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INTERNAL MEMORANDUM

To: Nigeria Governors' Forum
From: Director General
Date: 22nd May 2019
Subject: **NFIU GUIDELINES ON CASH WITHDRAWAL BY LOCAL GOVERNMENTS**

The above subject matter refers.

Your Excellency will recall that the Nigerian Financial Intelligence Unit (NFIU) recently released some Guidelines which seek to impose restrictions on the Powers of the Local Governments and States to operate within constitutionally approved parameters.

Following this Release, the Chairman wrote to Mr. President praying him to stop the implementation of the Guidelines which was set to become effective on 1st of June 2019.

Owing to the delicate nature of this subject and the imperative to sustain the governorship institution, we intend to challenge the constitutionality of the so-called Guidelines in the Court.

Find attached Guidelines distributed to all the banks and the listed government officials.

For your consideration and approval, please.

Director General



NIGERIAN FINANCIAL INTELLIGENCE UNIT

GUIDELINES

NFIU/EXT/PUB/GUIDL/DCEO/PRESIDENCY/25 APR-2019/VOL.I/001

Chief of Staff to The President

Honourable Attorney General of the Federation and Minister of Justice

Honourable Minister of Finance

The National Security Adviser

The Governor, Central Bank of Nigeria

The Acting Executive Chairman, Economic and Financial Crimes Commission

The Chairman, Independent Corrupt Practices and other related Offences Commission

Director, Special Control Unit against Money Laundering (SCUML)

All Chief Executive Officers of Financial Institutions in Nigeria and Corresponding Financial Institutions elsewhere

Below guidelines submitted for enforcement and execution by 1st June, 2019.

ENFORCEMENT, GUIDELINES AND POLICIES FOR MITIGATION OF MONEY LAUNDERING, TERRORIST FINANCING AND PROLIFERATION OF WEAPONS:



5:19 PM

NFIU ENFORCEMENT AND GUIDELINES TO REDUCE CRIME VULNERABILITIES CREATED BY CASH WITHDRAWAL FROM LOCAL GOVERNMENT FUNDS THROUGHOUT NIGERIA, EFFECTIVE 1ST JUNE, 2019

In compliance with its responsibility under Part II, Section 3(1) A-S and Part VI Section 23 subsection 2 (a) of the NFIU Act, 2018, and other provisions under the Money Laundering (Prohibition) Act, 2011 (as amended), the Nigerian Financial Intelligence Unit (NFIU) provides the following guidelines for compliance by all Financial Institutions, Designated Non-Financial Institutions and public officials in Nigeria.

REASONS FOR THE GUIDELINES

1. In the process of financial transaction analyses, the Unit detected that cash transactions from State Joint Local Government Accounts (SJLGA) poses biggest money laundering threat to the Country's financial system through unleashing huge amounts of cash into the streets and also flooding Bureau de Change with cash which terrorists, kidnappers, bandits and illegal arms dealers exploit as an opportunity to convert criminal proceeds into hard currency because the cash foreign exchange market is well sustained. (See attached matrix of Cash Withdrawals by States, Banks and Federal Government formations).
2. The Unit received observation on illicit financial flows from the Economic Commission for Africa an agency of the United Nations stating that over invoicing in form of foreign trade malpractices is the main vehicle used to launder monies from the African Continent and Nigeria contributes to the loss. Bureau de Change evidently adds heavily than any other institution to this bad business. (See attached letter from the United Nations Economic Commission for Africa).
3. The Unit also worked with other appropriate international bodies to reverse the black list of the Nigerian Financial System by the European Union on account of insufficient measures to stop terrorism financing and proliferation of weapons in parts of the Country and statistics of the NFIU proved beyond reasonable doubt.

that cash withdrawals in States hit by terrorism and other violent crimes are far higher than States without such violent attacks. (See tables of Withdrawals by States)

4. The Unit is conscious of the fact that the United States sanctions on Hezbollah also identified connection with car selling businesses in Cotonou, Benin Republic and Lome, Togo and several Lebanese restaurant chains, property companies in West Africa, including orphanages, fishing companies, commodity imports, drug trafficking and arms smuggling were used to fund sustenance of terrorism in Nigeria and violence in the Middle East.
5. NFIU believes that the guidelines will reinforce the existence of Local Government as an independent Government established by the Constitution at the grassroots level with sovereign and elected officials directly from the people for their protection and welfare and derive revenues from similar sources as the Federal and State Governments.

EXCEPTIONS TO THE GUIDELINES

1. There is nothing in these guidelines to suggest or indicate any changes to the approval limits or thresholds of elected Council Chairman, elected Councillors, Council extracts or elected Governors of States as originally guaranteed or secured under any law, or financial regulations or extant rules.
2. Nothing in these guidelines exonerates any Local Government or State Government from their legal responsibilities and liabilities under the law.
3. These Guidelines do not serve any purpose other than freeing the Financial System from being flooded with cash which criminals use to escape transparency, accountability and criminal investigation.

PROVISIONS OF THE GUIDELINES:

Provision 1: It is hereby provided that these guidelines are irreversible.

Provision 2: It is hereby provided that the State Joint Local Government Account is only a collection account of funds to be shared to only Local Government Accounts in accordance with Section 162(7) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) and not for any other transaction or purposes.

Provision 3: It is hereby provided that with effect from 1st June, 2019, no withdrawal shall be done from the State Joint Local Government Accounts unless and until that withdrawal is going into a particular Local Government Account.

Provision 4: It is hereby provided that Local Governments (LGs) must be encouraged to have a Single Revenue Account, a Single Salary Account and a Single Running Cost Account for all payments and not to maintain additional accounts for the purpose of mitigating money laundering and helping investigations and accountability.

Provision 5: It is hereby also provided that with effect from 1st June, 2019, no cash withdrawal shall be made from any Local Government Account anywhere in the country for a CUMULATIVE AMOUNT exceeding N500,000.00 (Five hundred thousand naira only) per day. Any other transaction must be done through cheques or electronic funds transfer.

Provision 6: It is hereby provided that any State Government that is willing to seek for any expert economic advice in the unlikely event of these guidelines constituting an inconvenience to the management of that State can work with the NFIU and/or the CBN.

Provision 7: It is hereby provided that the CBN, the various State Governments and Local Governments can work in synergy to encourage the expansion of electronic cash services and automated teller machines (ATMs) into the remotest location of the country.

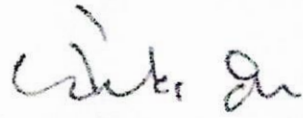
SANCTIONS/ PENALTIES:

Provision 8: It is hereby provided that any such withdrawal done in violation to all the Provisions above by any financial institution or designated non-financial institution or their agent in whatever name or form will attract an instant penalty of one hundred percent (100%) refund of the amount withdrawn in the contravention and to be effected by the Central Bank of Nigeria (CBN), EFCC, ICPC or NFIU as the case may be.

Provision 9: It is hereby provided that any public officer anywhere in the country and/or any private citizen found undermining or violating these guidelines will be investigated and prosecuted under the NFIU Act, 2018, the ML(P)A, 2011 (as amended), the EFCC Act, 2004 and the ICPC Act, 2000, by the Independent Corrupt Practices and Other Related Offences Commission (ICPC) and Economic and Financial Crimes Commission (EFCC).

Interpretative Note:

All listed documents in form of the EU Observation, Economic Commission for Africa letter and NFIU Financial Matrix and Analysis are only available to Chief Executive Officers of Ministries, Departments and Agencies of the Federal Government and the Courts of competent jurisdiction.



Modibbo R. HammanTukur
Director/CEO