. However, no threshold has yet been set by these authorities.

**(d)** Pursuant to Article 49 of the CEMAC Regulation, lawyers, notaries, accountants and other independent legal and accounting professionals shall comply with the customer due diligence requirements specified in Articles 21 to 25 of the said Regulation, when preparing or carrying out transactions for their clients for the following activities: (i) purchase and sale of real estate; (ii) management of client's funds, securities or other assets; (iii) management of bank, savings or securities accounts; (iv) organization of contributions for the creation, operation or management of companies; and (v) creation, operation or management of legal persons or arrangements, and purchase and sale of business entities.

**(e)** Trust and company service providers are required, in accordance with Article 51 of the CEMAC Regulation, to implement the customer due diligence requirements set out in R. 10 and in relation to Criterion 22.1.

**Criterion 22.2** - Article 47 of the CEMAC Regulations requires casinos and gaming establishments to keep records for 10 (ten) years, after the last recorded transaction. Article 24 of Decree No. 2007/1138 obliges real estate agents to keep their registers for 10 (ten) years and to submit them for control to officials of the Ministry in charge of housing at each of their requisitions.

There is no obligation for other categories of DNFBPs (dealers in precious stones and/or metals, lawyers, notaries, accountants and other independent legal and accounting professions, trust and company service providers) to keep records for at least 5 (five) years.

**Criterion 22.3** - Pursuant to Article 25 of the CEMAC Regulation, DNFBPs as a whole are required to have adequate risk management systems to determine whether the client is a PEP and, if so, they are required to comply with the obligations relating to PEPs as set out in R.12. This requirement does not take into account the beneficiary of the life insurance contract and/or, where applicable, the beneficial owner of the beneficiary of the life insurance contract if he/she is a PEP.

**Criterion 22.4** - The CEMAC Regulation does not oblige DNFBPs to implement the due diligence requirements relating to new technologies set out in R.15.

**Criterion 22.5** - The CEMAC Regulation does not oblige DNFBPs to implement the third party obligations set out in R.17 on the use of third parties.

### ***Weighting and Conclusion***

Cameroon has fulfilled most of the criteria of Recommendation 22. However, besides casinos and real estate agents, the other categories of DNFBPs are not bound by the record-keeping obligations set out in R.11. Similarly, the CEMAC Regulation does not require DNFBPs to implement the due diligence requirements for new technologies set out in R.15 and to comply with the third party requirements set out in R.17.

***Cameroon is rated as Partially Compliant with Recommendation 22.***

### **Recommendation 23: Designated non-financial businesses and professions: other measures**

Following its first mutual evaluation in 2008, Cameroon was rated as NC under R. 23 on DNFBP - Other measures. The following grievances were made: (i) lack of obligation for DNFBPs to adopt internal AML/CFT programs; (ii) lack of a mechanism for disseminating information on deficiencies in third country AML/CFT systems and additional countermeasures; (iii) lack of a clear legal professionals' scheme for the protection of privileged business relationships.

**Criterion 23.1** - The obligations to report suspicious transactions set out in Recommendation 20 apply to all DNFBPs referred to in Articles 6 and 7 of the CEMAC Regulation, in the following circumstances:

**(a)** For lawyers, notaries, other independent legal professionals and accountants when assisting their client in preparing or carrying out transactions relating to: (i) the purchase and sale of real estate or business enterprises; (ii) the management of funds, securities or other assets belonging to the client; (iii) the opening or management of bank, savings or portfolio accounts; (iv) the organization of contributions necessary for the incorporation, management or control of companies; (v) the incorporation, management or control of companies, trusts or similar legal arrangements; (vi) the incorporation or management of endowment funds.

However, in the course of carrying out an activity relating to the above-mentioned transactions, lawyers when the activity relates to legal proceedings, (whether the information is received or obtained before, during or after such proceedings, including advice on how to initiate or avoid such proceedings) or when giving legal advice; other independent legal professionals, when giving legal advice, and accountants, when giving legal and tax advice, are not bound by the STR obligation unless the advice was provided for ML/TF purposes or knowing that that the client is requesting it for such purposes.

**(b)** For dealers in precious stones and metals, they are bound by the general STR obligation without threshold limitation.

**(c)** For trust and company service providers, they are bound by the general STR obligation without reference to the circumstances or assumptions referred to in C.22.1(e).

**Criterion 23.2** - Article 28(3) of the CEMAC Regulation states that reporting entities other than FIs shall implement the AML/CFT internal control procedures and measures defined by the control

authorities. This provision in itself covers DNFBPs, although this obligation is subject to the control authorities' definition of the AML/CFT procedures and internal control measures to be implemented. However, as Cameroon has not yet designated AML/CFT supervisory authority/authorities for all types of DNFBPs, the country does not meet the requirements of this criterion.

**Criterion 23.3** - In the situations set out in Criterion 23.1, there is no provision that obliges DNFBPs to comply with the higher-risk country obligations set out in R. 19. The gaps identified in R. 19 are relevant to this criterion. There are no mechanisms through which the country can apply risk-proportionate countermeasures when required by FATF or without of any FATF recommendation. Lastly, the obligation to lay down measures to ensure that DNFBPs are aware of deficiencies-related concerns in other countries' AML/CFT systems, is not totally covered.

**Criterion 23.4** - The provisions of Articles 87 and 88 of the CEMAC Regulations require that DNFBPs comply with the disclosure and confidentiality obligations set out in R. 21. Article 87(2) of the CEMAC Regulation stipulates that, under pain of the sanctions provided for by the provisions of this Regulation, reporting entities are prohibited from informing the owner of the amounts or the originator of one of the transactions leading to a suspicious transaction report or third parties, other than the supervisory authorities, professional bodies and national representative bodies, of the existence and content of a report made to ANIF and from giving information on the action taken on the said report. The provisions of Articles 88 and 89 of the Regulation protect any person reporting suspicions in good faith.

### ***Weighting and Conclusion***

Like FIs, DNFBPs have been subject to rigorous regulation through the revision of the CEMAC Regulation. The new Regulation largely meets the requirements of Recommendation 23. However, attempted suspicious transaction reports are not fully covered and DNFBPs are not required to file a STR immediately in the event of suspicion. In addition, there is no mechanism for the application of risk-proportionate countermeasures where FATF requires them to be applied, and the obligation to establish measures to ensure that DNFBPs are aware of concerns about the shortcomings of other countries' AML/CFT mechanisms is not explicitly covered.

***Cameroon is rated as Partially Compliant with Recommendation 23.***

### **Recommendation 24: Transparency and beneficial ownership of legal persons**

During its first mutual evaluation, Cameroon was rated as NC with the Recommendation on transparency and beneficial owners of legal persons due to the fact that, on the one hand, the information provided in the TPPCR under the OHADA instruments does not allow for the identification of beneficial owners within the meaning of R. 33 (current R. 24), and on the other hand, the scope of informal activity does not allow to obtain adequate, relevant and updated information on all economic operators.

### **Criterion 24.1 -**

**(a)** Under the relevant provisions of OHADA to which Cameroon is a State Party (Uniform Act on General Commercial Law - AUDCG, Uniform Act on Commercial Companies and Economic Interest Groups - AUSCGIE and Uniform Act on Cooperative Societies - AUSC), there are mechanisms that identify and describe the different types, forms and basic characteristics of legal persons that can be created in Cameroon. Other types of legal persons (associations, NPOs, Foundations, PEREFs, LLCs and NGOs) are created under specific instruments.<sup>37</sup> Their characteristics, status, regimes and the basic information that must be obtained prior to their creation are provided for in the said instruments.

**(b)** These same provisions describe the procedures for creating these legal entities and the methods for obtaining and keeping basic information about them. These procedures are usually carried out by notary. The Uniform Acts are available online on the official OHADA website ([www.ohada.com](http://www.ohada.com)) and the laws are published in the Official Gazette. However, no provision obliges the collection and conservation of information on beneficial owners in the same form.

**Criterion 24.2 -** The ML/TF risks associated with the different categories of legal persons created in Cameroon have not been assessed in the NRA. Nevertheless, the NRA includes elements to assess the risks of misuse of NPOs for ML/TF purposes. In addition, no specific study of ML/TF risks relating to categories of legal persons has been conducted.

### ***Basic information***

**Criterion 24.3 -** Articles 27, 28 and 29 cover this criterion by highlighting the obligation to register in the TPPCR, which requires information such as the corporate name, the legal form, the address of the registered office, the main instruments governing the operation and the list of members of the board of directors. Article 97 of AUSCGIE also deals with the obligation to register companies in the TPPRC. For other types of companies, such as civil companies, the special laws governing them stipulate that they must be registered and must provide all basic information on their composition, form, officials and head offices.

All the information contained in the TPPCR is publicly available. For other companies not covered by AUDCG, AUSCGIE or AUSC, this information is held by the State authorities responsible for approving, regulating and supervising. They may be disclosed to the public upon written request by the interested party.

**Criterion 24.4 -** There is no express obligation for companies to keep the information set out in C.24.3, and to keep records of their shareholders or members containing the information required by this criterion.

---

<sup>37</sup> Law No. 90-53 of 19 December 1990 relating to freedom of association, Law No. 2003/013 of 22 December 2003 relating to patronage and sponsorship, Law on real estate development and Law No. 99/014 of 22 December 1999 to govern non-governmental organizations.

**Criterion 24.5** - Articles 28, 29, 31, 32, 33 and 37 of AUDCG and Articles 261 to 269 of AUSCGIE lay down obligations to ensure the accuracy and update of the information mentioned in C.24.3. Under these provisions, the Registry in charge of the TPPCR verifies the completeness and compliance of applications. It verifies the accuracy of the information at all times. However, these provisions do not cover the elements of C.24.4.

### ***Beneficial ownership information***

**Criterion 24.6** - Apart from the obligation imposed mainly on FIs and some DNFs by Article 27 of the CEMAC Regulation to centralize information on the identity of the originators, beneficial owners, beneficiaries, proxy holders and mandate holders, there is no mechanism for collecting information on the beneficial owners of legal persons in Cameroon. In addition, some of the shortcomings highlighted in C.10.10 and C.22.1 limit the identification and availability of this information. Nevertheless, the country uses a blend of measures to ensure that beneficial ownership information is determined in due course. Beneficial ownership information is sometimes collected from reporting entities that have business relationships with legal persons. Cameroon also uses a range of other mechanisms (e.g. tax files and under the OECD's cooperation on transparency for tax purposes) to obtain information on the beneficial ownership of legal persons. However, difficulties and delays in obtaining this information arise when foreign individuals are part of the ownership or control entities.

**Criterion 24.7** - No express provision in Cameroon requires information on beneficial owners to be accurate and kept up to date as much as possible.

**Criterion 24.8** - There is no provision for Cameroon to ensure that companies cooperate to the fullest extent possible with the competent authorities in identifying beneficial owners in relation to the requirements set out in this criterion.

**Criterion 24.9** - There is no express provision to ensure that the requirements of this criterion are met.

### ***Other requirements***

**Criterion 24.10** - In Cameroon, the relevant provisions of Law No. 2005-007 of 27 July 2005 on the Criminal Procedure Code bestow upon the criminal prosecution authorities all the necessary powers to have timely access to basic information held by the parties concerned. These powers generally guarantee timely access to basic information and information on the beneficial owner. Article 39 of the CEMAC Regulation grants extensive powers over the disclosure of documents by reporting entities to judicial and control authorities as well as to ANIF. ANIF's powers in this area are also extended by the right of communication provided for in Article 75 of the same Regulation. Lastly, COBAC Regulation R-2005/01 confers on the FI supervisory authority the powers to require the disclosure of information.

**Criterion 24.11** - Decree No. 2014-3763/PM of 17 November 2014 to lay down the conditions for the application of the modalities of dematerialization of securities in Cameroon allows legal

persons in a position to issue bearer shares or bearer share warrants to apply the mechanisms described in points (b) and (c) in order to ensure that they are not misused for money laundering or terrorist financing purposes. Similarly, Article 744-1 of AUSCGIE requires the dematerialization of bearer shares and states that all values must be registered in the name of their owner. They are transferred from account to account.

**Criterion 24.12** - In Cameroon, it is not possible to issue shares registered under nominees. However, administrators acting on behalf of another person may be designated by mandate.

- (a) Such administrators are required to disclose to the company the identity of the person who designated them, but are not required to record this information in the company's register or any other relevant register.
- (b) The administrators are required to present a proxy duly authorizing them to act on behalf of another person, but are not required to keep information identifying the person who designated them or to disclose such information to the competent authorities on request.
- (c) No other mechanisms have been identified by the country.

**Criterion 24.13** - There is no express provision to sanction administrators who do not disclose the identity of their designating authorities or who do not present their proxy. However, such actions render the acts of these administrators unenforceable against the legal person and third parties in good faith.

**Criterion 24.14** - Cameroon builds on both regional and international cooperation agreements on mutual legal assistance and information-sharing, CEMAC Regulations and the Criminal Procedure Code to provide prompt international cooperation on basic information and beneficial owners. This cooperation involves in particular:

- (a) facilitating foreign competent authorities' access to basic information in company registers;
- (b) sharing information on shareholders; and
- (c) using investigatory powers of competent authorities, in accordance with national laws, to obtain information on beneficial owners on behalf of foreign counterparts.

**Criterion 24.15** - No mechanism exists in Cameroon to monitor the quality of assistance it receives from other countries in response to requests for basic information and information on beneficial owners or for assistance in locating beneficial owners residing abroad.

### ***Weighting and Conclusion***

The types of legal persons created in Cameroon are subject to transparency obligations arising from the registration and recording procedures in the registers established for this purpose. However, mechanisms for collecting and keeping information on beneficial owners are lacking. No express provision in Cameroon requires information on beneficial owners to be accurate and kept as up to date as possible. Similarly, there is no provision for Cameroon to ensure that companies cooperate to the greatest extent possible with the competent authorities in identifying beneficial owners. There are no provisions obliging administrators acting on behalf of another person to record

information on the identity of the person who designated them in the company's register, or to keep such information in any other relevant register, or to disclose such information to the competent authorities upon request. There are no sanctions against administrators for non-compliance with the obligation to provide information on their mandate. Lastly, the country cannot control the quality of the assistance it receives from other countries in response to requests for basic information and on beneficial owners.

***Cameroon is rated as Non-Compliant with Recommendation 24.***

### **Recommendation 25: Transparency and beneficial owners of legal arrangements**

In its first mutual evaluation, although Cameroon appears to recognize common law mechanisms such as trusts and similar asset-based legal arrangements, the assessors were unable to obtain information on the legal regime applicable to trusts. As such, Cameroon has been rated as NC with the Recommendation on transparency and beneficial owners of legal arrangements because of the lack of a transparency requirement for trusts and other similar property arrangements in its legal corpus.

**Criterion 25.1** - Cameroon is not a signatory to The Hague Convention of 1 July 1985 on the law applicable to trusts and their recognition. There are no trusts governed by Cameroonian law. However, the Cameroonian law does not prohibit trusts formed abroad from operating in its territory or from managing property located in its territory.

**(a)** Not Applicable, as there are no trusts governed by Cameroonian law.

**(b)** Not Applicable, as there are no trusts governed by Cameroonian law.

**(c)** Some DNFBPs, including members of the independent legal professions who administer property under the same conditions as trusts, as well as trustees and professional service providers, are required to identify and verify the identity of some actors involved in the transaction, namely the client and the beneficial owner of the business relationship, and to keep the information for at least 10 years (Article 51 of the CEMAC Regulation). However, apart from basic information on customers and BOs, the regime does not require professional trustees to hold basic information on other regulated agents and trust service providers involved in the transaction, including investment advisers or managers, accountants and tax advisers.

**Criterion 25.2** - In accordance with Article 22(2) of the CEMAC Regulation relating to customer obligations for trust and company service providers, all information kept in accordance with C.25.1 must be accurate and as up-to-date as possible, and updated in due course.

**Criterion 25.3** - The combined implementation of the provisions of Articles 21 to 25, 29, 49 and 51 of the CEMAC Regulation ensures that trust and trustee service providers declare their status to FIs and DNFBPs when they establish a business relationship or carry out an occasional operation for an amount exceeding the defined threshold.

**Criterion 25.4** - No law or other regulatory provision prevents trustees from providing competent authorities or FIs and DNFBPs with information on beneficial owners and trust assets held or managed within the business relationship.

**Criterion 25.5** - The powers conferred on the prosecuting authorities by the relevant provisions of the Cameroonian Criminal Procedure Code allow them to access, in a timely manner, basic information held by trustees and other parties, in particular information held by FIs and DNFBPs on:

(a) the beneficial owners of trusts;

(b) the trustee's residence;

(c) any assets held or managed by the FI or DNFBP in connection with any trustee with whom they have a business relationship or for whom they carry out an occasional transaction.

**Criterion 25.6** - Cameroon has signed several cooperation agreements, both regional and international, on mutual legal assistance and sharing of information that can enable it promptly provide international cooperation with information on trusts and other legal arrangements and on beneficial owners, provided such information is available. Furthermore, the country is a member of the Global Forum on Transparency and Exchange of Information for Tax Purposes, which enables it to effectively share information on beneficial owners of legal persons, trusts and similar legal arrangements, provided that such information is available.

**Criterion 25.7** - Articles 113, 117 and 123 of the CEMAC Regulation provide for sanctions and liabilities in the event of non-compliance of reporting entities with their AML/CFT obligations. This helps to ensure that:

(a) trustees are legally liable for any breach of their obligations;

(b) proportionate and dissuasive criminal penalties shall apply to them should they fail to comply with their obligations.

**Criterion 25.8** - There are no express mandatory provisions on sanctions for non-compliance with the obligation to disclose to the competent authorities, in a timely manner, information on trusts as referred to in C.25.1

### ***Weighting and Conclusion***

Cameroon recognizes common law mechanisms such as trusts and similar property-based legal arrangements, but the country is not a member of The Hague Convention on Trusts and on their Recognition. The Cameroonian legal mechanism in force largely meets the requirements of the criteria of R.25. However, in the context of trust services, apart from basic information on customers and BOs, the mechanism does not require professional trustees to hold basic information on other regulated agents and trust service providers involved in the transaction. There are no express mandatory provisions on penalties for non-compliance with the obligation to disclose information on trusts to the competent authorities in a timely manner.

***Cameroon is rated as Largely Compliant with Recommendation 25.***

## **Recommendation 26: Regulation and supervision of financial institutions**

In its first MER, Cameroon was rated as PC with the Recommendation on the regulation and supervision of financial institutions. It was reproached for failing to regulate the insurance sector and financial markets, and for failing to implement the entire system.

**Criterion 26.1** - In keeping with Article 91 of the CEMAC Regulation, supervisory and control authorities in Cameroon are required to ensure that financial institutions comply with the requirements for the prevention of money laundering, terrorist financing and proliferation. COBAC Regulation No. R-2005/01 relating to reporting institutions' due diligence regarding AML/CFT in Central Africa, grants COBAC the authority to exercise supervisory and disciplinary powers over reporting institutions (lending institutions, banking intermediaries, microfinance institutions and exchange offices), to ensure compliance with the relevant provisions.

According to Article 10 of the 1990 Convention establishing COBAC, the Central African Banking Commission (COBAC) and the Bank of Central African States (BEAC) are responsible for supervising lending institutions. Articles 32 and 38 of the 17 January 1992 Convention on the Harmonization of Banking Regulations in Central African States authorize COBAC to regulate and supervise the lending institutions under its control.

Articles 4, 7, 8, 9, and 13 of Regulation No. 1/17/CEMAC/UMAC/COBAC of 27 September 2017 relating to conditions for the exercise and supervision of microfinance activities entrust the regulation and supervision of microfinance institutions to COBAC and the Ministry of Finance. The supervisory authorities are responsible for ensuring that microfinance institutions' primary and secondary operations and services are carried out in accordance with the legal and regulatory provisions governing AML/CFT.

Article 2 of Regulation No. 06/03-CEMAC-UMAC of 12 November 2003 laying down the organization, functioning and supervision of the Central African Financial Market and Article 3 of the General Regulations of the Central African Financial Market Supervisory Commission (COSUMAF) entrust the latter with the task of supervising and controlling financial market actors in Cameroon.

According to Article 16 of the Treaty Establishing CIMA, the Regional Insurance Control Commission (CRCA) is responsible for the regulation and supervision of insurance and reinsurance companies. The National Directorate of Insurance is in charge of supervising insurance intermediaries at the national level.

According to Article 16 of Regulation No. 02/18/CEMAC/UMAC/CM of 21 December 2018 on currency exchange regulations in CEMAC, BEAC, together with COBAC and the Ministry in charge of monetary affairs and credit, ensures that foreign exchange bureaus comply with all provisions relating to currency exchange regulations.

COBAC supervises payment service providers by ensuring that they comply with the legal and regulatory provisions applicable to them, including AML/CFT regulations (Article 14 of

Regulation No. 04/18/CEMAC/UMAC/COBAC of 21 December 2018 on payment services in the CEMAC).

CAMPOST's financial services are not subject to supervision.

### ***Market entry***

**Criterion 26.2** - To operate in Cameroon, financial institutions must be licensed (or authorized).

The Convention on the Harmonization of Banking Regulations in Central African States provides that local institutions or branches of institutions headquartered abroad wishing to carrying out any credit activity must be authorized by the monetary authority, on the recommendation of COBAC (Article 12). Similarly, the establishment of information, liaison, or representation offices in Cameroon by lending institutions headquartered elsewhere is subject to approval by the monetary authority, on the recommendation of COBAC (Article 13).

According to Article 47 of Regulation No. 01/17/CEMAC/UMAC/COBAC relating to conditions for the exercise and control of microfinance activities in the CEMAC zone, the conduct of microfinance activities in Cameroon is subject to prior authorization by the monetary authority, on the recommendation of COBAC.

Article 6 of the General Regulations of COSUMAF adopted on 15 January 2009 states that *“market bodies, intermediaries, issuers, and any other person or entity may not operate on the Regional Financial Market without having applied for and obtained from COSUMAF an approval, authorization, or permit to begin their activities, provide their services, or initiate their operations.”*

In the insurance sector, Section 326 of the Insurance Code requires insurance companies to obtain approval from the Ministry of Finance before beginning operations.

The Ministry in charge of monetary affairs and credit grants authorization to foreign exchange bureaus (Articles 19 and 82 of Regulation No. 02/18/CEMAC/UMAC/CM of 21 December 2018 on CEMAC currency exchange regulations), on the recommendation of BEAC (Article 14 of the said Regulation).

The exercise of the activity of payment service provider in Cameroon is subject to authorization by the monetary authority, on the recommendation of COBAC (Article 23 of Regulation No. 04/18/CEMAC/UMAC/COBAC of 21 December 2018 on payment services in the CEMAC zone).

The exercise of financial activities by postal services is subject to the obtaining of an operating licence issued by the Ministry of Posts and Telecommunications, in accordance with the provisions of Law No. 2020/4 of 23 April 2020 governing postal activities in Cameroon.

Furthermore, Article 92 of the CEMAC Regulation forbids the conduct of money and value transfer or transportation activities without a licence issued by the competent public authority in whose territory the activity will be carried out. This requirement also applies to any legal or natural person

acting as an agent for any money or value transfer service provider in a CEMAC Member State. The conditions for authorization/licensing set out in these instruments do not permit the establishment or continuation of the activities of shell banks.

**Criterion 26.3** - According to Article 91 of the CEMAC Regulation, supervisory and control authorities must take the necessary steps to define the appropriate criteria for ownership, control, or direct or indirect participation in the management or operation of a financial institution.

The specific instruments relating to banks and financial institutions (Articles 27 and 43 of the Convention on the Harmonization of Banking Regulations in Central Africa, the relevant provisions of COBAC Regulation No. R-2016/01 relating to the conditions and procedures for issuing authorizations to lending institutions, their managers and auditors and, lastly, Article 6 of Regulation No. 02/15/CEMAC/UMAC/COBAC amending and supplementing certain conditions relating to the exercise of the banking profession in the CEMAC zone) define in detail the criteria to be met in order to be a shareholder, a manager or an auditor of a lending institution. They require all applicants to provide a number of documents, including a criminal record certificate issued by the competent authorities of the applicant's country of nationality and residence that is not more than three months old. Individual shareholders must also submit a notarized statement of assets and liabilities, as well as an exhaustive list of their holdings in other lending institutions or enterprises. The shareholder, whether an individual or a legal entity, must also submit an honour declaration indicating the source of the funds to be invested and certifying that they are not the result of illegal activities.

Regarding microfinance institutions, Chapters 2 and 3 of COBAC MFI Regulation No. R-2017/05, which establishes the terms and conditions for approving microfinance institutions, their managers and auditors, list all of the information that must be provided to enable COBAC to examine the approval application. The information and data collected enable COBAC to assess the quality and integrity of the shareholders, directors and managers. COBAC also verifies that the applicant manager is not affected by any of the exclusions provided for by the regulations in force.

Concerning the financial market, Article 152 of the COSUMAF General Regulations states that any person convicted of a crime or misdemeanour, or to whom the CEMAC banking and financial system relates doubtful claims, is not allowed to be a director, manager, shareholder, or internal controller of a brokerage firm.

Section 329 of the Insurance Code prohibits any person convicted of a common crime, theft, breach of trust, fraud or an offence punishable by law, embezzlement by a public official, extortion of funds or securities, or issuing bounced cheques in bad faith, undermining State credibility, receiving goods obtained through these offences, any conviction for attempting or aiding and abetting the aforementioned offences, or any conviction to a sentence of at least one year's imprisonment, regardless of the nature of the offence committed, founding, directing, administering or managing businesses subject to the control of the Regional Insurance Control Commission. Section 506 also specifies the conditions under which applicants may practice the

professions of general agent or insurance broker. One of these requirements is that no one who has been convicted of a felony or misdemeanour may practice these professions.

Regarding foreign currency exchange, the provisions of Instruction No. 011/GR/2019 relating to the terms and conditions for engaging in currency exchange activities in the CEMAC sub-region provide that any applicant manager or director must produce, among other things, an extract of the criminal record dated less than 3 months as well as a declaration on honour by which he certifies that he is not subject to any of the prohibitions or incompatibilities provided for by the regulations in force. Shareholders who are natural persons are required to produce a copy of their criminal record. In addition, shareholders that are legal entities are expected to produce a detailed list of all shareholders, indicating for each of them the number of shares held, the nominal value of the shares, and the corresponding percentage of shareholding and the equivalence in voting rights. Furthermore, the ascending line of shareholders must be identified, as must the natural persons who are the final shareholders.

Article 62 of Regulation No. 04/18/CEMAC/UMAC/COBAC of 21 December 2018 relating to payment services in the CEMAC zone specifies that when a technical partner or its responsible managers are subject to incompatibilities, including conviction for crime undermining the security or credibility of the State, attempt or complicity in such offences, theft, breach of trust, fraud, issuing of bounced checks, attempt or complicity in such offenses, theft, breach of trust, fraud, issuing of bounced cheques, or violation of exchange and transfer regulations, COBAC may oppose or order that such services be suspended or closed.

Except for foreign currency exchange, these requirements are not sufficiently explicit about beneficial owners of substantial holdings in or control of a financial institution. Apart from the aforementioned beneficial ownership loopholes, these instruments prevent criminals or their accomplices from owning or controlling a financial institution or holding a management position therein.

### ***Risk-based approach to supervision and monitoring***

#### **Criterion 26.4 -**

**(a)** According to the relevant provisions of the instruments in force, financial institutions subject to the core principles and falling within the scope of COBAC's supervision are subject to regulation and supervision in accordance with the core principles, including the application of consolidated supervision at group level for AML/CFT purposes. Insurance companies are subject to the same consolidated supervisory framework. Cameroon, on the other hand, does not appear to have a similar framework for financial market actors.

**(b)** Other financial institutions in Cameroon that are not subject to the core principles are subject to AML/CFT regulation and supervision. Financial institutions that provide money, value transfer or currency exchange services are also subject to supervisory systems that ensure compliance with their national anti-money laundering and counter-terrorist financing obligations.

**Criterion 26.5 (a) (b) & (c)** - Cameroon has provided no evidence to support the use of a risk-based approach to the frequency and scope of on-site and documentary AML/CFT inspections of financial institutions or groups. Supervisory authorities schedule and conduct inspections based on their policy.

**Criterion 26.6** - No provision requires supervisory authorities to take a proactive approach that includes reviewing the assessment of a financial institution's or financial group's ML/TF risk profile, including compliance risk, on a regular basis and as soon as significant events or developments in the financial institution's or financial group's management and operations occur.

### ***Weighting and Conclusion***

Cameroon has instruments in place designating various authorities responsible for regulating and monitoring compliance with AML/CFT requirements by various types of FIs, excepting postal financial services. Due to flaws in the market entry framework, international transfer companies operating in Cameroon tend to rely on local entities, thereby circumventing the licensing requirement. Furthermore, there are flaws in the collection of information for identifying the beneficial owner, as this is not clearly specified in the instruments in force, with the exception of the instruction relating to the conditions and procedures for carrying out currency exchange activities in the CEMAC zone. Lastly, the requirements of a risk-based approach to control and supervision are not adequately reflected in Cameroon's relevant instruments.

***Cameroon is rated as Partially Compliant with Recommendation 26.***

### **Recommendation 27- Powers of supervisors**

In its first MER, Cameroon was rated as LC with the Recommendation relating to the powers of supervisory authorities (formerly R.29). The country was criticized for failing to implement the system, which is now being evaluated based on its effectiveness.

**Criterion 27.1** - Article 91 of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the Prevention and Suppression of Money Laundering, Terrorist Financing, and Proliferation in Central Africa requires FI supervisory and control authorities to monitor FI AML/CFT compliance. The specific instruments for each type of FI authorize supervisory and control authorities to monitor and control FIs.

COBAC is authorized to monitor compliance by lending institutions with their AML/CFT obligations under the provisions of Part II of the Annex to the 16 October 1990 Convention Establishing a Central African Banking Commission and Article 2(2) of COBAC Regulation No. R-2005/01 of 1 April 2005 on reporting institutions' due diligence with regard to AML/CFT. It conducts on-site and documentary inspections of banking and financial institutions.

COBAC conducts off-site and on-site controls to ensure that microfinance institutions adhere to the legal and regulatory provisions that apply to them, whether issued by CEMAC Member States, the UMAC Ministerial Committee, the Monetary Authority, BEAC, or COBAC itself (Articles 13

and 14 of Regulation No. 01/17/CEMAC/UMAC/COBAC of 27 September 2017 relating to the conditions for the exercise and control of microfinance activities in the CEMAC zone).

In the financial market, brokerage firms are subject to off-site and on-site control by COSUMAF under Article 181 of COSUMAF's General Regulations. This control also applies to employees of brokerage firms and authorised representatives.

In the insurance sector, Article 16(a) empowers the Regional Insurance Control Commission to conduct off-site and on-site inspections of insurance and reinsurance companies. In addition, the Ministry of Finance, through the Directorate of Insurance, also conducts off-site and on-site inspections of insurance sector actors.

Concerning Section 6 of Instruction No. 011/GR/2019 of 10 June 2019 on the terms and conditions for the exercise of currency exchange activities in CEMAC Member States that the BEAC, COBAC, or the Ministry of Finance may conduct periodic controls to ensure that currency exchange dealers comply with the provisions governing the exercise of currency exchange activities.

Section 6 of Instruction No. 011/GR/2019 of 10 June 2019 on the conditions and modalities for the exercise of currency exchange activities in the CEMAC provides that BEAC, COBAC, or the Ministry of Finance may carry out periodic controls to ensure that currency exchange dealers comply with the provisions governing the exercise of currency exchange activities.

COBAC conducts off-site and on-site checks on payment service providers in accordance with the provisions of Articles 14 and 15 of Regulation No. 04/18/CEMAC/UMAC/COBAC of 21 December 2018 on payment services in the CEMAC sub-region, to ensure that they comply with the legal and regulatory provisions enacted by the UMAC Ministerial Committee, the Ministry of Finance, BEAC, or COBAC itself, and which are applicable to them.

**Criterion 27.2** - The provisions of the last paragraph of Article 27 of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the prevention and suppression of money laundering and terrorist financing and proliferation in Central Africa empower supervisory authorities to inspect financial institutions.

**Criterion 27.3** - According to Article 101 of the CEMAC Regulations on the Prevention and Suppression of AML/CFT, supervisory authorities are authorized to demand any necessary information to monitor compliance by financial institutions with their AML/CFT obligations.

COBAC is empowered by Article 9 of the 1990 Convention establishing COBAC and Article 44 of COBAC Regulation No. R 2005-01 of 1 April 2005 on due diligence measures by institutions subject to AML/CFT to require credit institutions to produce all documents and information it deems necessary for the proper performance of its duties.

Articles 9, 14, 52, 62, and 68 of Regulation No. 01/17/CEMAC/UMAC/COBAC relating to the conditions for the exercise and supervision of MFIs, as well as Article 44 of COBAC Regulation

No. 2005-01, authorize COBAC to demand the production of any relevant information in order to monitor MFI compliance with their AML/CFT obligations.

Regarding the financial market, Article 12 point (vi) of Regulation No. 06/03-CEMAC-UMAC laying down the organization, functioning and supervision of the Central African financial market, and Article 328 of COSUMAF's General Regulations, authorize COSUMAF to demand the production of all documents and information required to carry out its controls as part of its ongoing supervision of market actors.

The Regional Insurance Supervisory Commission may request any information necessary for the exercise of its mission from the entities under its supervision. It may specifically request the communication of auditors' reports, as well as all accounting documents that it may, where necessary, request to be certified (Article 310 of the CIMA Code).

According to the provisions of Article 15 of Regulation No. 04/18/CEMAC/UMAC of 21 December 2018 on payment services in the CEMAC zone, COBAC is authorized to request information or evidence from payment service providers, their auditors, technical partners, distributors, sub-distributors, and any other person or body whose assistance may be required in the exercise of its supervisory mission.

Regarding currency exchange actors, currency exchange offices are required to provide to the Ministry in charge of monetary affairs and credit, BEAC and COBAC and, where applicable, any other person duly authorized by legal and regulatory provisions information and documents necessary for the proper conduct of controls (Article 17 of Regulation No. 02/18/CEMAC/UMAC/CM of 21 December 2018 on foreign exchange regulations in CEMAC, as well as Article 49 of Instruction No. 011/GR/2019 of 10 June 2019 on the terms and conditions for the exercise of currency exchange activities in the CEMAC sub-region).

**Criterion 27.4** - According to the provisions of Article 113 of the CEMAC Regulation, when a reporting entity fails to comply with its AML/CFT obligations due to either a failure to exercise due diligence or a deficiency in the organization of its internal control procedures, the supervisory authority with disciplinary powers may act ex officio in accordance with the conditions set out in the relevant legal and regulatory instruments in force. The specific instruments organizing these various supervisory authorities also empower them to impose disciplinary and financial penalties, including the powers to withdraw, limit, or suspend the financial institution's license.

Where a reporting institution fails to meet its obligations due to serious lack of vigilance or failure to organize its internal control procedures, COBAC may initiate disciplinary proceedings under the instruments governing the profession (Article 60 COBAC Regulation No. R-2005/01). In keeping with the provisions of COBAC Regulation No. R-2019/03 of 23 September 2019 on the terms and conditions for the application and recovery of financial penalties by the Central African Banking Commission, COBAC is authorized to impose a range of disciplinary and financial penalties on lending, microfinance and payment institutions, as well as their managers, in the event of noncompliance with regulations.

COBAC has the authority to revoke a banking institution's licence based on its power of sanction (Charter on the Conduct of COBAC On-site Supervision Missions, Annex to COBAC Decision No. D-2010/004 of 15 February 2010).

If the Regional Insurance Supervisory Commission finds that a company under its supervision has violated the regulations, Section 312 of the CIMA Code allows it to impose a variety of disciplinary sanctions, including fines. Under the provisions of Part 8 on sanctions contained in COSUMAF's General Regulations, the Commission is authorized to impose financial penalties on financial market participants that violate the regulations.

Regarding currency exchange, Article 153 of Regulation No. 02/18/CEMAC/UMAC/CM of 21 December 2018 on the regulation of currency exchange in the CEMAC zone provides that BEAC, as well as the Ministry in charge of monetary affairs and credit, and COBAC shall ascertain infringements and, where appropriate, impose administrative and pecuniary sanctions in their respective areas of competence as part of their assistance to BEAC.

### ***Weighting and Conclusion***

In Cameroon, the supervisory authorities tasked with overseeing the various types of FIs have broad powers to conduct off-site and on-site inspections. COBAC has broad powers to impose a range of disciplinary and financial sanctions in the event of failure by credit, microfinance and payment institutions or their managers to meet their AML/CFT obligations. This is the case for COSUMAF which supervises financial market players, the Regional Insurance Control Commission for the insurance sector, and BEAC, with the assistance of the Ministry in charge of monetary affairs and credit, and COBAC for currency exchange. However, because postal financial services do not have a designated authority in charge of monitoring their AML/CFT obligations, the requirements of the supervisory authorities cannot be verified.

***Cameroon is rated as largely compliant with Recommendation 27.***

### **Recommendation 28: Regulation and supervision of DNFBPs**

During its first MER, Cameroon was rated as NC with Recommendation (formerly R.24) on the regulation and supervision of DNFBPs due to lack of implementation of the CEMAC Regulation and the inability of DNFBP supervisory and self-regulatory authorities to effectively monitor members' compliance with their obligations under the CEMAC Regulation.

### ***Casinos***

#### **Criterion 28.1 -**

**(a)** In Cameroon, casinos are governed by Law No. 2015/12 of 16 July 2015 to lay down regulations governing games of entertainment, money games and games of chance. Section 18 of this law states that "the operation of a casino shall be subject to a concession contract signed by the Minister in charge of gaming and its promoter...". This concession represents an authorization for the casino owner to operate it in accordance with Cameroonian laws.

**(b)** Article 47 of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the prevention and repression of money laundering, terrorist financing and proliferation in Central Africa outlines the obligations of casinos during their operation. In addition, in the Cameroonian legal arsenal, there is a law governing entertainment games, money games and games of chance. This law, like the aforementioned Regulation, defines the legal framework for the operation of casinos, but does not specify the conditions for establishing such entities. In that respect, the law does not adequately address the terms and conditions for licensing the operation of casinos, including measures to prevent criminals or their accomplices from owning or controlling a casino.

**(c)** There is no authority designated to monitor casinos' compliance with their AML/CFT obligations.

### ***DNFBPs other than casinos***

**Criterion 28.2** - No authority or self-regulatory body has yet been designated to monitor and ensure compliance by DNFBPs with their AML/CFT obligations.

**Criterion 28.3** - According to article 91 of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the prevention and suppression of money laundering and terrorist financing and proliferation in Central Africa, the supervisory and control authorities of DNFBPs must ensure that they comply with their AML/CFT obligations. However, no competent authority has been formally designated.

### **Criterion 28.4** -

**(a)** Articles 91 and 93 of the CEMAC Regulation grant competent authorities or SRBs of DNFBPs compliance monitoring powers to enable them to perform their functions. However, in the absence of designated competent authorities, these provisions are not implemented.

**(b)** Under article 91(1) of the CEMAC Regulation, these authorities are required to take the necessary steps to define the appropriate criteria for ownership, control, or direct or indirect participation in the management or operation of a DNFBP. Unfortunately, this does not apply in Cameroon due to the absence of designated competent authorities.

**(c)** The provisions of Article 113 of the CEMAC Regulation authorize supervisory authorities with disciplinary powers to impose sanctions on reporting entities for failing to comply with AML/CFT obligations under the conditions specified in the relevant legal and regulatory instruments in force. These provisions remain ineffective because none of these authorities are responsible for ensuring that DNFBPs comply with AML/CFT obligations.

### ***All designated non-financial businesses and professions***

### **Criterion 28.5** -

**(a)** Article 14 of the CEMAC Regulation requires reporting entities, including DNFBPs, to assess the ML/TF risks to which they are exposed. These assessments are documented, updated, and made

available to supervisory, regulatory, and oversight bodies, and they can be used to define criteria for supervision. However, Cameroon, in the absence of designated competent authorities for the supervision of DNFBPs, has not provided evidence of the effective implementation of this approach and, more importantly, that the frequency and extent of AML/CFT supervision of DNFBPs is a function of their understanding of AML/CFT risks and taking into account their characteristics, notably their diversity and number.

**(b)** Cameroon also failed to demonstrate that DNFBP supervision takes into account their AML/CFT risk profile and the level of discretion granted to them under the risk-based approach when assessing the adequacy of their AML/CFT internal controls, policies, and procedures.

### ***Weighting and Conclusion***

On the whole, all designated non-financial businesses and professions are not subject to the control and monitoring arrangements that ensure compliance with their AML/CFT obligations.

***Cameroon is rated as non-compliant with Recommendation 28.***

### **Recommendation 29: Financial intelligence units (FIUs)**

Cameroon was rated as PC with the FATF financial intelligence unit requirements (formerly R.26). The assessors expressed reservations about ANIF's functional autonomy and independence, citing a lack of effective protection of information held by ANIF during the assessment period, a lack of useful feedback to the assessable professions, and difficulties obtaining information from government services.

**Criterion 29.1** - In keeping with Article 65 of the CEMAC Regulation, Cameroon established a financial intelligence unit (FIU) known as the "National Agency for Financial Investigation" (ANIF), which is an administrative authority under the supervisory authority of the Minister of Finance. It enjoys financial and decision-making autonomy on matters within its competence. According to Article 66 of the same instrument, ANIF's mission is to receive, analyse, and disseminate information on associated predicate offences, and to communicate information in order to combat money laundering, terrorist financing and proliferation. All these provisions are specified in Articles 2 and 3 of Decree No. 2005/187 of 31 March 2005 to lay down the organization and functioning of ANIF.

**Criterion 29.2** - ANIF serves as a clearinghouse for communications issued by reporting entities.

**(a)** The CEMAC Regulation obliges reporting entities to report to ANIF the sums entered in their books or transactions involving sums which they know, suspect, or have reasonable grounds to suspect are the proceeds of criminal activity or are related to an offence of money laundering or terrorist financing and proliferation [Articles 66 and 83(1) of the CEMAC Regulation].

**(b)** ANIF also receives reports on cash transactions totalling at least 5,000,000 (five million) CFA francs, whether they are a single operation or a series of operations that appear to be linked (Article 18 of the CEMAC Regulation). Article 83(5) and (7) also require reporting entities to report to

ANIF any transaction in which the identity of the originator, beneficial owner, or settlor of a trust fund or any other asset management instrument remains uncertain despite due diligence, as well as information relating to the transmission of funds via cash payment or electronic money.

All of these obligations are reinforced and specified by the provisions of Articles 26, 27, and 28 of COBAC Regulation No. R-2005 of 1 April 2005 relating to the due diligence of reporting institutions liable to AML/CFT in Central Africa and Articles 8, 9, 10, 11, and 14 of Regulation No. 004/CIMA/PCMA/PCE/SG/08 of 4 October 2008 defining the procedures applicable to insurance undertakings in CIMA Member States within the framework of AML/CFT.

**Criterion 29.3 -**

(a) ANIF has the capacity, in addition to the information submitted by reporting entities, to obtain and use additional information from reporting entities as well as any natural or legal person holding information that may enable it to confirm suspicious transaction reports, in accordance with the provisions of Articles 66 (1) and (3) and 72 (1) of the CEMAC Regulation.

(b) Similarly, in accordance with Article 75 of the CEMAC Regulation, ANIF has access to a wide range of financial and administrative information gathered from public and private services, as well as information from criminal prosecution authorities, required for it to properly perform its duties. Article 40 (1) of COBAC Regulation No. R-2005 of 1 April 2005 reinforces ANIF's authority over AML/CFT reporting institutions in Central Africa.

**Criterion 29.4 -**

(a) ANIF of Cameroon carries out the operational analysis based on the information it receives, particularly to identify specific targets, trace specific activities or operations, and establish links between them and possible proceeds from crime, money laundering and related offenses, and terrorist financing (Article 66 (1) of the CEMAC Regulation).

(b) In keeping with Article 66 (4), ANIF has a Strategic Studies and Trends Committee tasked with producing reports on economic and financial crime techniques and trends. The strategic analysis produced is included in ANIF's periodic reports.

**Criterion 29.5 -** ANIF is authorized to disclose information in its possession to customs and taxation authorities, as well as criminal investigation services, provided such information is related to the facts that may be the subject of a suspicious transaction report. It may also disclose information on acts that may be related to tax fraud or attempted tax fraud to taxation authorities, who may use it to carry out their duties. Lastly, ANIF may transmit to the State services responsible for preparing and implementing decisions to freeze or prohibit the movement or transfer of funds, financial instruments and economic resources, information relating to their duties (Article 71(3) and (4) of the CEMAC Regulation). ANIF is required to submit a report to the Public Prosecutor whenever its investigations uncover acts related to the laundering of proceeds from criminal activities, terrorist financing or proliferation (Article 72(2) of the CEMAC Regulation).

ANIF discloses its information to the competent authorities by physically delivering confidential envelopes to the recipients of the information only, not to their collaborators or subordinates (secretaries, mail services and others), against a receipt. Physical transmission channels provide only limited security and protection.

**Criterion 29.6 -**

(a) In accordance with Article 71 of the CEMAC Regulation, ANIF's staff members and their correspondents are subject to the obligation of confidentiality and are required to take an oath before assuming office. ANIF has an operational procedures manual that describes the rules for processing, storing, disseminating, protecting and consulting information. To that end, a channel for processing incoming and outgoing mail has been established and includes all actors (director, confidential mail secretariat, research officer, analyst, etc.) involved in the processing of information received or transmitted by ANIF. Each staff member's responsibilities are defined at each stage of the information treatment process. Mail is handled by a confidential mail secretariat. It ensures that confidential mail is registered, transmitted, routed, and filed in accordance with a specific procedure to protect it.

ANIF records all correspondence made in the context of the exploitation of confidential files in records, which are opened and kept in secure safes. These chronologies cover information requests, court reports, and requests from other FIUs.

The information in the database is consulted with the Director's permission, at the request of the person concerned, and in accordance with a specific procedure.

(b) According to Section 17 of the Code of Ethics, access to the archives, server room, and computer room is subject to authorization and restricted access rules. Access to the premises is based on the authentication of staff members, which is required upon entry, via an individual badge or the biometric system. Each employee has a biometric identification that allows him or her to enter his or her office. According to Section 24, the access code to various internal information systems and other databases is assigned individually to each staff member entitled to it. This code is strictly personal, and the staff member must maintain its confidentiality. Consultations are limited to service purposes. The existing ethical rules define staff members' obligations in terms of information processing and dissemination.

(c) Access to the facilities is restricted to ANIF staff through an electronic system with access codes. Database access is restricted, with authorized individuals being assigned access keys based on their level of authorization.

**Criterion 29.7 -** Article 65 of the CEMAC Regulation relating to the establishment of ANIF and Article 2 of Decree No. 2005/187 of 31 May 2005 to lay down the organization and functioning of ANIF both affirm the agency's independence and operational autonomy by providing notably the following:

(a) ANIF has decision-making authority over matters within its purview. As a result, it has the freedom to carry out its functions, including the freedom to decide whether or not to analyse, request and/or disseminate specific information;

(b) Pursuant to the provisions of Articles 79, 80 and 82 of the CEMAC Regulation, ANIF has the powers to exchange information with CEMAC, foreign partner FIUs and competent authorities, as well as the powers to conclude agreements;

(c) The ANIF in Cameroon is an autonomous administrative authority with operational independence. However, it is an agency under the supervisory authority of the Ministry of Finance (Article 2 of the 31 March 2008 Decree).

(d) ANIF's resources are derived from the State budget, contributions from CEMAC institutions and development partners, as well as support by any other institution to strengthen the AML/CFT system.

**Criterion 29.8** - ANIF has been an Egmont Group member since June 2010.

#### ***Weighting and Conclusion***

A fully secure channel devoted the transmission of information to the competent authorities is lacking. Information is transmitted manually, posing the risk of leakage.

***Cameroon is rated as largely compliant with Recommendation 29.***

#### **Recommendation 30: Responsibilities of law enforcement and investigative authorities**

The FATF Standard, which organizes the responsibilities of law enforcement authorities, rated Cameroon as PC in 2008 (formerly R.27). The MER revealed the lack of implementation of the procedural framework of the CEMAC Regulation, as well as the absence of the option to defer arrests. Since the revision of the Recommendations in 2012, the last deficiency should now be assessed under R.31, while the inadequate implementation of the legal framework will be assessed from the effectiveness perspective.

**Criterion 30.1** - Several law enforcement agencies in Cameroon are in charge of conducting investigations into ML/TF or related predicate offences. These designated competent authorities are the National Police Force, the National Gendarmerie, the Customs Administration, the Public Prosecutor's Office and Investigating Judges. In terms of specialization, the Special Criminal Court (TCS) is responsible for trying offences of embezzlement of public funds and related offences involving at least 50,000,000 (fifty million) CFA francs. Terrorist acts, their financing and the laundering of associated proceeds fall under the jurisdiction of military tribunals.

**Criterion 30.2** - In Cameroon, prosecuting and investigating authorities are authorized to conduct parallel property and financial investigations in connection with money laundering, underlying ML and TF investigations.

**Criterion 30.3** - Cameroon's law enforcement authorities have the authority to identify, trace, and initiate procedures to freeze or seize property that is or may be subject to confiscation, or that is suspected of being the proceeds of crime, under the general provisions of the General Criminal

Procedure Code (Parts II, III, and IV) and the specific provisions of the CEMAC Regulation (Articles 104 and 105).

**Criterion 30.4** - Other institutions that are not law enforcement authorities per se can conduct financial and property investigations and seize criminal proceeds. The Supreme State Audit Office (CONSUPE) and CONAC have the authority to conduct financial and property investigations.

One of CONAC's missions is to collect and use denunciations and information brought to its attention concerning corrupt practices, facts, or acts, and similar offences (Articles 2(2) and 3(1) of Decree No. 2006/88 of 11 March 2006 to lay down the organization and functioning of CONAC). Its investigations result in disciplinary or judicial action. In cases of flagrante delicto, CONAC's Rapid Intervention Unit (RIU) carries out on-site raids, conducts immediate investigations, and, where necessary, reports to the competent authorities.

CONSUPE is responsible for auditing public funds. It submits reports to the Budget and Finance Disciplinary Council responsible for sanctioning irregularities and mismanagement by authorizing officers and managers of public funds and public enterprises. If the investigation of a matter reveals facts that are likely to be classified as crimes or offences, the Council's Chairperson refers the case to the competent judicial authority. This referral serves as a complaint against the official in question on behalf of the State, the public authority, the public enterprise, or the public or semi-public body concerned [Articles 1(1) and 17(3) of Decree No. 97/49 of 5 March 1997 to lay down the organization and functioning of the CDBF].

**Criterion 30.5** - CONAC does not have the authority to investigate ML/TF offences arising from or relating to corruption offences.

### ***Weighting and Conclusion***

Cameroon meets all the criteria of Recommendation 30.

***Cameroon is rated as compliant with Recommendation 30.***

### **Recommendation 31: Powers of law enforcement and investigative authorities**

In 2008, Cameroon's AML/CFT system was rated as LC with the FATF standard that organizes the powers of law enforcement and investigative authorities (formerly R.28). The main criticism was the lack of implementation of the procedural framework which is now being assessed from the effectiveness perspective. The requirements of this Recommendation were expanded in 2012 to include special investigative techniques, timely identification of accounts and assets without prior notification, and the authority to request information from the FIU.

**Criterion 31.1** - In accordance with the applicable legal provisions, the competent Cameroonian authorities have the authority to access, including by coercion, the documents and information needed in the context of the aforementioned investigations, related prosecutions, and actions during the course of investigations into ML, related underlying offenses, and TF. To this end:

**(a)** The production of documents held by FIs, DNFBNs, or other natural or legal persons stems from the application of the provisions of the CEMAC Regulation which states that: “documents relating to identification obligations (...) shall be communicated to the judicial authorities, the State agents responsible for detection and repression of ML-related offences operating within the context of judicial proceedings, supervisory authorities, and ANIF, at their request, by persons referred to in Articles 6 and 7 (reporting entities) and (Article 39), and “for the purpose of obtaining evidence of money laundering and terrorist financing and proliferation, as well as tracing the proceeds of crime, the competent judicial authority may, (...) without professional secrecy being enforceable against them, take various measures, including: (...) the communication or seizure of authentic or private deeds, banking, financial, and commercial documents...”.

According to the CEMAC Regulation, the information held by reporting entities must be made available to law enforcement authorities during investigations owing to the lifting of professional secrecy. In the event of refusal, ANIF may bring the matter before a judge ruling in urgent matters, who will order the service in question to comply (Article 75(3)).

**(b)** According to the general provisions of the Criminal Procedure Code, investigating authorities have the right to conduct searches of people, houses or premises (Sections 92, 93-100 and 177-179).

**(c)** The relevant provisions of the Criminal Procedure Code (Sections 103 et seq. and 116) and the CEMAC Regulation (Article 95) authorize the investigating authorities to take evidence and hold hearings.

**(d)** Under the same provisions, the investigating authorities have the authority to seize evidence.

**Criterion 31.2** - The competent investigating authorities have a wide range of investigative techniques available to them under the provisions of Articles 98 and 99 of the CEMAC Regulation for the investigation of ML, related predicate offences, and TF. These techniques include:

**(a)** undercover operations;

**(b)** interception of communication;

**(c)** access to computer systems; and

**(d)** supervised delivery.

**Criterion 31.3** -

**(a)** The CEMAC Regulation requires reporting entities to provide documents confirming that they fulfilled their identification obligation to supervisory authorities as well as ANIF, law enforcement authorities, and agents responsible for the detection and repression of ML-related offenses, upon request and without invoking professional secrecy, acting within the framework of a judicial procedure (Articles 39, 75 and 101).

**(b)** The statutory investigative powers and techniques available to competent authorities to locate or identify assets in the context of their investigations do not require prior notification of the owner.

**Criterion 31.4** - Article 71 of the CEMAC Regulation authorizes ANIF to disclose information in its possession to customs and taxation authorities, as well as judicial police services, when dealing with facts that are likely to be the subject of a suspect status notification. It may also disclose information to specialized intelligence services about acts likely to reveal a threat to the nation's fundamental interests in terms of public security and State security. It may also disclose information on acts that may relate to tax fraud or attempted tax fraud to taxation authorities, which may use it to perform their duties. It may also disclose information to government services in charge of preparing and implementing measures to freeze or prohibit the movement or transfer of funds, financial instruments, and economic resources related to the fulfilment of their mission. According to Article 73(3) of the CEMAC Regulation, the Public Prosecutor may request information from ANIF in the context of an ML/TF investigation.

### ***Weighting and Conclusion***

Cameroon meets all the criteria of Recommendation 31.

***The country is rated as compliant with Recommendation 31.***

### **Recommendation 32: Cash couriers**

In 2008, the country was rated as NC with the FATF Standard governing the cross-border movement of cash and other financial instruments (former Special Recommendation IX). The main reasons for this rating are: (1) Cameroon's non-implementation of the mechanism for controlling the physical cross-border transportation of currency; (2) discrepancy between CEMAC's foreign exchange control regulations and AML/CFT regulations; and (3) the absence of information exchange on physical transportation of currency between customs administrative services and the FIU, particularly for recording statistics on declarations relating to the cross-border transportation of currency. However, since the 2008 evaluation, regulations and legislation have evolved, with the adoption of the CEMAC Regulation and Regulation No. 02/18/CEMAC/UMAC/CM on CEMAC exchange regulations on 21 December 2018, which Cameroon is implementing.

**Criterion 32.1** - Article 15(1) of the CEMAC Regulation provides for the establishment of a cash declaration system for amounts equal to or greater than 5,000,000 CFA francs or the equivalent amount in foreign currency by anyone arriving from another country and entering or leaving the territory of a CEMAC Member State for another country. In addition, Article 78 of Regulation No. 02/18/CEMAC/UMAC/CM on the regulation of foreign exchange in the CEMAC zone provides for the declaration of any sum in excess of 5 million CFA francs at customs services. Customs services are required to carry out related controls. Cameroon implements this system. However, the system of declaration instituted applies only to travellers entering and exiting the CEMAC territory. Physical cross-border transportation of currency by courier or freight does not require any declaration or communication.

**Criterion 32.2** - Articles 76 to 80 of Regulation No. 02/18/CEMAC/UMAC/CM on CEMAC exchange regulations provide for a written declaration system. This system applies to travellers carrying sums of money that exceed a certain threshold. The threshold in Cameroon and the entire

CEMAC zone is a sum equal to or greater than 5 million CFA francs (Article 15 CEMAC Regulation).

**Criterion 32.3** - Article 15 of the CEMAC Regulation and Article 78 of Regulation No. 02/18/CEMAC/UMAC/CM on CEMAC exchange regulations require travellers to make declarations in good faith, failing which the application is not processed by the authorities. Where the traveller provides incorrect or false information, the traveller will be subject to the applicable penalties.

**Criterion 32.4** - Article 15 of the CEMAC Regulation requires competent authorities to request additional information on the origin of cash or bearer instruments. The same is true of Article 78 (3) of Regulation No. 02/18/CEMAC/UMAC/CM on foreign exchange regulations in the CEMAC zone.

**Criterion 32.5** - Authors of false declarations or disclosure are liable to the penalties provided for in currency exchange regulations. Article 168 (4<sup>th</sup> bullet) on Foreign Exchange Regulations punishes non-declaration or false declaration with a fine of 15% of the amount exceeding the authorized threshold, as well as confiscation of the undeclared sums and, where applicable, the tools used to conceal them, without prejudice to the sanctions provided for by AML/CFT regulations. Furthermore, Article 15 of the CEMAC Regulation provides for sanctions such as the confiscation of undeclared or falsely declared currency.

**Criterion 32.6** - The information obtained through the reporting system is made available to the FIU through a system enabling the notification of suspected cases as well as the communication of statistics (Article 79 of the CEMAC Regulation).

**Criterion 32.7** - Cameroon established coordination between Customs, the Police, the Gendarmerie, and the FIU to ensure the implementation of R.32 requirements through Decree No. 2014/413 of 22 October 2014 to set up and lay down the organization and functioning of anti-trafficking airport units. However, besides these instruments, the country has not provided evidence of satisfactory coordination between these various institutional entities.

**Criterion 32.8** - In accordance with Article 15 of the CEMAC Regulation and Article 168 of CEMAC Regulation No. 02/18/CEMAC/UMAC/CM on foreign exchange regulations, Cameroon customs officials may seize or withhold cash or BNIs for a reasonable period of time in order to collect evidence of ML/TF. In essence, Article 15 states that detention may not exceed 72 hours if further information is required. However, in the event of non-declaration or false declaration, customs authorities may confiscate all the cash. Article 168 of the Foreign Exchange Regulations also authorizes the confiscation of cash or BNIs for this purpose.

**Criterion 32.9** - Cameroon has not provided evidence that its reporting/information system has information relevant to sub-criteria (a), (b) and (c) in order to facilitate international cooperation and assistance regarding R.36 to 40.

**Criterion 32.10** - Cameroon has not provided evidence that it has taken strict measures to ensure the proper use of the information collected through the reporting/information systems and has not

imposed any limitations on: (i) payments for international trade in goods or services; or (ii) the free movement of capital.

**Criterion 32.11** - The physical cross-border transportation of cash and BNIs associated with ML/TF or predicate offences is punishable under the CEMAC Regulation for ML/TF offenders and the Cameroon Penal Code for predicate offences. Article 168 of the Foreign Exchange Regulations provides for administrative sanctions such as a fine equal to 15% of the amount exceeding the authorized threshold, as well as the confiscation of undeclared sums and, where applicable, the tools used to conceal them, in addition to the sanctions provided for by the CEMAC Regulation. Seizure and confiscation may also be carried out under Articles 15, 130, and 131 of the CEMAC Regulation. These sanctions are proportionate and dissuasive.

### ***Weighting and Conclusion***

Cameroon's compliance with Recommendation 32 has improved following the adoption of the CEMAC Regulation and Regulation No. 02/18/CEMAC/UMAC/CM on CEMAC exchange regulations on 21 December 2018. This reporting and information system, however, does not apply to travellers entering or exiting another CEMAC member country. The obligation to declare/inform does not apply to the physical cross-border transportation of mail or freight. Similarly, there are gaps in the reporting system in terms of the collection and retention of information on reports of sums exceeding the threshold, false reports/information, or suspicion of ML/TF for the purpose of facilitating international cooperation and assistance. The country has not provided evidence of adequate coordination between institutional entities regarding the implementation of the requirements of this Recommendation. It has also failed to provide evidence that it has taken strict measures to ensure the proper use of information gathered through reporting/information systems.

***Cameroon is rated as Partially Compliant with Recommendation 32.***

### **Recommendation 33: Statistics**

Cameroon received an NC rating in its previous MER for failing to meet the FATF Standard for the Production of AML/CFT Statistics due to a complete lack of statistical data on the treatment of AML/CFT issues.

#### **Criterion 33.1 -**

**(a)** ANIF maintains statistics on STRs received and released, as well as cooperation with foreign counterparts.

**(b)** Cameroon has neither identified the authorities in charge of maintaining statistics on ML/TF investigations and prosecutions, besides the Information, Network and Statistics Unit, which manages all statistics on convictions, nor provided comprehensive statistics on ML/TF investigations and prosecutions.

**(c)** Cameroon has not identified the authorities in charge of keeping track of frozen, seized, or confiscated assets, nor has it provided exhaustive statistics on the subject.

(d) Cameroon has neither identified the authorities in charge of keeping statistics on mutual legal assistance or other international requests for cooperation made and received, nor has it provided comprehensive statistics on the subject.

***Weighting and Conclusion***

There is no mechanism in place to collect statistics on AML/CFT issues, allowing Cameroonian authorities to identify vulnerabilities on a regular basis and, thus, assess the effectiveness of their country's AML/CFT system. Aside from the statistics on suspicious transaction reports received by ANIF and some from the courts, no other statistical data was collected by the mission to assess the effectiveness and proper operation of the AML/CFT system. There are no consolidated statistics on investigations, prosecutions, mutual legal assistance, or other international requests for cooperation, and even fewer on frozen, seized, or confiscated assets, aside from the few data on convictions.

***Cameroon is rated non-compliant with Recommendation 33.***

**Recommendation 34: Guidance and Feedback**

Cameroon was rated NC in its 2008 MER for the requirements of this Recommendation (former Recommendation 25) due to lack of guidelines for reporting institutions.

**Criterion 34.1** - Articles 91(3) and 97 of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the Prevention and Suppression of Money Laundering and Terrorist Financing and Proliferation in Central Africa require supervisory and control authorities to issue instructions, guidelines, or recommendations, as well as provide feedback, to assist FIs and DNFBPs in meeting their AML/CFT obligations. However, no such instructions, guidelines or recommendations have been issued. These provisions do not apply to DNFBPs which have no supervisory and regulatory authority with powers to issue such instructions, guidelines, or recommendations. However, ANIF issued guidelines in 2014, 2015, 2016, and 2020 to assist banks and MFIs in implementing AML/CFT measures, such as detecting and reporting suspicious transactions. These guidelines focus on special due diligence, special vigilance measures for detecting cyber fraud, strengthening due diligence measures, and improving KYC records.

***Weighting and Conclusion***

The regulatory provisions in force require FI and DNFBP supervisory and control authorities to issue guidelines and provide feedback to reporting entities to assist them in implementing national AML measures. Only ANIF, in its capacity as the competent authority, has issued guidelines to banks and microfinance institutions. FI and DNFBP supervisory and control authorities have not fulfilled these requirements.

***Cameroon is rated as partially compliant with Recommendation 34.***

### **Recommendation 35: Sanctions**

Cameroon's mutual evaluation in May 2008 rated the country as LC with the Recommendation on Sanctions (former Recommendation 17). The system's non-implementation was identified as a flaw. The effectiveness of implementation is now being evaluated.

**Criterion 35.1** - Articles 113 to 125 of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the Prevention and Suppression of Money Laundering, Terrorist Financing, and Proliferation in Central Africa provide for a variety of proportionate and dissuasive sanctions, whether criminal, civil, or administrative in nature, applicable to natural and legal persons who fail to comply with the AML/CFT obligations outlined in Recommendations 6 and 8 to 23.

**Criterion 35.2** - Sanctions for non-compliance with AML/CFT obligations also apply to managers or employees of natural or legal persons subject to AML/CFT regulations under Articles 117, 119, and 123 of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the Prevention and Suppression of Money Laundering, Terrorist Financing, and Proliferation in Central Africa. These instruments, however, do not specifically target members of the administrative body.

#### ***Weighting and Conclusion***

In Cameroon, the relevant provisions of Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the Prevention and Suppression of Money Laundering, Terrorist Financing, and Proliferation in Central Africa provide for a range of proportionate and dissuasive criminal, civil and administrative sanctions applicable to natural or legal persons subject to AML/CFT regulations. Managers or employees of natural or legal persons subject to these regulations may also be liable to sanctions if they are found to be accomplices in money laundering or terrorist financing. On the other hand, members of the administrative body have not been specifically targeted. Since the DNFBP sector is not supervised, the application of sanctions is limited.

***Cameroon is largely compliant with Recommendation 35.***

### **Recommendation 36: International instruments**

Cameroon was rated as PC with the recommendation relating to international instruments during the 2008 mutual evaluation (R.35 and SR.I). It was criticized for failing to adequately transpose the other relevant AML/CFT conventions, with the exception of the Vienna Convention.

Since the conduct of this evaluation, Cameroon has improved its legal framework for implementing international instruments.

**Criterion 36.1** - Cameroon has agreed to be bound by all relevant AML/CFT Conventions, particularly:

- the Vienna Convention signed on 27 February 1989 and ratified on 28 October 1991;
- the Palermo Convention signed on 13 December 2000 and ratified on 6 February 2006;
- the Merida Convention signed on 10 December 2003 and ratified on 6 February 2006;

- the International Convention for the Suppression of Terrorist Financing: adherence on 6 February 2006.

**Criterion 36.2** - To implement the Vienna, Palermo, Merida, and Terrorist Financing Conventions, Cameroon adopted special legal measures to supplement the Penal Code and the Criminal Procedure Code.

The Vienna Convention was transposed into the national legal arsenal in 1997 with the adoption of Law No. 97-19 of August 1997 relating to the control of narcotic drugs, psychotropic substances and precursors and extradition and mutual legal assistance in matters of illicit traffic in narcotic drugs, psychotropic substances and precursors.

The Palermo Convention is being implemented through the CEMAC Regulation, the Penal Code and the Code of Criminal Procedure. However, the provisions of Articles 5 and 6 of the said convention are not fully implemented. The smuggling of migrants is not included in the list of principal offenses. The Protocol against the Smuggling of Migrants by Land, Sea and Air, which is an addendum to the Convention, is not yet in effect.

The CEMAC Regulation, Decree No. 2006/88 of 11 March 2006 relating to the setting-up, organization and functioning of the National Anti-Corruption Commission, as well as the adoption of a national anti-corruption strategy in Cameroon, are in keeping with the Merida Convention.

Cameroon relies on Community regulations, such as the CEMAC Regulation of 11 April 2016, and domestic law, such as Law No. 2014/28 of 28 December 2014, in order to implement the International Convention on the Suppression of the Financing of Terrorism.

### ***Weighting and Conclusion***

Cameroon is a signatory to all relevant AML/CFT conventions. However, the Protocol against the Smuggling of Migrants by Land, Sea and Air, which is an Addendum to the Palermo Convention is not yet effective as migrant smuggling is not listed among serious offences.

***Cameroon is rated as largely compliant with Recommendation 36.***

### **Recommendation 37: Mutual legal assistance**

During the evaluation of Cameroon's AML/CFT system in 2008, the previous Recommendations (R.36 and RS.V) relating to the new Recommendation 37 on mutual legal assistance were rated as PC due to the non-implementation of instruments. This rating is now included in the analysis of effectiveness under the new assessment methodology.

**Criterion 37.1** - Cameroon can provide the broadest range of prompt mutual legal assistance for investigations, prosecutions, and related proceedings relating to money laundering, related principal offenses, and terrorist financing under Chapter III (Articles 141-158) of Part VI of the 2016 CEMAC Regulation on international cooperation. Sections 149 to 162 of Law No. 97-19 of August 1997 relating to the control of narcotic drugs, psychotropic substances and precursors and

extradition and mutual legal assistance in matters of illicit traffic in narcotic drugs, psychotropic substances and precursors address mutual legal assistance in this context.

Mutual legal assistance may also be provided in accordance with bilateral or multilateral agreements to which Cameroon is a party, notably the 1961 Tananarive Convention and the 28 January 2004 Agreement on Judicial Cooperation between CEMAC Member States of.

**Criterion 37.2** - In Cameroon, the Ministry in charge of justice is the central authority in charge of transmitting and handling requests for mutual legal assistance. However, there are no clear procedures for prioritizing and ensuring the timely processing of mutual legal assistance requests. There is no case management system in place to keep track of the status of requests.

**Criterion 37.3** - Article 143 of the CEMAC Regulation and, for the specific case of illegal drug trafficking, Section 154 of the Law on the Control of Narcotics list the grounds for refusing to comply with a request for mutual legal assistance. These grounds are consistent with international standards and they do not constitute unreasonable or overly restrictive conditions for complying with requests for mutual legal assistance.

**Criterion 37.4** -

(a) The grounds for refusing to comply with a request for mutual legal assistance specified in Article 143 of the CEMAC Regulation do not include a refusal relating to a tax-related offense.

(b) Similarly, according to the relevant provisions of Article 143(2) of the CEMAC Regulation, professional secrecy or confidentiality obligations may not be used as grounds for refusing to comply with a request for mutual legal assistance.

**Criterion 37.5** - Article 144 of the CEMAC Regulation requires the competent authority to maintain the confidentiality of the request for mutual legal assistance, its contents and the documents produced, as well as the substance of the assistance. If it is not possible to execute the request without disclosing the contents, this provision requires the requested State to notify the requesting State, which will then decide whether or not to maintain the request.

**Criterion 37.6** - According to Article 143 of the CEMAC Regulation which lists grounds for refusing to comply with a request for mutual legal assistance, dual criminality is not a requirement for complying with requests for mutual legal assistance that do not involve coercive action.

**Criterion 37.7** - According to Section 642(b) of the Criminal Procedure Code, the requirement of dual criminality is met in Cameroon if the act on which the application is based is an ordinary offence under Cameroonian law.

**Criterion 37.8** -

(a) The CEMAC Regulation (Articles 141, 147, and 151) and the Cameroon Criminal Procedure Code (Sections 35, 82, 92, 103, 115, 116, 117, 201, 202, 245, 307-337, and 665) give competent national authorities investigative powers and techniques to use in responding to a request for mutual

legal assistance. These include taking evidence or statements, handing over court documents, searches and seizures, examining objects and places, providing information and exhibits, and providing banking, financial, and commercial documents held by FIs or other legal or natural persons (Article 141(3) CEMAC Regulation).

**(b)** The competent authorities may also use the investigative techniques specified in Article 98 of the same Regulation in the context of mutual legal assistance.

### ***Weighting and Conclusion***

Cameroon's legal framework does not establish clear procedures for prioritizing and carrying out mutual legal assistance requests in a timely manner. There is no case management system in place to track the status of requests.

***Cameroon is rated as largely compliant with Recommendation 37.***

### **Recommendation 38: Mutual Legal Assistance: Freezing and Confiscation**

Cameroon was rated as PC with this Recommendation in 2008 because its AML/CFT freezing and confiscation scheme did not cover assets of equivalent value and there was no coordination of seizure and confiscation initiatives with other countries. Furthermore, regarding SRIII on the freezing and confiscation of terrorist funds, it was noted that the regional mechanism for freezing funds under Resolutions 1267 and 1373 was far from complete (lack of clear implementation procedures, withdrawal of lists and unfreezing of funds, etc.) and that there was no legal framework at the national level, in addition to the CEMAC mechanism, for the implementation of Resolutions 1267 and 1373 obligations.

Since this evaluation, the CEMAC Regulation has been amended to include new provisions to improve mutual legal assistance regarding freezing and confiscation, particularly by taking into account property of equivalent value.

**Criterion 38.1** - According to Articles 130 and 131 of the CEMAC Regulation, Sections 93 and 177 of the Cameroon Criminal Procedure Code, and 108 to 110 of Law No. 97-19 of August 1997 relating to the control of narcotic drugs, psychotropic substances and precursors and extradition and mutual legal assistance in matters of illicit traffic in narcotic drugs, psychotropic substances and precursors, the competent Cameroonian authorities have the authority to respond immediately to requests from foreign countries to identify, freeze, seize and confiscate:

- (b)** proceeds of money laundering, principal offences and terrorist financing;
- (c)** the instrumentalities of the crime;
- (d)** instruments intended to be used in connection with such offences; or
- (e)** property of corresponding value.

However, (a) since the country's legislation does not provide for the confiscation of laundered property (cf. c.4.1), cooperation in this area is not possible.

**Criterion 38.2** - Cameroon cannot comply with requests for cooperation based on conviction without prior confiscation proceedings and related provisional measures, even if the offender is deceased, at large, absent, or unknown.

**Criterion 38.3:** -

(a) Cameroon has no agreements allowing it to coordinate seizure and confiscation actions with other countries.

(b) According to Articles 130 and 131 of the CEMAC Regulation the State, through the Treasury, shall own any confiscated assets from all cases if convicted for money laundering and terrorist financing. However, there is no mechanism for the management of such frozen, seized or confiscated assets.

**Criterion 38.4** - Pursuant to Community regulations in force in Cameroon, the State has power of disposal of property confiscated on its territory unless as otherwise provided under an agreement concluded with the requesting State. This provision made by Article 154 of the CEMAC Regulation gives Cameroon the possibility to sign agreements on the sharing of confiscated assets with other countries. However, the sharing mechanisms are not specified.

### ***Weighting and Conclusion***

Procedures for requests for cooperation in confiscation without prior conviction are not provided for. Also, there are no mechanisms for sharing confiscated assets with other countries. In Cameroon, confiscated assets belong to the State, but the mechanism to manage such assets do not yet exist.

***Cameroon is rated as Partially Compliant with Recommendation 38.***

### **Recommendation 39 - Extradition**

During the 2008 mutual evaluation, Cameroon was rated as PC because it lacked provisions for prosecuting its non-extraditable nationals. Since this assessment, the adoption of the CEMAC Regulation of 11 April 2016 has made it possible to remedy this shortcoming.

**Criterion 39.1** - Cameroon has sufficient legal instruments and mechanisms at its disposal to enforce ML/TF extradition requests without undue delay. Specifically:

(a) Cameroon's legal framework which is based on the CEMAC Regulation of 11 April 2016 classifies money laundering and terrorist financing as extraditable offences (Articles 159 to 164).

Section 642(1) of the Criminal Procedure Code lays down the conditions of extradition as follows:

(b) the offence on which the extradition request is based by Cameroon law, constitute an ordinary law offence.

Paragraph 2 specifies that felonies and misdemeanours which are not directed against any kind of government shall be considered as common law offences and may justify extradition. Offences of universal jurisdiction provided by international conventions and ratified by Cameroon shall be considered ordinary law offences. ML/TF offences are therefore ordinary law offences that may warrant extradition.

(b) To enforce extradition requests, the CEMAC Regulation of 11 April 2016 provides for a simplified procedure including a mechanism for provisional arrest in cases of emergency. The provisions of this Regulation are supplemented by those of the Criminal Procedure Code (Sections 650 to 666) which outline a clear procedure for the timely execution of extradition requests. Indeed, Sections 650 to 666 outline the procedures for the management of the extradition file, starting from its receipt by the Minister in charge of external relations to its transmission to the legal department, and its processing and return to the requesting State.

(c) Cameroon does not attach unreasonable or unduly restrictive conditions to the execution of extradition requests. Indeed, neither the provisions of the CEMAC Regulation of 11 April 2016 specific to international cooperation in ML/TF matters, nor the general provisions of the Cameroonian Criminal Procedure Code impose such conditions on the execution of extradition requests.

**Criterion 39.2 -**

a) Cameroon does not extradite its nationals.

b) In the case of a refusal to extradite for reasons of nationality, the case is brought before the competent national courts in order to take appropriate action against the person in respect of the offence for which extradition had been requested (Article 164 of the CEMAC Regulations).

**Criterion 39.3 -** The CEMAC Regulation (Article 159) makes compliance with the principle of double criminality a requirement for extradition and refers to the application of the rules of ordinary law. To this end, Section 642(1) of Cameroon's Criminal Procedure Code considers that this obligation is fulfilled if both countries classify the offence in the same category or if the act constitutes an ordinary offence under Cameroonian law. Cameroonian law (Section 642(2) (b) of the Criminal Procedure Code) classifies as ordinary offences, offences of universal jurisdiction provided by international conventions and ratified by Cameroon.

**Criterion 39.4 -** Cameroon has simplified extradition procedures that even include cases of provisional arrest (Articles 160 and 162 of the CEMAC Regulations and Section 652 ff of the Criminal Procedure Code).

***Weighting and conclusion***

***Cameroon is rated as compliant with Recommendation 39.***

## **Recommendation 40: Other forms of international cooperation**

In its previous assessment report Cameroon was rated as PC with the requirements of Recommendation 40 due to a lack of implementation of international cooperation and restrictions on the sharing of non-financial information.

### ***General principles***

**Criterion 40.1** - The provisions of (Articles 80, 82, and 133-163) of the CEMAC Regulations allow Cameroon's competent authorities to grant the widest possible international cooperation for money laundering related offences, and terrorist financing. Such cooperation is provided upon request or on a spontaneous basis.

Regarding FIUs, for example, Article 82 of the CEMAC Regulation provides that, upon request or on its own initiative, ANIF may disclose information it holds to equivalent foreign financial intelligence units, in accordance with the Egmont Group Charter of FIUs.

This includes inter alia: judicial authorities, ANIF, authorities charged with receiving reports on the cross-border transportation of cash and BNIs and supervisory authorities.

Bilateral and multilateral conventions on judicial, financial and security matters to which Cameroon is party oblige the various competent authorities involved in AML/CFT to cooperate.

### **Criterion 40.2** -

(a) Cameroon has sufficient legal instruments consisting of laws, agreements and conventions that constitute the legal basis for cooperation between competent authorities on AML/CFT.

(b) As part of judicial cooperation, the competent authorities are authorized to use all effective means and procedures offered by the laws and regulations in force.

(c) Requests for mutual legal assistance are received by the Ministry of External Relations. After receiving the request, the latter forwards it to the Ministry of Justice, which in turn refers it to the competent judicial authority. Moreover, in case of an emergency, the request is forwarded directly to the competent judicial authority for processing. Sections 646 to 666 of the Criminal Procedure Code outlines the related procedure.

(d) However, there are no clear procedures for the prioritization and timely execution of requests and for the protection of information received.

(e) The competent authority keeps secret the request for mutual legal assistance, its content and the documents produced, together with the very existence of mutual assistance (Article 144(1) CEMAC Regulation).

In addition, the competent authorities (ANIF, Police and Customs) in AML/CFT matters are members of international organizations in their sectors. As such, they usually communicate through

secure circuits, channels or networks of these institutions, which ensure the protection of information received.

**Criterion 40.3** - Pursuant to the CEMAC Regulation and the Decree to set up ANIF, it negotiates and signs agreements with its foreign counterparts. Cameroon has signed judicial cooperation and extradition agreements with CEMAC Member States in order to enable effective collaboration between the judicial authorities of these States. Likewise, bilateral agreements have been signed with CEMAC countries and others around the world. The CEMAC Regulation provides that requests for mutual legal assistance from a third State shall be executed where the legislation of this State obliges it to respond to requests of the same nature issued by the competent authority (Article 141(2)). Cameroon is a signatory to the cooperation agreement between Central African police forces.

**Criterion 40.4** - No express legal provision obliges the competent authorities when requesting mutual legal assistance, to provide timely feedback to the competent authorities from whom they have received assistance on the use and usefulness of the information received.

**Criterion 40.5** - Cameroon's legal arsenal allows it to share information or grant mutual legal assistance with some conditions that do not limit its scope. These include the following:

- (a) the fiscal nature of the purpose of the request is not considered as a reason for refusing to execute a request for mutual legal assistance as listed in Article 143 of the CEMAC Regulation;
- (b) professional secrecy or confidentiality are not obstacles to the execution of a request for mutual assistance for financial institutions or DNFBPs (Art.143 (2) CEMAC Regulation);
- (c) Article 143(3) of the CEMAC Regulations provides for the refusal of a request for mutual assistance when the offence to which it relates is the subject of criminal proceedings or has already been the subject of a judgement in the national territory;
- (d) whether the nature or status (civil, administrative, judicial) of the requesting authority is different from that of its foreign counterpart, it is irrelevant to the granting of mutual legal assistance. A request for mutual legal assistance may be refused only if it was not made by a competent authority according to the legislation of the requesting State or if it was not transmitted in accordance with applicable laws (Art. 143(1) of the CEMAC Regulation).

**Criterion 40.6** - Information sharing between competent authorities and their foreign counterparts is based on cooperation agreements which contain clauses stipulating that information shared by the competent authorities is used only for the purposes and by the authorities for which the information was requested or provided unless prior authorization has been granted by the requesting competent authority.

**Criterion 40.7** - The various cooperation agreements duly signed by Cameroon (judicial, police, WCO, OECD, Egmont Group Charter and others) contain clauses that ensure an adequate degree of confidentiality for any cooperation request and for the information shared while respecting the

privacy and data protection obligations of both parties. These clauses stipulate that competent authorities shall, at the very least, protect the information shared in the same way as they protect similar information received from domestic sources and may refuse to provide information if the requesting competent authority is not able to protect the information effectively.

**Criterion 40.8** - All Cameroonian competent authorities can submit requests on behalf of a foreign counterpart acting in the discharge of his or her duties. ANIF Cameroon may communicate information with its foreign equivalent (Article 82 of the CEMAC Regulations). The competent Cameroonian judicial authorities cooperate while complying with the legislation in force and the provisions of judicial cooperation agreements signed with other States. As a member of Interpol, Cameroonian police share information with the police of other member States of this international organization. The applies with Customs, which is a member of the World Customs Organization.

#### ***Exchange of information between FIUs***

**Criterion 40.9** - The provisions of Articles 80(1) and 82 of the CEMAC Regulation are the legal basis of ANIF Cameroon for intra-Community and international cooperation in cases of ML, related predicate offences and TF. This cooperation takes place regardless of the legal nature of the equivalent FIU.

As a member of the Egmont Group, ANIF Cameroon also cooperates with other FIUs on a reciprocal or mutual agreement basis, in accordance with the principles contained in the Egmont Group Charter of Financial Intelligence Units.

**Criterion 40.10** - Feedback to equivalent foreign FIU on the use of the information provided and the results of the analyses conducted, complies with the principles contained in the Egmont Group Charter of Financial Intelligence Units.

Indeed, as a member of the Egmont Group since 2012, ANIF Cameroon is required to inform its foreign counterparts of how the information provided and the results of the analysis have been used. Point 19 of the Egmont Group Principles of Information Exchange between Financial Intelligence Units stipulates that "Upon request, and where possible, FIUs shall provide feedback to their foreign equivalent on the use and usefulness of the information provided, and on the results of the analysis conducted on the basis of that information"

**Criterion 40.11** - The CEMAC Regulation (Art. 80.1 and 82 of the CEMAC Regulation) grants ANIF Cameroon broad powers of exchange which may relate to:

- (a) all information it may consult or obtain directly or indirectly, particularly pursuant to Recommendation 29; and,
- (b) any other information it may consult or obtain directly or indirectly, at national level, subject to the principle of reciprocity.

#### ***Exchange of information between financial sector supervisors***

**Criterion 40.12** - The provisions of Article 91(2), (4) and (8) of the CEMAC Regulation as well as those of Regulation No. 02/09/CEMAC/UMAC/COBAC of 28 September 2009 are the relevant legal bases for cooperation between financial sector supervisory authorities and their foreign equivalents, in accordance with applicable international supervisory standards, particularly with regard to the exchange of supervisory information for AML/CFT purposes or relevant in this regard.

**Criterion 40.13** - Paragraphs 4 and 8 of Article 91(2) of the CEMAC Regulations provide financial sector supervisory authorities with the possibility of sharing information to which they have access at national level, including information held by financial institutions, with their foreign equivalents to the extent of their respective needs.

Under Regulation No. 02/09/CEMAC/UMAC/COBAC of 28 September 2009, COBAC also has this possibility. In this regard, COBAC has signed cooperation agreements with some regulators. It has also adhered to regional and international groups as part of the supervisors in charge of the cross-border supervision of banking groups. The agreements allow COBAC to share information with its foreign equivalents.

**Criterion 40.14** - For purposes of combating ML/TF, the Cameroonian financial sector supervisory authorities may, in accordance with the regulations in force, cooperate and share information with other supervisory authorities of CEMAC Member States or third countries (Art. 91 (2), (4) and (8) of the CEMAC Regulations). This instrument provides a wide range of exchanges of all types of information and specifically covers:

- (a) - regulatory information;
- (b) - prudential information;
- (c) - information relating to AML/CFT.

For the same purposes, COBAC is authorized to sign cooperation and information exchange agreements with Member States' and third countries' financial system supervisory authorities.<sup>38</sup>

**Criterion 40.15** - COBAC relies on agreements to share information when co-operating with its foreign equivalents. Such exchanges are undertaken on its initiative or at the request of a foreign supervisory authority. According to Article 14 of the cooperation agreement between COBAC and the WAMU Banking Commission and Article 7.1 ii, iii and iv of the Memorandum of Understanding between COBAC and the Central Bank of Nigeria, “Upon the request of its foreign counterpart, an authority may carry out, alone or together with the latter, inspections in institutions within its jurisdiction that have capital or other links with an institution reporting to the requesting authority.

In this case, a copy of the inspection report shall be sent to the requesting authority as soon as possible.

---

<sup>38</sup>Regulation No. 02/09 / CEMAC / UMAC / COBAC of 28 September 2009

In the event of joint inspection, the two authorities shall jointly validate and sign the reports and follow-up letters prior to their transmission to the inspected institution and shall send each other a copy of the final reports and follow-up letters forwarded to that institution.

Upon completion of the inspection, the parties shall send each other the final reports and follow-up letters forwarded to the institution.

They shall mutually inform each other of the subsequent decisions taken with regard to the institutions concerned and ensure their implementation”.

The same is true for Article 14 of the cooperation agreement between COBAC and the Central Bank of Congo (BCC). However, the last paragraph of the articles of the previous agreements is not taken into account by this article.

From the foregoing, COBAC may indeed seek information for its foreign equivalents and/or authorize them to seek information themselves, but this should be done jointly as specified in the various cooperation agreements.

**Criterion 40.16** - In the course of supervising the banking sector, COBAC collaborates with its foreign supervisory equivalents from other countries to obtain information that it deems necessary for the discharge of its duties. Information exchange is most often on the basis of cooperation agreements.<sup>39</sup> Thus, in accordance with these agreements, the information shared between the two authorities cannot be used for purposes other than those for which it was requested. When the shared information is to be used for administrative, disciplinary or criminal proceedings, the requesting authority should inform its counterpart in advance in the request or before the start of such proceedings.

#### ***Exchange of information between law enforcement authorities***

**Criterion 40.17** - Articles 145 and 150 to 152 of the CEMAC Regulation allows Cameroonian prosecuting authorities to exchange information to which they have access at national level with their foreign counterparts for intelligence or investigative purposes in relation to ML/TF cases or related predicate offences, including for the purpose of identifying and tracing the proceeds and instruments of the crime.

These provisions are strengthened by the implementation of the police cooperation mechanisms established by ICPO-INTERPOL as well as by criminal police cooperation agreement between Central African States.

**Criterion 40.18** - Pursuant to the provisions of the CEMAC Regulation, Cameroonian law enforcement authorities use their powers, including investigative techniques, to conduct investigations and obtain information on behalf of their foreign counterparts, particularly to respond to requests for mutual legal assistance concerning investigative and inquiry measures (Art.

---

<sup>39</sup> Cooperation agreements between COBAC and the BCC, the Central Bank of Nigeria, the Banking Commission of WAMU and the Central Bank of Sao Tome and Principe.

145), search and seizure (Art. 150), confiscation (Art. 151), and provisional measures for the purpose of preparing confiscation (Art. 152)

This extensive cooperation is also based on police cooperation mechanisms established by ICPO-INTERPOL, of which Cameroon is a member, as well as on the provisions of the criminal police cooperation agreement between Central African States.

**Criterion 40.19** - Cameroonian prosecution authorities may set up joint investigation teams with foreign competent authorities in order to conduct investigations in a cooperative manner (Article 145(3) of the CEMAC Regulations). This possibility also derives from the police cooperation system established by ICPO-INTERPOL and the criminal police cooperation agreement between the Central African States.

***Exchange of information between non-counterparts***

**Criterion 40.20** - Cameroon does not have information exchange mechanisms between national competent authorities and foreign non-counterpart authorities.

**Weighting and conclusion**

Cameroon's existing legal framework allows competent authorities to grant the widest possible international cooperation in relation to money laundering, related predicate offences and terrorist financing. However, clear procedures for the timely prioritization of requests are not provided. Similarly, there is no provision for making requests on behalf of a non-counterparts.

***Cameroon is rated as Largely Compliant with Recommendation 40.***

## Technical Compliance Summary - Key deficiencies

Annex Table 1. Compliance with FATF Recommendations

Recommendation	Rating	Rating Factor(s)
1. Assessing risks & applying a risk-based approach	PC	<ul style="list-style-type: none"> <li>NRA findings have neither been disseminated to all stakeholders nor implemented yet;</li> <li>Failure to apply a risk-based approach as identified in the NRA;</li> <li>Financial sector supervisory and control authorities do not yet apply a risk-based approach when conducting inspections;</li> <li>DNFBPs do not have a designated supervisory authority to ensure that they comply with their AML/CFT obligations;</li> <li>No periodicity for updating the NRA has yet been determined.</li> </ul>
2. National cooperation and coordination	PC	<ul style="list-style-type: none"> <li>Lack of a mechanism or authority to coordinate national AML/CFT policies;</li> <li>Lack of cooperation and coordination mechanisms in the fight against the financing of the proliferation of weapons of mass destruction.</li> </ul>
3. Money laundering offence	LC	<ul style="list-style-type: none"> <li>Smuggling of migrants is not criminalized and therefore not an ML predicate offence.</li> </ul>
4. Confiscation and provisional measures	PC	<ul style="list-style-type: none"> <li>Failure to confiscate laundered assets and assets of equivalent value in the context of ML;</li> <li>Lack of a mechanism to manage seized and confiscated assets.</li> </ul>
5. Terrorist financing offence	LC	<ul style="list-style-type: none"> <li>Lack of a mechanism to criminalize the financing of foreign terrorist fighters' travel.</li> </ul>
6. Targeted financial sanctions related to terrorism and terrorist financing	NC	<ul style="list-style-type: none"> <li>Lack of an authority in charge of designations to the Sanctions Committee under UNSCR 1267;</li> <li>Lack of an authority in charge of designations in accordance with UNSCR 1373;</li> <li>failure to designate a competent authority to disseminate the lists for the implementation of the TFS;</li> <li>Lack of mechanisms for de-listing and release of funds and other assets of persons and entities no longer meeting the designation criteria;</li> <li>Lack of a mechanism for implementing the TFS.</li> </ul>
7. Targeted financial sanctions related to proliferation	NC	<ul style="list-style-type: none"> <li>Lack of a normative framework to ensure the implementation of proliferation-related TFS;</li> <li>Lack of a competent national authority to order measures or oversee the implementation of TFS proliferation-related obligations.</li> </ul>
8. Non-profit organisations	NC	<ul style="list-style-type: none"> <li>Failure to identify NPO sub-group likely to be abused for TF purposes;</li> <li>Failure to identify the threats to which the most vulnerable NPOs are exposed;</li> <li>Lack of risk-based supervision measures;</li> <li>Lack of a designated contact point and procedures for responding to international requests for information regarding any NPO suspected of financing or supporting terrorism by any means.</li> </ul>

<b>Recommendation</b>	<b>Rating</b>	<b>Rating Factor(s)</b>
9. Financial institutions secrecy laws	<b>C</b>	<ul style="list-style-type: none"> <li>The country fulfils the requirements of this Recommendation.</li> </ul>
10. Customer due diligence	<b>PC</b>	<ul style="list-style-type: none"> <li>Lack of obligations regarding the identification of natural persons who control or own a share in a legal entity, trusts and beneficiaries of life insurance.</li> </ul>
11. Record keeping	<b>LC</b>	<ul style="list-style-type: none"> <li>Lack of explicit obligation on the scope of documents to be recorded, such as "...documents obtained as part of customer due diligence measures, account books and business correspondence, as well as the findings of any analysis carried out".</li> </ul>
12. Politically exposed persons	<b>PC</b>	<ul style="list-style-type: none"> <li>Lack of express requirement for FIs to take reasonable steps to determine whether the beneficiaries or the beneficial owner of a life insurance policy is/are PEPs.</li> </ul>
13. Banking correspondence	<b>LC</b>	<ul style="list-style-type: none"> <li>Lack of requirement obliging financial institutions to ensure that the correspondent is able to provide relevant information relating to transit accounts upon request by the correspondent bank.</li> </ul>
14. Money or value transfer services	<b>NC</b>	<ul style="list-style-type: none"> <li>Lack of specific regulations on the licensing or registration requirements for MVTs,</li> <li>Lack of a designated authority to supervise MVTs and ensure that they comply with AML/CFT requirements;</li> <li>Lack of measures to sanction natural and legal persons who provide MVTs without license or registration;</li> <li>No obligation on MVTs providers using agents to include them in their AML/CFT programs and to monitor the agents' compliance with these programs.</li> </ul>
15. New technologies	<b>NC</b>	<ul style="list-style-type: none"> <li>Lack of regulation of the VASP sector.</li> </ul>
16. Wire transfers	<b>PC</b>	<ul style="list-style-type: none"> <li>Lack of obligation on the originator's FI to transmit upon request the information accompanying the wire transfer to the beneficiary's financial institution or to the prosecution authorities within 3 (three) working days;</li> <li>No express obligation on the intermediary financial institution to retain for at least 5 (five) years the information received from the originator's financial institution;</li> <li>Failure to take into account the obligations of FIs to have risk-based policies and procedures for deciding when to execute, reject or suspend wire transfers that do not include the required originator or beneficiary information and the appropriate consequential actions to be taken;</li> <li>Lack of provisions requiring the FI to take reasonable measures, which may include post-monitoring or real-time monitoring where possible, to detect cross-border wire transfers that lack the required originator or beneficial owner information;</li> <li>Lack of a specific provision requiring a beneficiary FI, to verify the identity of the beneficiary who has not been previously identified and to retain this information in accordance with Recommendation 11 in case of a cross-border credit transfer of an amount equal to or greater than USD 1,000/euro;</li> <li>Lack of provision obliging FIs to file an STR in all countries involved in the wire transfer.</li> </ul>
17. Reliance of Third Parties	<b>LC</b>	<ul style="list-style-type: none"> <li>Lack of obligation for FIs to ensure that the third party submits the documentation.</li> </ul>

Recommendation	Rating	Rating Factor(s)
18. Internal controls and foreign branches and subsidiaries	LC	<ul style="list-style-type: none"> <li>Lack of obligation to implement programs that take into account selection procedures that ensure the recruitment of employees according to stringent criteria.</li> </ul>
19. Higher risk countries	PC	<ul style="list-style-type: none"> <li>Lack of provision obliging FIs to apply enhanced risk proportionate due diligence measures in their business relationships and transactions with natural and legal persons (including financial institutions) from countries where FATF requires them to do so;</li> <li>Lack of mechanisms to implement risk-proportionate countermeasures when required by FATF or independently of any FATF requirement;</li> <li>Lack of provisions explicitly covering the requirement to put in place measures ensuring that financial institutions are aware of concerns about deficiencies in other countries' AML/CFT systems.</li> </ul>
20. Reporting of Suspicious transaction	PC	<ul style="list-style-type: none"> <li>Lack of clarity on the immediacy of compliance with STR obligations;</li> <li>Reduced scope of the obligation to report attempted suspicious transactions.</li> </ul>
21. Tipping-off and confidentiality	C	<ul style="list-style-type: none"> <li>The country fulfils the requirements of this Recommendation</li> </ul>
22. Designated non-financial businesses and professions: customer due diligence	PC	<ul style="list-style-type: none"> <li>The record-keeping obligations set out in R.11 are not covered by all the DNFBPs;</li> <li>Lack of express provision requiring DNFBPs to take reasonable steps to determine whether the beneficiaries or the beneficial owner of a life insurance policy is/are PEPs;</li> <li>No obligation on DNFBPs to implement the due diligence requirements for new technologies under R. 15 and to comply with the third party requirements under R. 17.</li> </ul>
23. Designated non-financial businesses and professions: other measures	PC	<ul style="list-style-type: none"> <li>Reduced scope of the obligation to report attempted suspicious transactions;</li> <li>Lack of clarity on the immediacy of compliance with the STR obligations;</li> <li>Lack of a mechanism for applying risk-proportionate countermeasures when required by FATF or independently of the FATF requirement;</li> <li>No provision explicitly covers the obligation to put in place measures ensuring that DNFBPs are informed of concerns about deficiencies in other countries' AML/CFT systems.</li> </ul>
24. Transparency and beneficial owners of legal persons	NC	<ul style="list-style-type: none"> <li>Lack of ML/TF risk assessment associated with the different categories of legal entities created in the country;</li> <li>Lack of obligation for legal persons to keep company register information and to keep a register of shareholders or members;</li> <li>Lack of a mechanism for collecting and updating information on the beneficial owner;</li> <li>Lack of sanctions against directors who do not disclose the identity of their principals and do not record the relevant information in the register of shareholders;</li> <li>Lack of a mechanism to monitor the quality of assistance received from other countries in response to requests for basic information and information on BO.</li> </ul>

Recommendation	Rating	Rating Factor(s)
25. Transparency and beneficial ownership of legal arrangements	<b>LC</b>	<ul style="list-style-type: none"> <li>• Lack of obligation for professional trusts to hold basic information on other regulated agents and trust service providers involved in the transaction;</li> <li>• Lack of an express binding provision on sanctions for non-compliance with the obligation to make available trust information to the competent authorities in a timely manner.</li> </ul>
26. Regulation and supervision of Financial Institutions	<b>PC</b>	<ul style="list-style-type: none"> <li>• Lack of a supervisory authority for postal financial services;</li> <li>• Failure of supervisory authorities to enforce the risk-based approach in conducting AML/CFT inspections of FIs and financial groups;</li> <li>• Failure to regularly update the assessment of the AML/CFT risk profile of a FI or financial group, including the compliance risk for the supervisory authority.</li> </ul>
27. 27- Powers of supervisors	<b>LC</b>	<ul style="list-style-type: none"> <li>• Lack of a financial services supervisory authority at the post with powers to control and monitor compliance with their AML/CFT obligations.</li> </ul>
28. Regulation and supervision of designated non-financial businesses and professions	<b>NC</b>	<ul style="list-style-type: none"> <li>• Lack of a designated authority to control and monitor compliance with AML/CFT obligations by DNFBPs.</li> </ul>
29. Financial Intelligence Units (FIUs)	<b>LC</b>	<ul style="list-style-type: none"> <li>• Lack of a secure channel for the dissemination of information to competent authorities;</li> </ul>
30. Responsibilities of law enforcement and investigative authorities.	<b>C</b>	<ul style="list-style-type: none"> <li>• The country fulfils the requirements of this Recommendation</li> </ul>
31. Powers of law enforcement and investigative authorities	<b>C</b>	<ul style="list-style-type: none"> <li>• The country fulfils the requirements of this Recommendation</li> </ul>
32. Cash couriers	<b>PC</b>	<ul style="list-style-type: none"> <li>• The reporting/disclosure system does not apply to travellers going to or from another CEMAC State;</li> <li>• The reporting/disclosure obligation is not required for physical cross-border transport by mail or freight.</li> <li>• Lack of a mechanism for collecting and storing information on the reporting /disclosure of amounts above the threshold, false reporting /disclosure or suspicions of ML/TF for the purpose of facilitating international cooperation and assistance;</li> <li>• Lack of satisfactory coordination between institutional entities in implementing the requirements of the Recommendation;</li> <li>• Lack of strict precautions to ensure the proper use of information collected through reporting/disclosure systems.</li> </ul>
33. Statistics	<b>NC</b>	<ul style="list-style-type: none"> <li>• Lack of data on investigations, prosecutions and convictions related to ML/TF,</li> <li>• Lack of statistics on requests for mutual legal assistance or other international requests for cooperation.</li> <li>• Lack of reliable and consolidated statistics on frozen, seized or confiscated assets.</li> </ul>
34. Guidance and feedback	<b>PC</b>	<ul style="list-style-type: none"> <li>• Lack of guidelines issued by competent authorities, supervisory authorities and SRBs.</li> </ul>

Recommendation	Rating	Rating Factor(s)
35. Sanctions	LC	<ul style="list-style-type: none"> <li>• Lack of sanctions against members of the governing body and senior management of FIs for non-compliance with AML/CFT obligations under R.6 and 8-23.</li> <li>• Lack of sanctions against DNFBPs for non-compliance with AML/CFT obligations under R.6 and 8-23.</li> </ul>
36. International instruments	LC	<ul style="list-style-type: none"> <li>• The list of predicate offences does not include the smuggling of migrants as a felony. The implementation of the Additional Protocol to the Palermo Convention on the Smuggling of Migrants by Land, Sea and Air is not effective.</li> </ul>
37. Mutual legal assistance	LC	<ul style="list-style-type: none"> <li>• Lack of clearly established procedures for the prioritization and timely implementation of mutual legal assistance requests.</li> <li>• Lack of a case management system to track the progress of requests.</li> </ul>
38. Mutual legal assistance: freezing and confiscation	PC	<ul style="list-style-type: none"> <li>• Lack of powers for competent authorities to respond to requests from foreign countries for confiscation of laundered assets;</li> <li>• Lack of powers to provide assistance in cooperation requests based on non-conviction related confiscation proceedings and associated provisional measures;</li> <li>• Lack of mechanisms to share confiscated assets with other countries;</li> <li>• Lack of mechanisms to manage frozen, seized or confiscated assets.</li> </ul>
39. Extradition	C	<ul style="list-style-type: none"> <li>• The country fulfils the requirements of this Recommendation.</li> </ul>
40. Other forms of international cooperation	LC	<ul style="list-style-type: none"> <li>• Lack of clear procedures for the timely prioritization of requests;</li> <li>• Lack of mechanisms for information exchange between national competent authorities with foreign non- counterpart authorities.</li> </ul>