

NIGERIAN BAR ASSOCIATION LEGAL SECTOR ANTI-MONEY LAUNDERING, COUNTER-FINANCING OF TERRORISM AND PROLIFERATION FINANCING RISK ASSESSMENT

2024

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LIST OF ABBREVIATIONS

1. AC - African Center for Governance, Asset Recovery and Sustainable Development
2. AML - Anti-Money Laundering
3. AML/CFT - Anti-Money Laundering/Combating the Financing of Terrorism
4. CAC - Corporate Affairs Commission
5. CBN - Central Bank of Nigeria
6. CDD - Client Due Diligence
7. CFT- Counter Financing of Terrorism
8. DNFBPs - Designated Non-Financial Businesses and Professions
9. EDD - Enhanced Due Diligence
10. EFCC - Economic and Financial Crimes Commission
11. FATF - Financial Action Task Force
12. FCT - Federal Capital Territory
13. FCDO - Foreign and Commonwealth Office
14. FOI - Freedom of Information
15. GDP - Gross Domestic Product
16. GIABA - Inter-Governmental Action Group against Money Laundering in West Africa
17. IMC - Inter-Ministerial Committee
18. IRA - Inherent Risk Assessment
19. FLSC - Federation of Law Societies in Canada
20. LPA - Legal Practitioners Act
21. LPDC - Legal Practitioners Disciplinary Committee
22. ML - Money Laundering
23. NBA -Nigerian Bar Association

24. MLPPA - Money Laundering Prevention and Prohibition Act
25. NBA-AMLC - Nigeria Bar Association Anti-Money Laundering Committee
26. NFIU - Nigerian Financial Intelligence Unit
27. NIRA - National Inherent Risk Assessment
28. NRA - National Risk Assessment
29. PF - Proliferation Financing
30. POCA - Proceeds of Crime Act
31. RPC - Rules of Professional Conduct
32. SCUML - Special Control Unit Against Money Laundering
33. SRO - Self-Regulated Organizations
34. SRA-Self-Regulated Association
35. SRB - Self-Regulated Body
36. STRs - Suspicious Transaction Report
37. TF - Terrorist Financing
38. UNSCRs - United Nations Security Council Resolutions
39. VASPs - Virtual Assets Payment Service Providers

Statement of the Nigerian Bar Association

Pursuant to Rule 73 of the Rules of Professional Conduct for Legal Practitioners (RPC), the National Executive Council (NEC) of the Nigerian Bar Association (NBA) constituted the NBA Anti-Money Laundering Committee (NBA AMLC) to oversee compliance with AML/CFT measures.

Following its inauguration, the NBA AMLC proposed, and the NEC approved a comprehensive framework to guide legal practitioners. This framework is documented in the NBA AMLC Appointment and Examination Rules and Protocols, published on 26th June 2024.

Under the RPC, the NBA AMLC is recognised as the self-regulatory body (SRB) responsible for ensuring that the legal profession in Nigeria adheres to AML/CFT regulations.

In line with this mandate, the NBA AMLC has developed policies and procedures to identify legal practitioners or classes of practitioners who may be at risk of being used by criminal elements to launder money or finance terrorism.

We thank the NBA AMLC Committee for producing the AML/CFT Legal Sector Risk Assessment within such a short time to meet regulatory requirements. We thank all our technical partners and stakeholders for their support.

By ensuring compliance, we collectively uphold the integrity of our profession, safeguard the reputation of the legal community, and contribute to the national security of Nigeria.

MAZI AFAM OSIGWE, SAN

President

DR. MOBOLAJI OJIBARA

General Secretary

Statement of the Nigerian Bar Association Anti-Money Laundering Committee (NBA AMLC)

This risk assessment survey and detailed report, conducted by the NBA-AMLC, represents a significant step towards enhancing the legal sector's compliance with Nigeria's Anti-Money Laundering, Counter-Terrorist Financing, and Proliferation Financing (AML/CFT/PF) obligations. It is a milestone in the effort of the NBA to operationalise the AML/CFT enforcement and supervisory powers in the Rules of Professional Conduct, 2023, and the NBA AMLC Rules and Protocols, 2024.

Our appreciation goes to the Nigerian Bar Association (NBA), and its President, Mazi Afam Osigwe, SAN for their commitment to ensuring that the legal profession in Nigeria is effective in the work of anti-money laundering and countering terrorism financing. We thank the other members of the NBA-AMLC, namely, Balkisu Saidu (Secretary), Prof. Adedeji Adekunle SAN, Prof. Musa Usman Abubakar, Alheri Bulus Nyako, Juliet Ibekaku-Nwagwu, Esa Okibe Onoja, and Dr. Maryam Idris Abdulkadir (Assistant Secretary), for their dedication to this initiative and the role they played in facilitating this survey.

We extend our sincere gratitude to the Inter-Ministerial Committee on Anti-Money Laundering (IMC-AML) for its leadership and for publishing the critical national risk assessments reports that guided this assessment. We are also grateful to the leadership of the Nigerian Financial Intelligence Unit, and the Special Control Unit on Money Laundering of the Economic and Financial Crimes Commission (SCUML/EFCC) for their continued efforts in advancing Nigeria's AML/CFT/PF agenda.

Thanks to the legal professionals who participated in the survey, including those who attended the six regional workshops. Their active participation and feedback were instrumental in broadening the scope of this assessment and ensuring the harvesting of essential data that will guide future strategies for mitigating risks in the legal profession.

We also express our appreciation to the AML/CFT experts who contributed to the drafting of the report and the analysis of the survey instruments. Our special thanks go to our technical partner, the African Center for Governance, Asset Recovery and Sustainable Development (the African Center) led by Juliet Ibekaku-Nwagwu, the Executive Director of the African Center for Governance, Asset Recovery, and Sustainable Development, whose leadership and expertise were instrumental in shaping this report. We also extend our heartfelt thanks to Joy Malala PhD and Nkechikwu Azinge-Egbiri, PhD for their technical expertise and contributions.

We acknowledge with appreciation the funding and support provided by the Foreign Commonwealth and Development Office (FCDO), UK particularly, the FCDO illicit Finance Advisor, Mr. Jehanzeb Khan, and the FCDO implementing partners, the African Center and the Africa Network for Economic and Environmental Justice (ANEEJ).

Together, we can work to enhance the integrity of the legal profession and strengthen Nigeria's efforts to combat money laundering, terrorist financing, and proliferation financing. Thank you all for your contribution to this important work.

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Executive Summary

The Financial Action Task Force (FATF) has raised concerns about lawyers' vulnerabilities to money laundering, terrorist financing and proliferation financing (ML/TF/PF) since 1999. In 2003, it issued recommendations requiring countries to classify lawyers as Designated Non-Financial Business Professionals (DNFBPs). Such classification mandates lawyers to conduct due diligence and report suspicious client activities to relevant authorities.

Nigeria's mutual evaluation reports and recent case studies have demonstrated the vulnerabilities of legal professionals to ML/TF/PF. Similarly, Nigeria's broader 2022 National Risk Assessment Report and the 2023 National Inherent Risk Assessment Report (NIRA) highlighted potential risks in the legal sector. These relevant reports were published by the Inter-Ministerial Committee on Anti-Money Laundering (IMC-AML) and are the basis for this sectoral report.[1] Collectively, these reports demonstrate the increasing need for lawyers to align to international best practices and support the amplification of Nigeria's Anti-Money Laundering, Counter-Terrorist Financing and Proliferation Financing (AML/CFT/PF) compliance trajectory.

In response, the Nigerian Bar Association Anti-Money Laundering Committee (NBA-AMLC) conducted this risk assessment survey. The scope of the survey was to:

- Gain a strong understanding of the AML/CFT/PF vulnerabilities that legal professionals perceive themselves to be exposed to.
- Evaluate the level of knowledge, awareness and training that lawyers have in relation to AML/CFT/PF compliance.

Notably, the legal sector's risk assessment is part of the Nigerian Bar Association's (NBA) effort as a Self-Regulatory Body (SRB) and supervisory authority to comply with Nigeria's AML/CFT regime.

The NBA administered its sectoral risk assessment to 562 legal professionals. Participants were drawn in two ways. Firstly, six assessment workshops were organised across six geopolitical zones in the country. 375 lawyers, drawn from NBA branches in 36 States and the Federal Capital Territory, were in attendance. The workshops aimed to explain the purpose of the ML/FT/PF risk assessments and broaden the participation of lawyers across the country in responding to the surveys and gathering data. Secondly, the NBA disseminated the survey to a wider network of lawyers through its database, garnering 187 respondents. Some key findings of the survey are highlighted below:

1 Inter-Ministerial Committee, (2022). National AML/CFT/CPF Inherent Risk Assessment Reports. Available at: http://www.imc.gov.ng [Accessed 1 November 2024].

- Generally, survey respondents acknowledged potential money laundering risks within the legal sector, particularly in dealings regarding the real estate sector and client asset management.
- Lawyers are concerned about client confidentiality, which is central to the profession, and the dilemma it presents with AML/CFT compliance.
- Most law firms had no formal AML/CFT policies, and the firms that did, had not reviewed their policies since their adoption.
- Disparities existed in compliance resources across firm sizes. Particularly, smaller firms faced financial constraints which impacted their capacity for effective compliance.
- Lawyers recorded their enthusiasm to learn more about the AML/CFT/PF regime and the reporting requirements.

The findings demonstrate heightened awareness of potential AML/CFT/PF risks within the sector. However, it also underscores the need for more responsive AML/CFT/PF policy management, robust client due diligence and regulatory adherence to mitigate AML/CFT/PF risks. Recommended priorities include regular compliance audits, enhanced training and training timelines, improved record-keeping standards, amongst other nuanced shifts in practice to bolster compliance across the sector. Overall, the survey findings demonstrate the need for the NBA to commence immediate supervision of law firms and to ensure compliance with the AML/CFT/PF requirements in the Rules of Professional Conduct (RPC).

Chapter 1

The Regulatory Framework for Gatekeeping Lawyers and the Position of Nigerian Lawyers.

1. Introduction

In recent years, there has been a global shift towards strengthening the Anti-Money Laundering, Counter-Terrorist Financing and Proliferation Financing (AML/CFT/PF) frameworks, with the Financial Action Task Force (FATF)[2] extending its focus to the legal profession. This chapter reviews the position of the Nigerian Bar Association (NBA) regarding the FATF's inclusion of lawyers as Designated Non-Financial Businesses and Professions (DNFBPs), requiring them to conduct Client Due Diligence (CDD) and report suspicious transactions. At the core, the chapter recognises the need to balance the professional ethics of client-lawyer confidentiality with the responsibility to prevent financial crimes. To this end, this chapter highlights Nigeria's legislative and juridical responses to the global standards. It underscores the NBA's shift towards self-regulation through the Rules of Professional Conduct (RPC). The chapter discusses the NBA's mandate for sectoral risk assessment, the methodology adopted and likely limitations.

1.1 The Gatekeeping Regulatory Framework

Gatekeeping entails lawyers conducting Client Due Diligence (CDD) on reporting their client's suspicious activities to relevant authorities.[3] The FATF's inclusion of legal professionals as Designated Non-Financial Business and Professions (DNFBPs) was orchestrated on the premise that lawyers are uniquely positioned to block or facilitate the entry of the proceeds of crime into the financial system.[4]

Furthermore, case studies have highlighted instances where lawyers had knowingly, recklessly or negligently provided legal advice or services to facilitate complex financial crime schemes.[5] Consequently, the FATF recommendation 23 states that,

> 'Lawyers, notaries, other independent legal professionals…should be required to report suspicious transactions, when, on behalf of or for a client, they engage in financial transaction in relation to activities described in…Recommendation 22'.[6]

Such activities were particularly regarding the provision of legal services in relation to conveyancing, the creation and management of trusts and companies, managing clients' money, securities or

2 FATF, (2012) FATF Recommendations. Available at: https://www.fatf-gafi.org/content/dam/fatfgafi/recommendations/FATF%20Recommendations%202012.pdf.coredownload.inline.pdf [Accessed 12 November 2024].

3 Ibid. Recommendations 22 and 22. other relevant Recommendations include: Recommendations 10 (Customer Due Diligence), 11 (Record Keeping and Retention), 12 (Appropriate Risk Measures to Undertake Due Diligence of Politically Exposed Persons), 15 (Ability to Undertake Risk Assessments of New Technologies), and 17 (Reliance on Third Parties to Undertake Due Diligence).

4 FATF (2008) Risk-Based Guidance for the Legal Professionals. Available at https://home.treasury.gov/system/files/246/RBA-guidance-legal-pros-102008.pdf (Accessed: 4 November 2024)

5 Ibid. FATF (2008).

6 Ibid. FATF (2012) Recommendations 22.

other assets.[7] Clients embroiled with such transactions were usually high-risk customers, such as politically exposed persons (PEPs). Such clients use lawyers because they could provide a veneer of legitimacy to criminal transactions by virtue of their profession.

Lawyers within resisting countries[8] built their arguments on various factors. The factors include the FATF's lack of empirical evidence demonstrating lawyers' wilful involvement in facilitating financial crime[9], the near-absoluteness of client-lawyer confidentiality principle, the public image of the profession and the need for self-governance.[10] Lawyers also argued that by including legal professionals alongside other DNFBPs like accountants, real estate dealers etc, the FATF failed to recognise the normative duties of lawyers.[11]

Still, many professional bodies insist on the autonomy of lawyers.[12] Canada, via the Courts, remained resolute in its client-confidentiality protection, the removal of which it argued would violate the Canadian Charter of Rights and Freedom.[13] However, the Courts noted the need for lawyers to gatekeep, hence, self-regulation has prevailed through the Federation of Law Societies in Canada (FLSC).[14] Nigeria, through legislation and case law, has had a chequered history of compliance with the FATF's recommendations for lawyers.

1.2 Nigerian Lawyers AML/CFT Regulatory State

Nigerian lawyers have faced an AML/CFT/PF compliance dilemma, often challenged by their duties to their clients. Their dilemma is evidenced by the contentions between the government (legislators, enforcement agencies and the Central Bank of Nigeria) and the Nigerian Bar Association (NBA). For instance, Nigeria's Money Laundering (Prohibition) Act 2011 (MLPA 2011)[15] was the first legislative instrument that extended the scope of the Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT) requirements to legal professionals. However, directives by the Central Bank of Nigeria to financial institutions not to permit law firms from operating accounts without certification by the Special Control Unit on Money Laundering (SCUML) – the primary regulator for DNFBPs[16] were resisted by Nigerian lawyers through the case filed by the NBA in Nigerian Bar Association (NBA) v Federal Government of Nigeria & Central Bank of Nigeria.[17] The NBA sought relief from the court to determine the applicability of the relevant provisions of the MLPA 2011.[18]

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7 Ibid.

8 Canada (Attorney General) v. Federation of Law Societies of Canada [2015] 1 SCR 401, 2015 SCC 7 (Can LII); American Bar Association (no date) Gatekeeper Regulations on Attorneys. Available at: https://www.americanbar.org/advocacy/governmental_legislative_work/priorities_policy/independence_of_the_legal_profession/bank_secrecy_act/ (Accessed: 11 November 2024). Kenya's Law Society took the same position as well.

9 Ibid.

10 Ibid.

11 Ibid.

12 American Bar Association (no date) Gatekeeper Regulations on Attorneys. Available at: https://www.americanbar.org/advocacy/governmental_legislative_work/priorities_policy/independence_of_the_legal_profession/bank_secrecy_act/ (Accessed: 11 November 2024).

13 Canada (Attorney General) v. Federation of Law Societies of Canada [2015] 1 SCR 401, 2015 SCC 7 (Can LII).

14 Ibid.

15 Money Laundering (Prohibition) Act, (2011). Section 5, 6 (a)&(b) Available at: https://www.nfiu.gov.ng/images/Downloads/downloads/mlpaamend.pdf [Accessed 12 November 2024].

16 The Special Control Unit against Money Laundering (SCUML) was previously situated under the Ministry of Trade and Industry established under the Money Laundering (Prohibition) Act, (2011). However, it is now domiciled under the EFCC by virtue of Section 17 of the Money Laundering (Prevention and Prohibition) Act, 2022.

17 NBA v. AGF & CBN - Suit No. FHC/ABJ/CS/173/2013. Available at: https://citylawyermag.com/wp-content/uploads/2021/02/CBN-VS-NBA_CA.pdf [Accessed 12 November 2024].

18 Ibid.

The NBA argued that its governing law – the Legal Practitioners Act (LPA)[19] already regulated legal professionals in Nigeria and that the Evidence Act[20] mandated client confidentiality, which is only subject to the "crime" exception. Consequently, the NBA sought a declaration nullifying specific provisions applicable to legal practitioners, which it considered unconstitutional and at variance with existing laws. It also requested that the word "legal professionals" be deleted from the definition of DNFBPs in section 25 of the MLPA 2011. Representatives of the NBA further requested an order restraining the Federal Government and her agencies from implementing the relevant provisions of the MLPA 2011.

Contending that the MLPA 2011 posed no conflict to the extant laws referred to, the defendant's counsel argued that where conflict did exist, the MLPA 2011 would be considered superior. The court held for the plaintiff by applying the "blue pencil rule" to nullify the relevant provisions of the MLPA and relevant provisions that mandated reporting to SCUML. In reaching its conclusion, the court held that extant legislation addressed keeping of client accounts records[21] and lawyer-client confidentiality,[22] and the MLPA 2011 erred in not expressly declaring its intention to supersede these laws. On appeal, the court of appeal affirmed this decision, emphasising that banks, not lawyers, should bear the brunt of raising or reporting instances of money laundering.[23]

Nigeria's 2021 mutual evaluation report unveiled the country's compliance challenges with the FATF's recommendations[24]. Particularly, Nigeria was rated partially compliant on recommendations 22 and 23 which are relevant to lawyers' gatekeeping requirements.[25] Apprehension about Nigeria's impending grey listing by the FATF occasioned the passing of several laws,[26] including the Money Laundering (Prohibition and Prevention) Act, 2022 (hereinafter MLPPA, 2022). The MLPPA 2022 re-introduced legal professionals as DNFBPs. Still, subsequent follow-up report by GIABA in November 2023 noted that Nigeria had not made sufficient progress to justify updated ratings on the relevant recommendations.[27] Specifically, the report stated that there was no requirement for lawyers to comply with CDD requirements when they prepare for or carry out transactions for their clients on high-risk transactions.[28] Additionally, it noted that the Special Control Unit on Money Laundering (SCUML) lacked adequate risk-based AML/CFT oversight over DNFBPs. These challenges contributed to the country's grey listing in February 2023.[29]

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19 Legal Practitioners Act Cap L.11 Laws of the Federation of Nigeria 2004.

20 Section 192 of the Evidence Act (2011) Nigeria Government Gazette, No. 80, 21 June 2011. Available at: https://archive.gazettes.africa/archive/ng/2011/ng-government-gazette-dated-2011-06-21-no-80.pdf [Accessed 12 November 2024].

21 Ibid. Section 20 and 21, LPA

22 Ibid. Section 192 Evidence Act, 2011

23 Central Bank of Nigeria (CBN) v. Registered Trustees of the Nigerian Bar Association and Attorney General of the Federation (AGF) (2017) Court of Appeal, unreported. Available at: https://citylawyermag.com/wp-content/uploads/2021/02/CBN-VS-NBA_CA.pdf [Accessed 12 November 2024].

24 GIABA (2021) Nigeria's measures to combat money laundering and the financing of terrorism and proliferation. Available at: https://www.fatf-gafi.org/en/publications/Mutualevaluations/Mer-nigeria-2021.html (Accessed: 4 November 2024)

25 Ibid.

26 Money Laundering Prevention and Prohibition Act, (2022). Available at: https://placng.org/i/wp-content/uploads/2022/05/Money-Laundering-Prevention-and-Prohibition-Act-2022.pdf [Accessed 12 November 2024]; and the Terrorism (Prevention and Prohibition) Act, (2022). Available at: https://placng.org/i/wp-content/uploads/2022/05/Terrorism-Prevention-and-Prohibition-Act-2022.pdf [Accessed 12 November 2024].

27 GIABA (2023), Anti-Money Laundering and Counter-Terrorist Financing Measures – Nigeria, Second Enhanced Follow-Up Report and Technical Compliance Re Rating. Available at https://www.fatf-gafi.org/en/publications/Mutualevaluations/Nigeria-FUR-2024.html (Accessed on 2 November 2024), page 2; GIABA, (2024) Follow-Up Report on Nigeria. Available at: https://www.fatf-gafi.org/content/dam/fatf-gafi/fsrb-fur/Nigeria-GIABA-Follow-Up-Report-ENG-2024.pdf [Accessed 1 November 2024].

28 Ibid. GIABA (2023).

29 FATF (2023) "Jurisdictions Under Increased Monitoring" available at https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/Increased-monitoring-february-2024.html (Accessed on 3 November 2024). FATF (2024) "Jurisdictions Under Increased Monitoring" available at https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/increased-monitoring-october-2024.html (Accessed on 5 November 2024).

The FATF's grey list for countries with AML/CFT compliance challenges has several implications for affected countries and generates regulatory responses.[30] Listed countries are more likely to have a significant reduction in their capital flows on average of -7.6% of GDP.[31] They are also less likely to access development credits, have declined market capitalisation and depleted external reserves alongside reduced GDP growth rates, thereby potentially triggering a balance of payment crisis.[32] Hence, Nigeria's appearance on the FATF's grey list in February 2023 triggered regulatory responses from relevant agencies to address their AML/CFT deficiencies. An Inter-Ministerial Committee on Anti-Money Laundering and Counter-Terrorist Financing was tasked to formulate policy, and coordinate and monitor the collaboration of stakeholders' agencies on efficient interagency collaboration amongst relevant agencies.

On issues related to lawyers, relevant agencies worked collaboratively to resolve Nigeria's technical and effectiveness gaps. The tension created by the judicial pronouncement in Central Bank of Nigeria (CBN) v. Registered Trustees of the Nigerian Bar Association led to the resolution by the NBA and the Nigerian government (represented by the Ministry of Justice) to allow the NBA to self-regulate its members. This compromise led to the NBA's adoption of the Rules of Professional Conduct (RPC) in 2023.[33] The RPC sets out for the first time the functions of the NBA as a self-regulatory authority within the AML/CFT regime in Nigeria.

1.2.1 A Risk Assessment Approach to Understanding the Legal Sector's AML/CFT/PF risks

Given the global regulatory requirements for lawyers and the stance of Nigerian lawyers, this report is the NBA-AML's response to understanding the AML/CFT/PF sectoral risk assessment, and to develop suitable mitigation strategies. Built on the risks assessment survey, this report provides data which the NBA-AMLC will use to identify specific areas within the sector that are vulnerable to ML/TF/PF risk and mitigate same. The NBA's mandate to conduct these tasks stems from the new regime for the regulation of lawyers in Nigeria under the Rules of Professional Conduct (RPC)[34] that requires that the Nigerian Bar Association (NBA) develop a strategy for implementing and enforcing the AML/CFT/PF risk-based approach and compliance measures in Nigeria. This mandate requires the NBA as the self-regulatory body to conduct sectoral ML/TF/PF risk assessment. In other words, the NBA is obligated to assess the financial crime risk, assign resources to mitigate them and undertake risk-based supervision.

1.2.1.1 The Methodology

In line with its mandate, the NBA-AML adopted a mix methods approach which includes a qualitative analysis, risk assessment workshops and desktop research.

First, a qualitative analysis was conducted to identify risks, patterns and vulnerabilities in the legal sector. The questionnaire-based survey instrument issued by the NBA-AML had two aims. First, to gain an understanding of the AML/CFT/PF risks within the legal sector in Nigeria. Second, to evaluate lawyers' knowledge, awareness and compliance strategies in relation to the subject area. The

30 de Koker, L., Howell, J. and Morris, N. (2023) 'Economic Consequences of Greylisting by the Financial Action Task Force', Risks, 11(5). Available at: https://doi.org/10.3390/risks11050081.

31 IMF, (2021). The Impact of Gray Listing on Capital Flows: An Analysis Using Machine Learning. Available at: https://www.imf.org/en/Publications/WP/Issues/2021/05/27/The-Impact-of-Gray-Listing-on-Capital-Flows-An-Analysis-Using-Machine-Learning-50289 [Accessed 12 November 2024];

32 Ibid.

33 Nigeria Government Gazette, (2023). Rules of Professional Conduct for Legal Practitioners, Rule 55No. 103, 6 June 2023. Available at: https://archive.gazettes.africa/archive/ng/2023/ng-government-gazette-dated-2023-06-06-no-103.pdf [Accessed 12 November 2024].

34 Ibid. Rules 73, RPC, 2023

questionnaire had 67 questions and was divided into 5 sections. Questions within the first section focused on sector inherent characteristics with a focus on the characteristics of legal structures or outfits that are more prone to financial crime exploitation. Product and service risk was the focus of the second section and set questions on a spectrum of covered legal services such as conveyancing, managing client accounts etc. The third section focused on client risks and had questions on the types of clients that lawyers consider high risks within the context of the covered legal services. The fourth section focused on geographical risks and aimed to determine the areas that were lawyers most prone to risks. The fifth section examined the extent to which legal practitioners had adopted AML/CFT policies and procedures to combat financial crime and comply with national/international best practices.

The questionnaire was available in electronic formats and distributed in two ways. Firstly, to a population sample of legal professionals across six geopolitical regions in Nigeria through six workshops which held in Lagos, Abuja FCT, Adamawa, Rivers, Enugu and Kano. The zonal workshops, supported by the UK-Foreign and Commonwealth Office (FCDO), and technical assistance from the African Center for Governance, Asset Recovery and Sustainable Development (AC), held from 28 to 31 October 2024. 375 lawyers, drawn from NBA branches in 36 States and the Federal Capital Territory were in attendance and completed the questionnaires. This approach allowed for a diverse range of perspectives and insights, reflecting the unique challenges and experiences faced by legal practitioners in different regions. Secondly, the NBA distributed the survey electronically to a wider network of lawyers through its database, gathering 187 responses. Arguably, this approach allowed for a standardized collection of responses across a wide range of legal practitioners. As a result of the data collection and sampling method utilized, 562 legal professionals completed the survey, thereby allowing for a rich analysis of the AML/CFT/PF knowledge, compliance landscape and firm capabilities in Nigeria.

Information for the drafting of the report was also obtained from comprehensive desktop research that cut across the FATF's publications on lawyers, Nigeria's mutual evaluation reports, books, articles and relevant news on the legal sector's vulnerability to ML/TF/PF.

1.3. Limitation of risk assessment

The assessment was conducted within a constrained timeframe, which may limit the depth of analysis. The geographic limitations may not adequately reflect the variations and nuances in different states of Nigeria; however, the assessors obtained a representative sample through the participation of legal professionals from each state at the zonal workshop. Survey respondents may have provided socially desirable answers or were influenced by their personal or professional affiliations, which could lead to biased responses and affect the integrity of the data. These limitations were potentially addressed through face-to-face meetings at the assessment workshops where the objectives of the survey were explained, and participants were allowed to ask questions and clarify some of the points raised in the questionnaires.

1.4. Report Outline

This report consists of four chapters: Chapter one covers the introduction, objectives, methodology and limitations of the legal sector risk assessment. Chapter two covers the legal, regulatory and institutional frameworks governing the legal sector and the AML/CFT regime as it affects the Legal Profession in Nigeria. Chapter three provides an analysis of the responses from the risk assessment survey while identifying threats and vulnerabilities within the legal profession. Chapter four provides a set of actions, and recommendations to mitigate the identified risks.

1.5. Conclusion

This chapter underscores the evolving role of Nigerian legal professionals within the AML/CFT framework, highlighting the NBA's progression towards self-regulation in response to FATF standards. The NBA's recent sectoral risk assessment represents a proactive step in identifying vulnerabilities within the legal sector and developing appropriate mitigation strategies. The methodology will garner a broad spectrum of responses (elaborated in chapter 3) which will enhance the legal sector's resilience against financial crimes and contribute to Nigeria's broader objective of achieving full FATF compliance and effectiveness.

Chapter 2

The Nigeria Bar Association's Governance Structure and AML/CFT Framework

2. Introduction

The Nigerian Bar Association (NBA) holds a central role in the governance and regulation of legal professionals in Nigeria, guided by a complex framework of statutory and constitutional mandates. This chapter delves into the governance structure of the NBA, particularly in relation to the anti-money laundering, counter-financing of terrorism, and proliferation financing (AML/CFT/PF) obligations imposed on lawyers. At its core, this analysis highlights the NBA's dual responsibility to uphold the rule of law and protect client confidentiality, while also aligning with Nigeria's commitments to global AML/CFT standards. With the establishment of the NBA Anti-Money Laundering Committee (NBA-AMLC), NBA has embraced a self-regulatory approach, aiming to balance professional integrity with the imperative of combating financial crime. The chapter explores the evolution of these mandates within the NBA, including the updated Rules of Professional Conduct (RPC) and the comprehensive responsibilities now required of legal practitioners, ranging from client due diligence to risk assessments. In doing so, it sheds light on the challenges and practical implications of enforcing AML/CFT/PF compliance within the legal profession, while safeguarding traditional professional privileges.

2.1 Governance Structure of the NBA and the AML/CFT/PF Requirements for Lawyers

The NBA is established under Section 1(1) of the NBA Constitution[35] and is governed by a National Executive Council led by an elected President.[36] The NBA has several objectives. One key objective is the maintenance and defence of the integrity and independence of the Bar and the Judiciary in Nigeria. Additionally, the NBA is responsible for ensuring that lawyers maintain the highest standard of professional conduct, etiquette and discipline. Fundamentally, the NBA is responsible for promoting and protecting the principles of the rule of law and respect for fundamental rights, human rights, and people's rights.[37] The NBA operates through the General Meeting of the Bar and the branches across the 36 states and the Federal Capital Territory (FCT) in Nigeria. The NBA's mandates are executed through specialised sections, institutes and committees such as the Nigerian Bar Association Anti-Money Laundering Committee (NBA-AMLC).

The NBA is also governed by the Legal Practitioners Act (the LPA).[38] The LPA establishes the General Council of the Bar which is responsible for the general management of the affairs of the Bar.[39] However, the powers of the General Council are subject to any limitations provided by the Constitution of the Bar.[40] Additionally, the LPA sets out the procedure for establishing the body of benchers, which is responsible for the formal call of lawyers to become legal practitioners and to practice as

35 Nigerian Bar Association (2021) The NBA Constitution. Available at: https://www.scribd.com/document/721432808/The-NBA-Constitution-2021-Approved-by-AGM-on-29-10-2021-1 (Accessed: 7 November 2024).

36 Ibid. NBA, 2021; NBA (2024) About NBA. Available at: https://blog.nigerianbar.org.ng/ (Accessed: 4 November 2024).

37 Ibid. Section 3(1), (6) & (11) NBA Constitution 2021:

38 Ibid. LPA

39 Ibid. Section 1

40 Ibid. Sections 2 and 3.

a barrister and solicitor in any part of Nigeria.[41]Most importantly, the LPA sets out the procedure for the establishment of the Legal Practitioners' Disciplinary Committee (hereinafter the Disciplinary Committee).[42] The Disciplinary Committee is responsible for considering allegations of professional misconduct against any person who is a legal practitioner in Nigeria. Penalties for professional misconduct could range from striking out a person's name from the roll of lawyers, suspending a person from practising as a lawyer for a specified period, or admonishing the person.[43]

The LPA is a critical instrument in the AML/CFT/PF regime for the legal profession. The LPA outlines rules applicable to clients' accounts; relating to account opening, record keeping or acting as trustees [44] while the General Council is also authorised to monitor compliance by legal practitioners with these rules. The General Council derives the powers to make the rules on anti-money laundering obligations of lawyers in the RPC in exercise of the powers conferred on it by Section 12 (4) of the LPA.

As noted in chapter 1, the core AML/CFT/PF compliance regulatory framework of lawyers in Nigeria is encapsulated in the RPC, 2023. The core objective of the RPC is to ensure that all lawyers in Nigeria uphold and observe the rule of law, promote and foster the course of justice, maintain a high standard of professional conduct and refrain from engaging in any conduct unbecoming of a legal practitioner.[45] Chapter 2 of the RPC provides essential guidelines on the powers of the NBA to internally self-regulate members of the legal profession. The NBA can recommend any lawyer in breach of the RPC for appropriate disciplinary action to the Disciplinary Committee[46].

The RPC sets out circumstances under which a client's information and privacy must be protected as confidential, private and privileged.[47] Nigeria's legal profession, like most common law jurisdictions, has statutory provisions for client confidentiality privileges. As discussed in chapter one, lawyers have consistently argued that AML/CFT/PF laws and regulations conflict with the statutory lawyer-client confidentiality privileges and privacy rules embedded in the 1999 Constitution (as amended)[48]. In support of their argument, they often make reference to Section 37 of the Constitution which protects and guarantees citizens' privacy, homes, correspondence, telephone conversations and telegraphic communications.[49] Additionally, lawyers have found protection under the Evidence Act[50] which provides that no legal practitioner shall be permitted at any time, except with his client's express consent, to disclose any communication made to him in the course of his employment[51].

The Supreme Court per Niki Tobi JSC (as he then was), interpreted the position of Nigeria's law on client confidentiality by stating that: "where litigation is concerned, any documentation that has as its contents, information that is secret in nature and is caught by section 192 of the Evidence Act cannot be disclosed as the document will be considered as being subject to confidentiality, as long as such communications are not made in furtherance of illegal activities".[52] This judicial interpretation shows that apart from the exceptions related to a client's consent or illegal activity through judicial pronouncement, lawyers in Nigeria consider client confidentiality privilege as a fundamental legal principle that protects the fundamental right to fair hearing under the Nigerian Constitution, which they ought not to derogate from.

41 Ibid. Section 10
42 Ibid. Section 11(1)
43 Ibid. Section 12(1)(C)
44 Ibid.
45 Ibid. Rule 1 of the RPC, 2023
46 Ibid. Rule 51 of the RPC.
47 Ibid. Rule 19 and 55
48 The Constitution of the Federal Republic of Nigeria 1999.
49 Ibid. Section 37 of the Constitution of the Federal Republic of Nigeria 1999.
50 Ibid. Evidence Act.
51 Ibid. Evidence Act, Section 192
52 Abubuakar v. Chuks (2007) 18 NWLR (Pt.1066) 386.

Nigeria has also extended the requirement for client confidentiality in Section 16 Freedom of Information (FOI) Act.[53] Under the FOI Act, client-lawyer privilege constitutes one of the grounds for the denial of a request for information by a public institution. The FOI Act provides that no one shall be compelled to disclose to the court any confidential information which has taken place between him and a legal practitioner, unless he offers himself as a witness.

Client confidentiality and privileges principles were reaffirmed in the RPC with the intent of bolstering clients' confidence in their legal representatives but with the requirement that such information may be disclosed on the following grounds: if required because of a court order; when necessary for the legal practitioner to defend himself, employees and associates of a wrongful accusation. The RPC provision on client confidentiality aligns with the Supreme Court's decision discussed above[54] as it forbids lawyer from engaging in services there a client has an intention to commit a crime, or aid or facilitate illegality.

2.1.1 Key Components of the Institutional Mandate of the NBA Anti-Money Laundering Committee (NBA-AMLC)

Since the publication of the RPC, the NBA, as a self-regulatory authority, has taken on the responsibility of ensuring its members' compliance with the AML/CFT/PF regime in Nigeria.

The first task undertaken by the NBA was to set up the Nigerian Bar Association Anti-Money Laundering Committee (NBA-AMLC) to regulate the anti-money laundering (AML) compliance for legal practitioners and law firms. The Committee was constituted and inaugurated in June 2024 by the National Executive Council[55]. Members of the Committee are appointed on a single term of three years. The Committee is deemed to have full independence in the exercise of its functions, and shall not be subject to the direction or control of any person, group of persons or authority.[56] Its primary objective is to advise the NBA on the implementation of AML regulations and to ensure compliance with Chapter 2 of the Rules of Professional Conduct (RPC).[57] The Committee's core mandates are to: consider the adequacy, proportionality, and effectiveness of the AML/CFT policies, identify and assess ML/TF risks, and law firm's internal control. Most importantly, the Committee is required to create a supervisory framework, which can help in ascertaining that accurate and current beneficial information of legal persons and legal arrangements is maintained by legal practitioners and law firms.

The Committee is mandated under the Rules and Protocols to undertake additional tasks which include, the conduct of risk-based examinations of law firms and propose mitigation measures; the development of a compliance supervision template focused on Client Due Diligence (CDD) and beneficial ownership; the receipt of reports on matches with the Nigerian Sanction List and Suspicious Transaction Reports (STRs). They are also required to recommend sanctions against legal practitioners who violate the RPC.

53 Government of Nigeria (2011) Freedom of Information Act 2011. Available at: https://nsia.com.ng/resources/freedom-of-information-act-2011/ (Accessed: 14 November 2024).

54 Ibid. Rule 19 of the RPC; Abubuakar v. Chuks (2007)

55 NBA (2024) Notice of the Constitution of the Nigerian Bar Association Anti-Money Laundering Committee (NBA-AMLC)

56 Ibid. NBA-AML Rules and Protocols, Paragraph 7.

57 bid. Rule 73 of the RPC.

2.2. AML/CFT Obligations of Legal Practitioners

The RPC, 2023 provides the circumstances under which the reporting and compliance obligations of a legal practitioner will arise[58]. The Rules and Protocols now require legal practitioners to identify and verify their customers and beneficial owners of businesses; apply enhanced due diligence (EDD) and risk-based approach in identifying and managing risks depending on the type of clients, geographical location of clients or transactions. Legal practitioners are also required by these new rules to document every action taken regarding CDD, EDD, and risk-based policies[59]. The compliance policies must be made available to the NBA-AMLC supervisory team if requested.

Additionally, legal practitioners are mandated to maintain an up-to-date record of the necessary information about their clients that will aid the identification of their clients; keep or process such information based on data protection and client privilege laws applicable in Nigeria[60]. There is a mandatory obligation to keep the records for a minimum period of five years after the completion of the transaction or termination of the business relationship with the Client.

To ensure compliance with anti-terrorism legislation and regulations related to United Nations Security Council Resolutions and targeted sanction lists[61], the RPC requires legal practitioners to take specific and immediate steps to identify and freeze funds, assets, and any other economic resources belonging to individuals or entities listed in the UN Consolidated List, relevant UNSCRs, including attempted transactions or the Nigeria Sanction List. Due to the national security implications of this obligation, legal practitioners are required to immediately report to the NBA AMLC, for immediate transmission, without delay to the Sanctions Committee, any frozen assets or actions taken in compliance with these rules. In addition, the legal practitioner shall file a Suspicious Transaction Report with the NBA AMLC, which will also be forwarded to the NFIU for further analysis. Once a legal practitioner is in receipt of the Nigerian Sanctions List, he/she shall check the names against financial transactions and clients list and shall immediately forward any names that match what is in the Sanctions List to the NBA AMLC, for immediate transmission to the NFIU[62].

However, the RPC provides for exceptions to the general rules, which recognise that a legal practitioner who only provides notary services or merely certifies the execution or authenticity of a Power of Attorney, or any other instrument is not vulnerable to ML/TF/PF risks. As such, they are exempted from the reporting obligations set out in the RPC based on FATF's and Nigeria's assessment of risks in the legal sector.

2.3. Likely Implementation Challenges and Limitations

The challenges anticipated in implementing the recommendations from the risk assessment report are related to the need for more specific funding for the NBA-AMLC within the NBA annual budgetary provisions. The Committee needs financial resources to undertake its tasks and fulfil its mandate of conducting risk-based supervision for the sector. With adequate resources, it will be easier for the Committee to set up a secured platform for receiving STRs and monitoring compliance by members nationwide.

58 Ibid. Part II, Rule 57 of the RPC, 2023.

59 Ibid. Rules 61 – 72 provides elaborate guidelines on the duty of lawyers to undertake risk-based approach to the assessment and management of ML/TF risks.

60 Ibid. Rule 19.

61 Ibid. Rule 60.

62 Ibid. Rule 60.

2.4. Conclusion

In conclusion, the NBA's approach to AML/CFT/PF compliance reflects a nuanced and deliberate response to an increasingly complex regulatory landscape. By establishing the NBA-AMLC and introducing comprehensive guidelines within the RPC, the NBA has demonstrated a commitment to a self-regulatory framework that aligns with international standards while respecting the unique professional obligations of legal practitioners.

Yet, the challenge remains in balancing client confidentiality with the need for transparency and accountability, a tension that underscores the broader difficulties faced by legal professions worldwide in adapting to AML/CFT/PF mandates. Furthermore, the sustainability of this framework hinges on adequate funding, capacity building, and institutional support for the NBA-AMLC. The chapter underscores the point that while the NBA has taken significant strides toward compliance, successful implementation will require ongoing adaptation and resource allocation. Ultimately, this approach may serve as a model for reconciling legal ethics with global regulatory demands, fostering a legal profession that is both vigilant against financial crime, and steadfast in its commitment to the principles of justice and confidentiality.

Chapter 3

NBA-AMLC's Survey Findings and Data Analysis

3. Introduction

Nigeria's legal profession faces unique challenges as it is both a critical player in upholding the rule of law and a potential conduit for illicit financial flows. This chapter documents the findings of the NBA-AMLC's survey which has sought to understand the legal sector's susceptibility to AML/CFT/PF risks. It utilizes a structured survey across various geopolitical regions to gather comprehensive insights. The methodological rigor of this study, characterized by a stratified sampling approach, ensures that findings reflect diverse perspectives across legal roles and specializations. Central to this inquiry is an assessment of the sector's awareness, compliance mechanisms, and ethical considerations, revealing both the strengths and gaps within Nigeria's legal compliance framework. By examining risk perceptions, policy adherence, and resource allocation across firm sizes, this study aims to contribute to the development of targeted strategies that bolster AML/CFT resilience in the legal profession.

3.1. Overview of Data Collection and Sampling Methods

Determining the vulnerabilities of legal professionals to ML/TF/PF was the core aim of the survey. To achieve this objective, a structured questionnaire was distributed through two ways. Firstly, to a population sample of legal professionals across six geopolitical regions in Nigeria through several workshops. Secondly, to a wider network of lawyers through the Nigerian Bar Association's database. Arguably, this approach allowed for a standardized collection of responses across a wide range of legal practitioners. As a result of the data collection and sampling method utilized, 562 legal professionals completed the survey, thereby allowing for a rich analysis of the AML/CFT/PF knowledge, compliance landscape and firm capabilities in Nigeria.

As noted in chapter 1, the survey contained 67 questions across 5 sections. Across the sections, the set questions were researched and tested to ensure their fit with the FATF's DNFBPs recommendations and publications on legal professionals, Nigeria's MERs and follow-up reports, and Nigerian statute and case laws on lawyers' resistance. Hence, questions focused mainly on the AML/CFT/PF risks perception of lawyers, their AML/CFT/PF awareness and compliance, and their ethical imperatives. Legal professionals with diverse roles and experience levels were targeted to ensure a comprehensive view of the legal sector's approach to AML/CFT; from in house counsels, associates to partners at law firms to ensure a representative sample.

Figure 1 demonstrates the participants/respondents practice capacity within the legal sector. Given the historical domination general law practice in Nigeria,[63] it was unsurprising that a significant majority of respondents (84.2%) fell within the category of law firm practice. A smaller segment of respondents (8%) identified as in-house counsel.[64]

63 See Prolegomena to the Study of Law 12, no. 1 (2000): 251, https://heinonline.org/HOL/Page?handle=hein.journals/proleged12&div=24&g_sent=1&casa_token=&collection=journals.

64 Data disaggregation can be shown in the pooled data in Appendix 2.

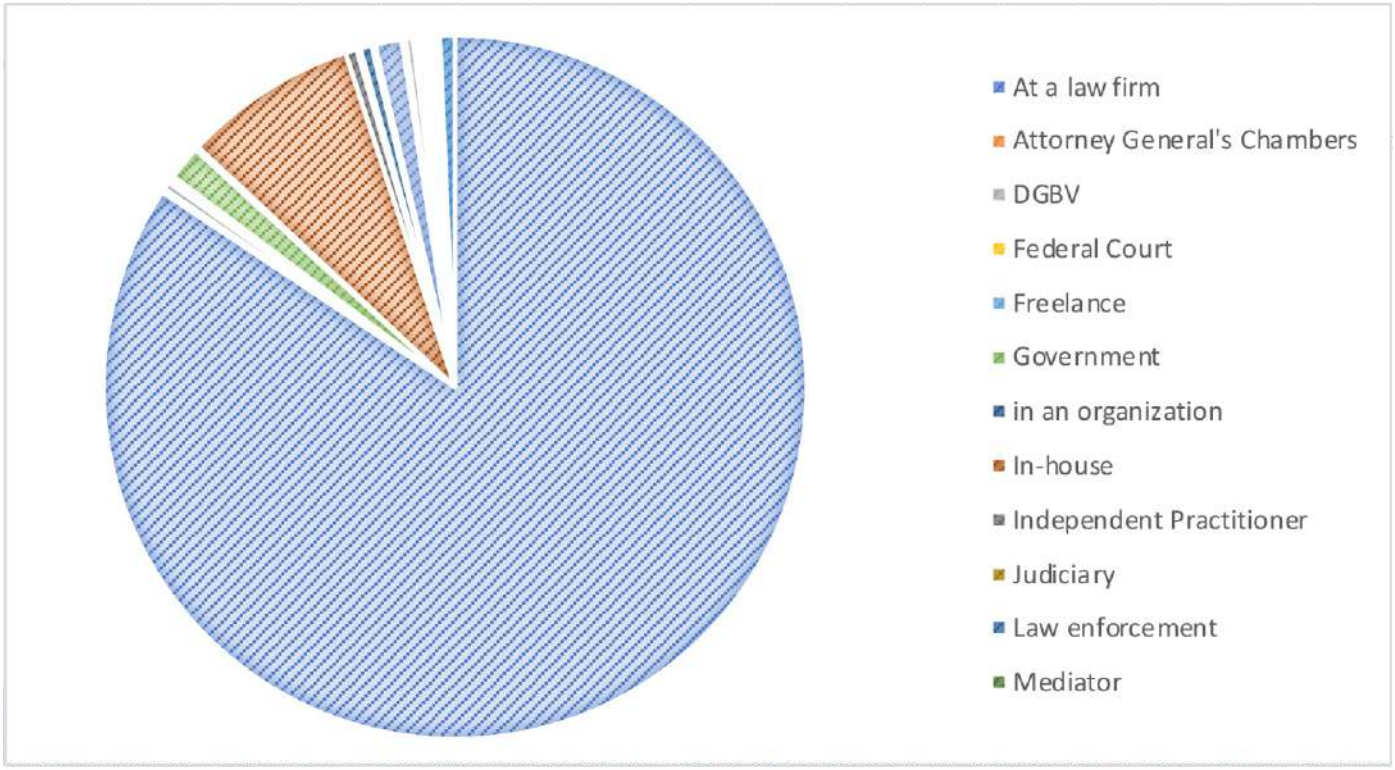


Figure 1: Practice Capacity of Participants/Respondents

Figure 2 highlights the description of participants area of practice, a significant majority focused on general law practice, meaning their practice cuts across various areas of law. However, a smaller, yet notable, proportion of the sample specialise in Alternative Dispute Resolution [3.1%] and Transactional Law [3.8%].

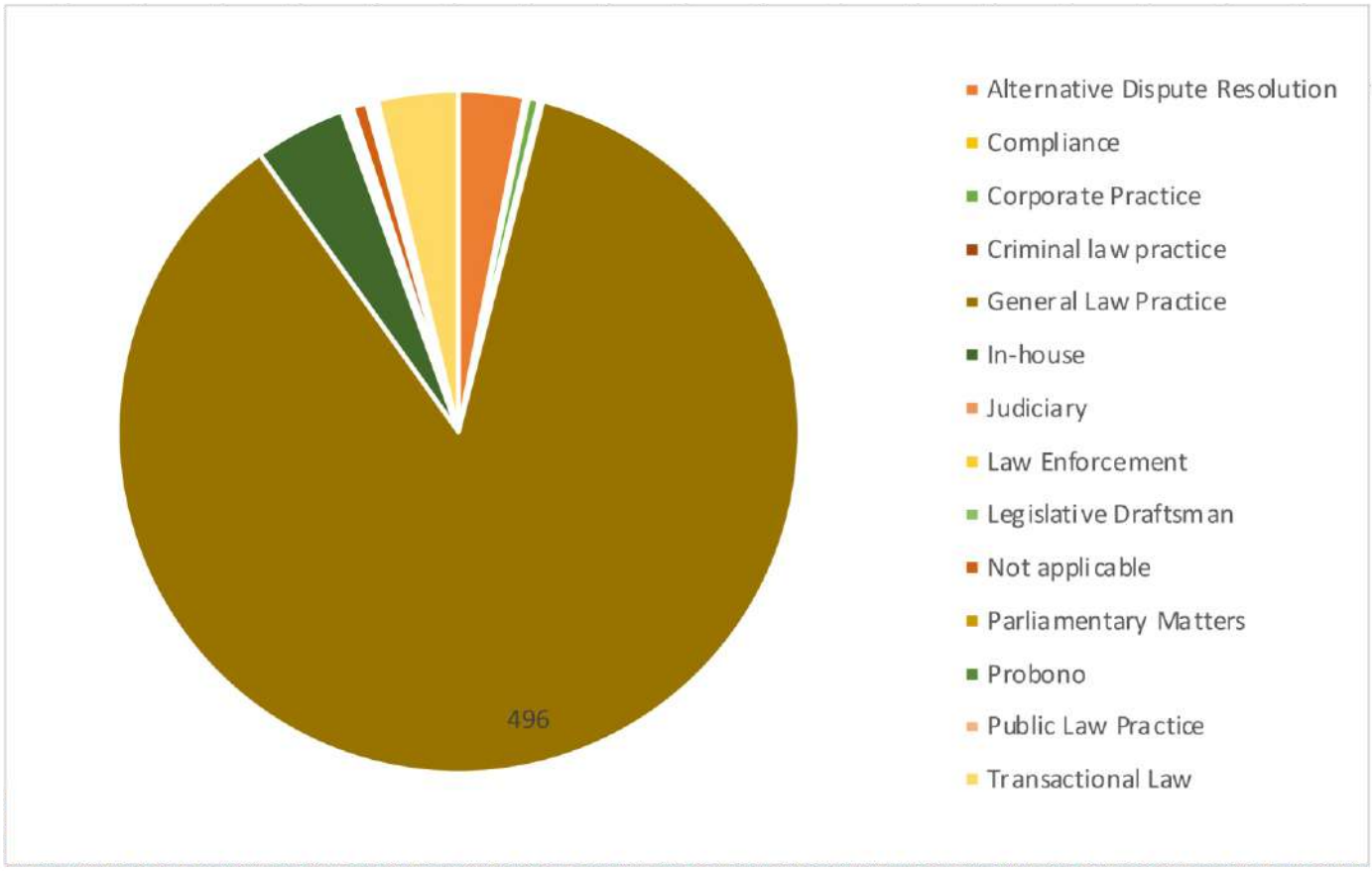


Figure 2: Area of Practice

Furthermore, Figure 3 responses suggest that AML/CFT/PF familiarity tends to increase with years of legal practice. From the data, practitioners with 15 to 30 years post-call demonstrates the highest levels of familiarity. This positive correlation between years in practice and AML/CFT/PF awareness emphasizes that long standing experience often leads to deeper expertise in handling AML/CFT/PF cases.

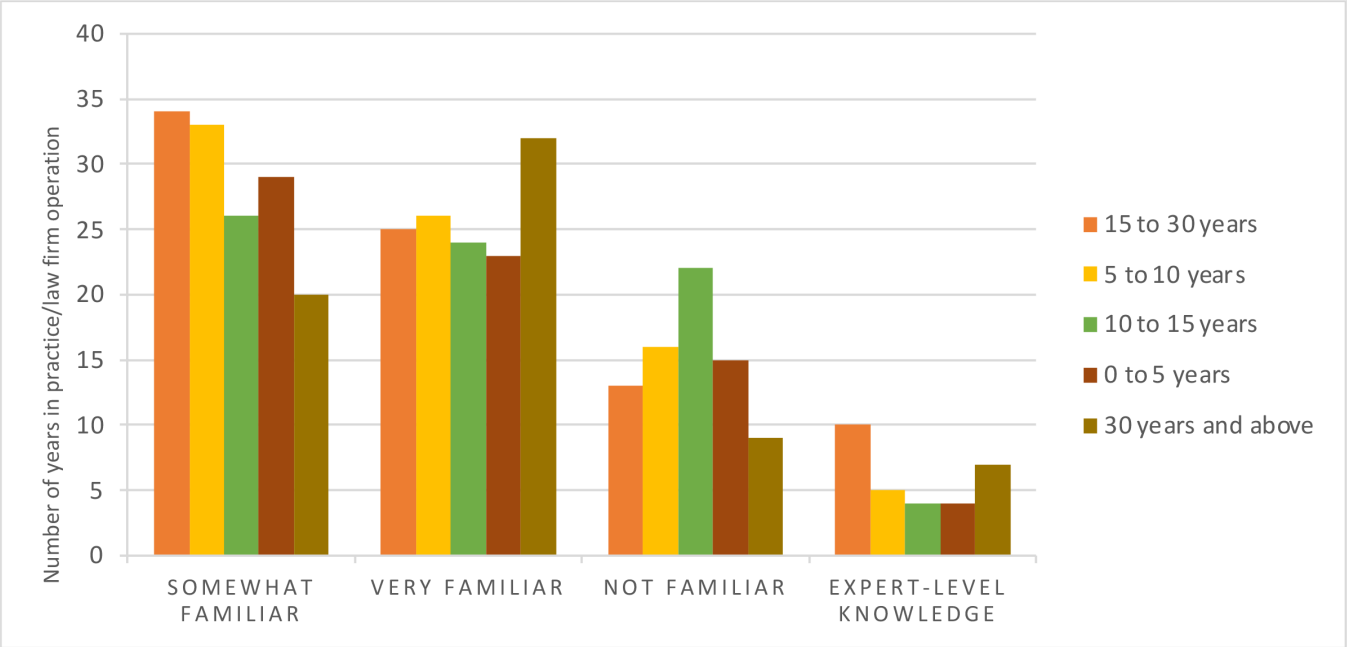


Figure 3: Familiarity with crimes of money laundering, terrorist financing and proliferation financing by numbers of years in practice/law firm operation.

The survey sampling method used effectively captured diverse perspectives on AML/CFT vulnerabilities among Nigerian legal professionals, providing a standardized, representative dataset across regions and professional roles. The sample's size and diversity, encompassing various practice areas, lend credibility to findings that reflect the compliance landscape and specific challenges in Nigeria's legal profession, making this methodology well-suited to policy and regulatory discussions.

3.2. Analysis of Legal Sector Risk Exposure and Vulnerabilities

An analysis of the legal sector risks exposure and vulnerabilities is key to understanding the landscape and determining suitable interventions. Legal sector risk exposures refer to the potential vulnerabilities and risks that legal professionals and firms face, particularly with activities that could expose them to criminal, financial, regulatory, or reputational harm.[65] In the context of AML/CFT/PF, it often focuses on the ways legal services may be misused for illicit activities. The risks can arise from specific client types with the high-risk transactions, transaction types, and areas of legal practice that may be more susceptible to abuse or exploitation.

The survey sought to highlight various ways through which vulnerability and risk may be perceived from their awareness and perception of risk. Figure 4 illustrates participants response to the question 'Do you consider ML/TF/PF a risk in your work as a lawyer?'. Many of the respondents (75%) responded affirmatively, showing their cognizant of the risks associated with certain legal services. However, a significant but smaller number of participants (24%) responded negatively, indicating that they do not consider financial crime a risk to their services.

65 Solicitors Regulation Authority, "Anti-Money Laundering Risk Assessment," https://www.sra.org.uk/sra/research-publications/aml-risk-assessment/ .

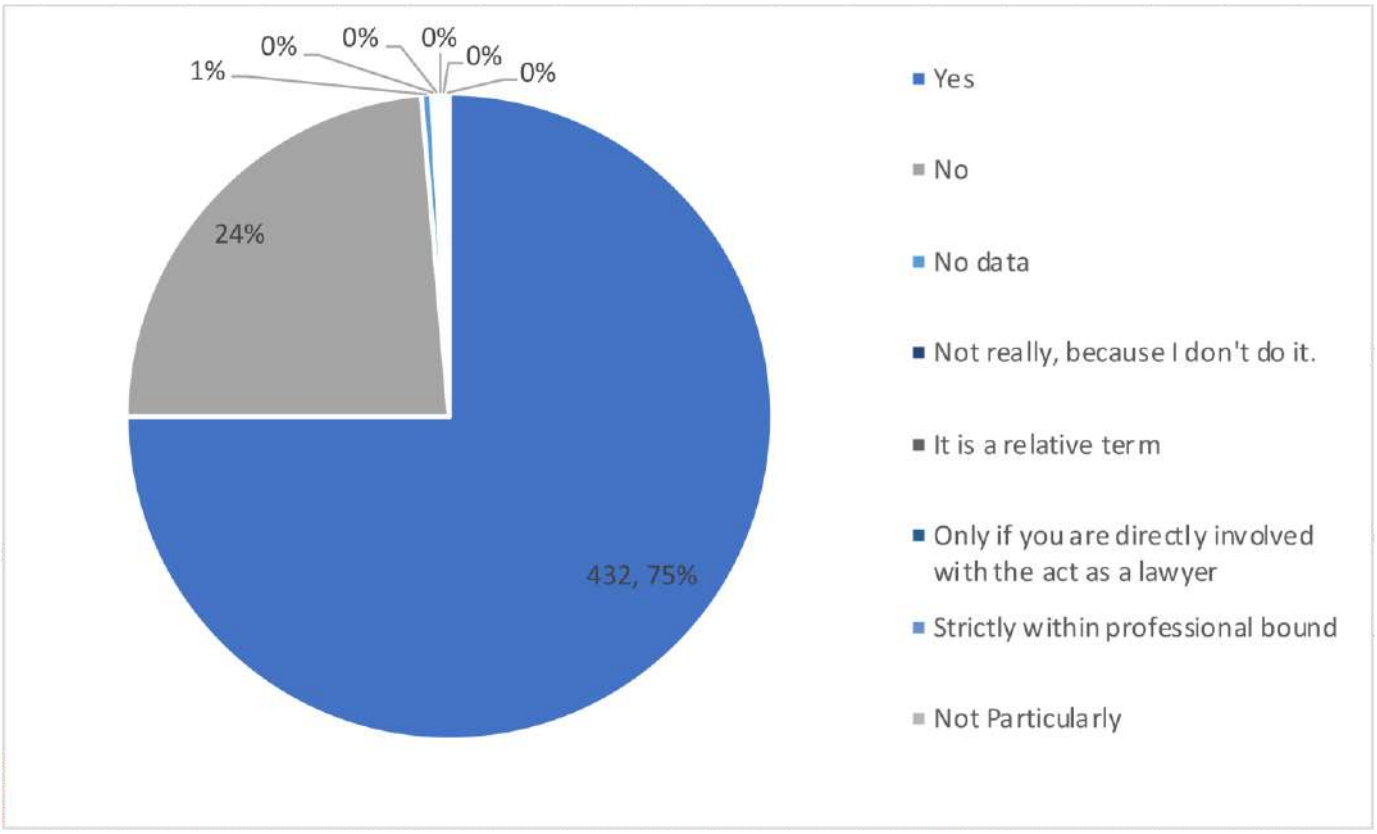


Figure 4: Perceived AML/CFT/PF risk.

Specifically, Figure 5 highlights participants responses to two questions. Firstly, they were asked if they 'think [a] lawyer may become involved in ML/TF/PF during their business'. While 78% answered affirmatively, 21% responded negatively. Furthermore, when asked about their awareness of 'specific cases of lawyers involvement in facilitating ML/TF/PF', most participants answered negatively (81%) and only a few (18%) responded positively.

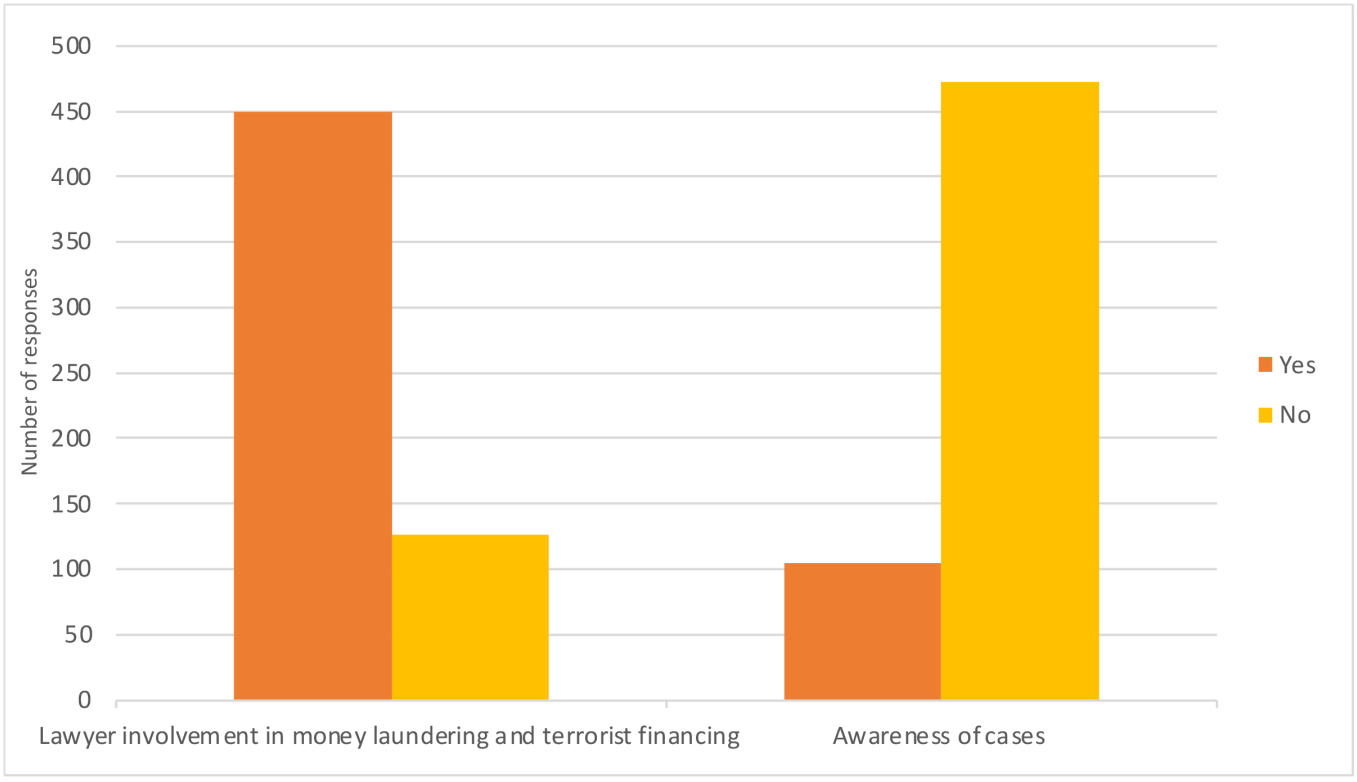


Figure 5: Awareness of cases/lawyers involvement in ML/TF/PF.

Figure 6 highlights the covered legal services or transactions legal professionals habitually engage in. The service where lawyers were significantly engaged in was conveyancing (60%). However, lawyers were also involved in other services. For instance, 34% were reportedly engaged in managing clients' money, securities or other assets and only a limited number (13%) engage in opening or managing bank accounts, securities or saving deposits. Additionally, 47% reportedly engaged in creating, operating or managing legal persons/arrangements and 20% in trustee services.

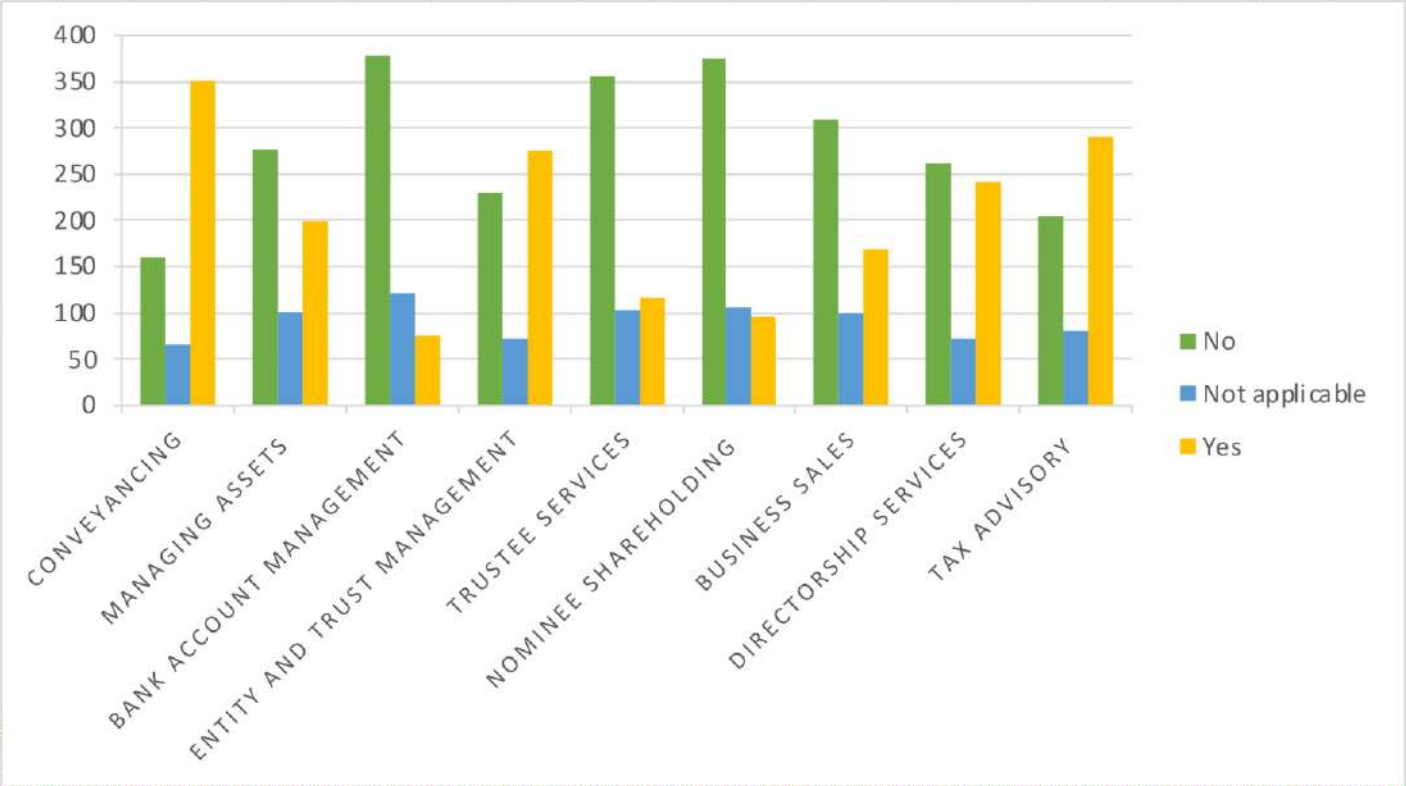


Figure 6: Provision of covered legal services or transactions in regular practice.

Figure 7 underscores respondents expressed concerns about the vulnerability of certain legal services, particularly with high-risk areas like asset management, real estate and other corporate transactions. In terms of the specific practice areas, 55.7% of the respondents stated that managing their clients' assets was high-risk, 54.3% said opening bank accounts as well as managing real estate transactions posed high exposure to risks were large, potentially illicit sums could be laundered through those legal channels.

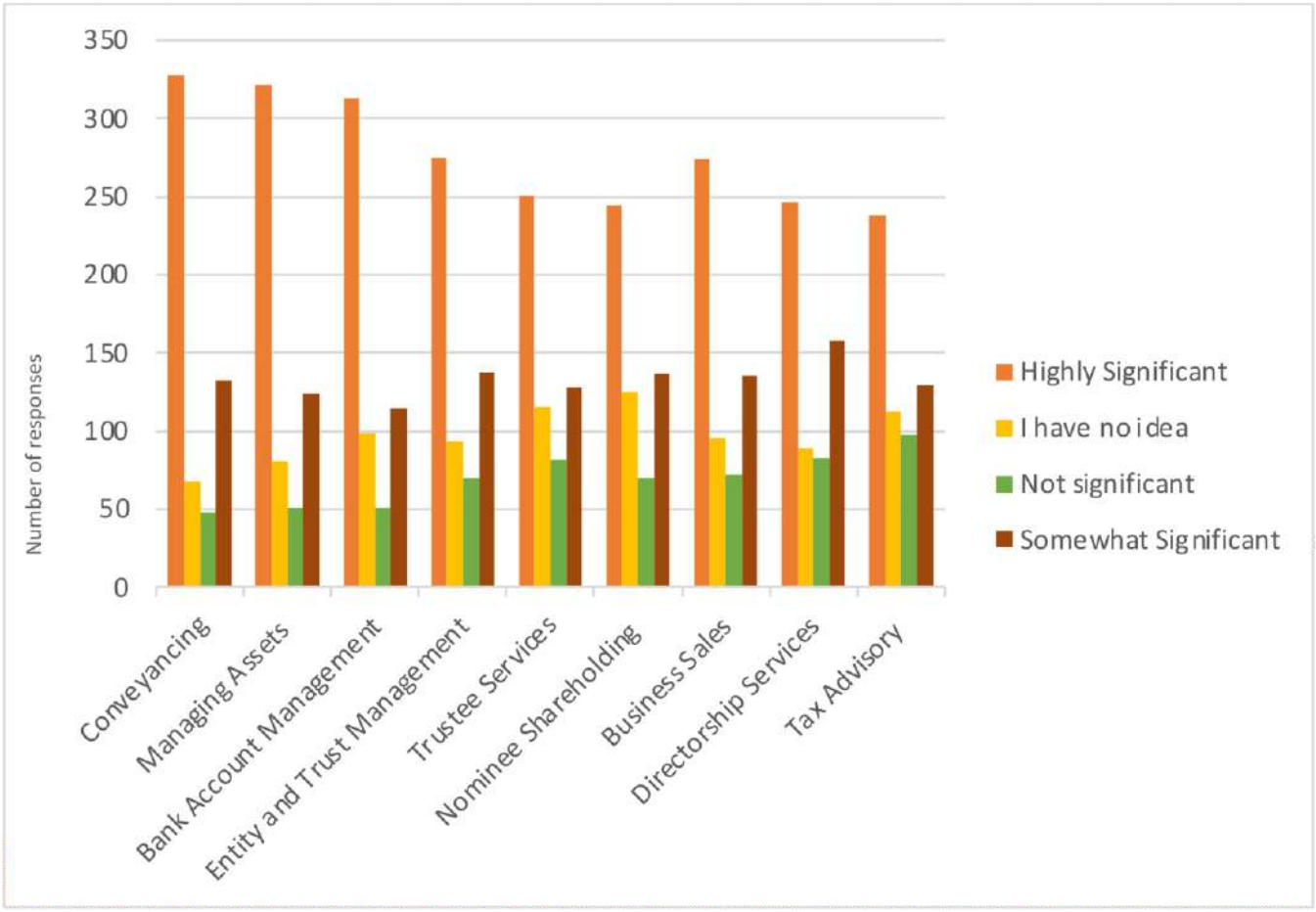


Figure 7: Average significance of AML/CFT risk by legal service type.

Respondents also noted the risks posed by clients as highlighted in Figure 8. While many of the respondents stated that they dealt with regular clients, some respondents (68.6%) stated that some clients with high-risk profiles such as politically exposed persons (PEPs), high net-worth individuals, and non-resident clients — are encountered occasionally.[66] A significant number of respondents (8.3%) stated that, transactions involving shell companies or nominee shareholders, which are often used to obscure ownership, occur rarely or occasionally, which still indicates potential risk exposure in these areas.

66 This client likely seeks routine legal services such as general legal representation, advisory, and transactional support. Given the broad representation of general practice among respondents, these regular clients are less likely to engage in specialized legal services (e.g., Alternative Dispute Resolution or niche transactional law) but instead maintain ongoing relationships for standard legal needs. This categorization aligns with the dominant client base for Nigerian lawyers, providing a basis for assessing typical AML/CFT/PF risks associated with routine legal services in Nigeria.

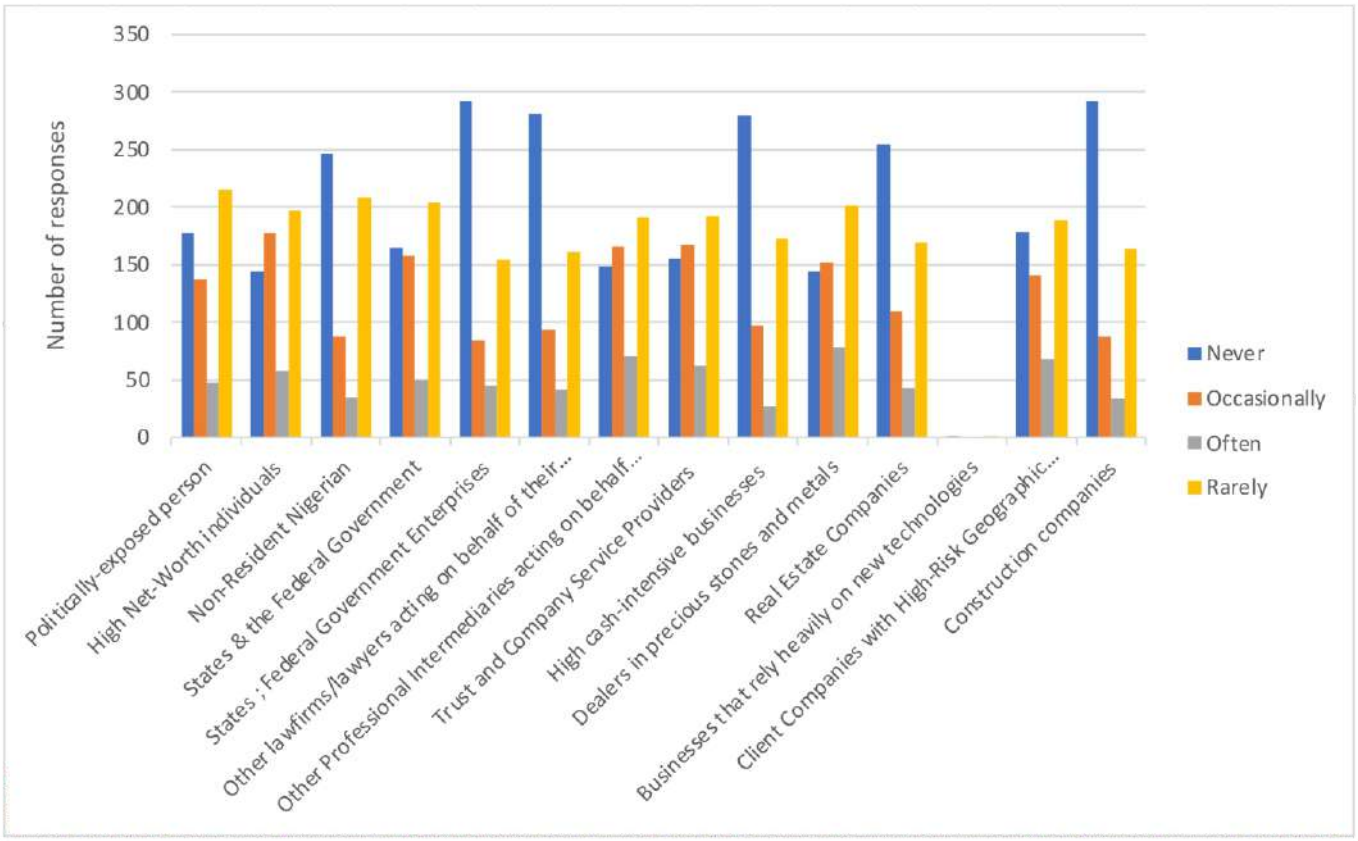


Figure 8: Client categories

A core challenge was highlighted by participants. Approximately 66.3% of the respondents noted that firms lacked written AML/CFT policies, and most do not have procedures for client screening, transaction monitoring, or suspicious activity reporting. Additionally, only 33.7% of firms possess written AML/CFT/PF policies and a mere 36.3% implement targeted financial sanctions. This gap in formal compliance measures increases lawyers' vulnerability to financial crimes.

In terms of training and compliance structures and opportunities within the respondent's legal practice, most staff, 83.9% stated to have undergone training annually but nearly 60% of firms lack an internal audit or compliance officer dedicated to AML/CFT oversight. This points to a gap in the practical implementation of compliance, where firms are aware of the risks but lack structured, ongoing oversight. 65.8% of the respondents expressed concern over potential sanctions for non-compliance. Despite this, the sector shows a gap in adopting proactive compliance strategies, with 28.1% of firms having never conducted an independent AML/CFT audit. This analysis suggests that while there is an understanding of the risk, particularly with high-risk clients and transactions, the legal sector may need to strengthen its structural and procedural approach to managing AML/CFT risks effectively. Improved policy implementation enhanced due diligence, and a dedicated compliance infrastructure could mitigate these risks.

3.3. Identified Vulnerabilities in AML/CFT Practices

The key findings revealed vulnerabilities on various aspect. Key among them is in the disparity in compliance resources across firm sizes, particularly in smaller firms, which face financial constraints impacting their capacity for effective compliance. Overall, the level of risks identified in legal sector is medium. However, the real estate transactions and client asset management are identified as high-risk areas for AML/CFT vulnerabilities, underscoring the need for strengthened regulatory adherence.

Despite high awareness of AML/CFT responsibilities (75% of respondents acknowledge potential money-laundery risk), significant gaps remain. Only 33.7% of firms have formal AML/CFT policies, and 64.4% of those have not reviewed these policies since adoption, Signaling a need for more responsive policy management.

Enhanced Due Diligence (EDD) is inconsistently applied, with only 51.4% adopting EDD in high-risk cases. The lack of compliance officers in 59.2% of sole proprietorships highlights limitations in self-regulation and internal monitoring. The findings also show that, ethics, integrity, and client confidentiality remain central values; 56.1% of respondents emphasize confidentiality as critical, affirming these standards as integral to the profession. However, only 11.3% of firms provide AML/CFT training to new staff within their first month, suggesting potential risk delays for recent hires. For instance, approximately 33.7% of firms reported having formalized (AML/CFT) policies. However, 64.4% of these firms have not conducted policy reviews since adoption, indicating a potential lapse in policy upkeep and responsiveness to evolving regulatory standards. Notably, 59.2% of sole proprietorships lack a designated compliance officer or independent audit function, which raises questions regarding the effectiveness of self-regulation and monitoring capabilities within these smaller practices.

Moreover, EDD practices are adopted by 51.4% of respondents in high-risk scenarios, signaling proactive, albeit inconsistent, application of compliance measures. Additionally, 79.3% of firms maintain records for a minimum of five years, consistent with best practices for audit trails and client data transparency. Additionally, identifying beneficial ownership remains challenging, with 47.7% of practitioners rarely receiving transparent disclosures from clients. This indicates a need for stronger client due diligence to mitigate risks. Recommended priorities include regular compliance audits, expanded EDD practices, enhanced training timelines, and improved record-keeping standards to bolster compliance across the sector.

Box 1: SUMMARY OF THE DATA ANALYSIS

This survey provides a view of current trends and critical issues related to Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) amongst legal practitioners in all key regions in Nigeria. It highlights some key findings in relation to compliance capabilities relative to size of firms, the ethical imperatives at the heart of legal practice, particularly regarding confidentiality, integrity, and client trust, while shedding light on areas of heightened AML/CFT risk, such as real estate transactions and client asset management. Notably, the survey identifies gaps in policy progress, compliance training, and beneficial ownership verification, pointing to a need for enhanced regulatory adherence and vigilance within the legal sector. Priority recommendations include increasing the frequency of policy reviews, broadening EDD applications, and establishing regular compliance audits, particularly for smaller firms. Addressing gaps in training timelines and enhancing record-keeping standards are essential steps to strengthen compliance and mitigate associated risks across the sector.

Legal Landscape

The survey results indicate that a significant majority of respondents (84.2%) practice in traditional law firms, with a smaller segment (8%) operating as in-house counsel. The survey highlights a broad distribution of specialisations, with general law practice dominating the field. Smaller, yet notable, proportions focus on specialised areas such as Alternative Dispute Resolution and Transactional Law.

Income Distribution

The data reveals a notable concentration of lower-income respondents, with the majority (55.6%) reporting an annual income below 25 million Naira. A limited fraction, approximately 3.1%, report earnings exceeding 100 million Naira. These findings suggest that smaller firms may face financial constraints that could impact their ability to allocate resources effectively towards compliance.

AML/CFT Compliance Awareness and Ethical Standards

Awareness of Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) compliance is high among respondents, with 75% recognising the potential impact of money laundering risks within their practice. Furthermore, all respondents affirm the centrality of ethics, integrity, and trust in their professional values. Notably, 56.1% consider client confidentiality as extremely important to their work, underscoring the ethical responsibilities viewed as core to the legal profession.

Service Provisions and Associated Risks

Legal Services such as real estate transactions (60.9%) and the management of client assets (34.5%) are common, with these areas being flagged by the National Risk Assessment Reports for high AML/CFT risks. Over 50% of respondents consider these services to carry highly significant risks for AML/CFT vulnerabilities, especially in managing client funds, operating trusts, and providing tax advice.

AML/CFT Policies and Procedures

Approximately 33.7% of firms reported having formalised Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) policies. However, 64.4% of these firms have not conducted policy reviews since adoption, indicating a potential lapse in policy upkeep and responsiveness to evolving regulatory standards. Enhanced Due Diligence (EDD) practices are adopted by 51.4% of respondents in high-risk scenarios, signalling proactive, albeit inconsistent, application of compliance measures. Additionally, 79.3% of firms maintain records for a minimum of five years, consistent with best practices for audit trails and client data transparency.

Box 1: SUMMARY OF THE DATA ANALYSIS

Compliance Training and Audit Oversight

While most firms (83.9%) conduct annual AML/CFT training, only 11.3% implement this training within one month for newly appointed staff, suggesting a potential delay in risk awareness for new hires. Notably, 59.2% of sole proprietorships lack a designated compliance officer or independent audit function, which raises questions regarding the effectiveness of self-regulation and monitoring capabilities within these smaller practices.

Challenges in Beneficial Ownership Identification

A significant challenge was noted in identifying the beneficial ownership of client assets and entities, with 47.7% of practitioners rarely or never encountering transparent ownership disclosures. This finding underscores the need for enhanced client due diligence and rigorous verification processes to address potential vulnerabilities in compliance practices.

3.5. Summary of Existing Risk Mitigation Strategies.

The ML/TF/PF risk mitigation strategies can be categorised based on the legal or technical compliance and the effectiveness of the ongoing measures adopted by the NBA over the past one year to ensure compliance by members of the Bar.

(a) Legal/Technical Compliance

The NBA has met technical compliance requirements based on the adoption of a broad range of rules of professional conduct, rules and protocols to mitigate AML/CFT risks in the sector. A comprehensive overview of these policies was discussed in chapter 2. They are listed below and are available in the google drive in Appendix A:

Table 1: Technical Compliance

	Laws/Policies	**Year of Enactment**
1	The NBA Constitution	2021
2	The Legal Practitioners Act	1975
3	The Rules of Professional Conduct	2023
4	Notice of the Constitution of the Nigerian Bar Association Anti-Money Laundering Committee (NBA-AMLC).	2024
5	Anti-Money Laundering Committee (NBA-AMLC) Appointment and Examination Rules and Protocols.	2024
6	National Risk Assessment Report	2022
7	National Inherent Risk Assessment Report.	2023
8	AML/CFT Legal Sector Risk Assessment Report	2024

Effectiveness of the AML/CFT measures:

The effectiveness of the NBA-AMLC can be measured through the development of supervision plans, publication of notices and statements of the President of the Nigerian Bar Association. The organization of AML/CFT assessment workshops across the country 2023 and the recent conduct of risk assessment Surveys from 28 to 31 October 2024 are indicators of compliance and effectiveness by the legal sector in Nigeria. More than a hundred thousand members of the Bar were reached through the President's and the NBA Secretariat Notices through multiple internal and social media communications channels of the NBA. These channels are accessible through WhatsApp group chats, LinkedIn: @NigerianBarAssociation, the website of the Bar Association and the NBA Blogs accessible here: https://www.nigerianbar.org.ng/ and NBA blogs.[67]

67 NBA (2024) NBA Blogs. Available at Regular AML/CFT updates include: https://blog.nigerianbar.org.ng/2024/11/01/nba-president-reaffirms-commitment-to-anti-money-laundering-and-counter-financing-of-terrorism-initiatives-at-zonal-workshops/ https://blog.nigerianbar.org.ng/2024/11/01/nba-president-reaffirms-commitment-to-anti-money-laundering-and-counter-financing-of-terrorism-initiatives-at-zonal-workshops/

3.6. Conclusion

In conclusion, the Nigerian legal profession exhibits a notable awareness of AML/CFT/PF obligations, yet significant gaps in compliance infrastructure persist, particularly in smaller firms with limited resources. The study's findings highlight real estate transactions and asset management as high-risk areas, suggesting that certain legal practices may inadvertently facilitate ML/TF/PF activities. While ethical imperatives like client confidentiality remain deeply embedded in legal practice, the inconsistencies in due diligence, policy review, and compliance training indicate a pressing need for regulatory enhancements.

Furthermore, the limited adoption of formal AML/CFT/PF policies and the lack of compliance officers in many firms underscore the challenges of self-regulation in a high-risk environment. Moving forward, strengthening compliance frameworks through mandatory audits, enhanced training programs, and robust client due diligence mechanisms could mitigate these vulnerabilities. Ultimately, this report underscores the imperative for a proactive regulatory approach that balances ethical standards with the demands of global AML/CFT/PF compliance, thereby safeguarding both the integrity of the profession and the financial system at large.

Chapter 4

Recommendations and Conclusion

4. Introduction

The Nigerian Bar Association's Anti-Money Laundering Committee (NBA-AMLC) stands at a critical juncture in fortifying Nigeria's legal profession against ML/TF/PF risks. With increasing global scrutiny on legal sectors worldwide, robust regulatory actions have become imperative. Considering the survey findings, this chapter proposes comprehensive measures aimed at enhancing the NBA-AMLC's capacity to safeguard legal integrity.

These measures include twenty-six recommendations to tackle high risk situations, preventive strategies, supervisory enhancements and other targeted measures specifically tailored for Trust Company and Service Providers (TCSPs). By focusing on market entry evaluations, risk-based supervision, and transparency in trust services, these recommendations are designed to align Nigeria's legal sector with international AML/CFT/PF standards. The goal is not merely compliance but to foster a culture of proactive vigilance within the legal community, ensuring the sector remains resilient in the face of evolving financial threats.

These recommendations are aimed at strengthening the NBA-AMLC regulatory actions. They are sub-divided into preventive measures; supervisory measures; evaluation and adaptation measures; and specific TCSPs transparency measures.

4.1 Preventive Measures

The NBA-AMLC is tasked under the RPC, Rules and Protocols to take necessary actions to prevent criminals from gaining access to the legal professional.[68] This includes conducting "fit and proper" assessments of individuals seeking to become lawyers. To ensure that the market entry requirements are met, all lawyers to be admitted or already admitted to practice law in Nigeria should be required to undergo mandatory AML/CFT/PF training. NBA AMLC should consider advocating to the Council of Legal Education that a mandatory AML/CFT/PF lectures should become part of the curriculum of the Nigerian Law School. This would close the AML/CFT/PF knowledge gap and increase the number of lawyers who are aware of their AML/CFT obligations and willing to undertake AML/CFT training to improve their skill on an ongoing basis.

4.2 Enhanced Supervisory Measures

The survey findings highlight the need for the NBA-AMLC to take the immediate steps to improve compliance monitoring and risk-based supervision of legal practitioners and law firms. Supervision should include regular assessments to identify the specific money laundering and terrorist financing risks associated with different categories of legal practitioners. This would also include the utilization of new and emerging technologies to implement off-site and onsite monitoring based on identified risks. To address the immediate gaps in supervision and findings from NFIU sanitised case studies,[69] there is need for supervisors to apply effective, proportionate, and dissuasive sanctions in cases where lawyers or law firms have deliberately ignored the rules of professional conduct.

68 Ibid. NBA (2024), NBA-AMLC Rules and Protocols, Section 14 (7)

69 The sanitized case studies are available in Appendix B.

Regarding law firms, developing a comprehensive guidance that outlines the specific AML/CFT obligations of the firms, including the need for regular and ongoing training of staff; separation of client funds from operational accounts, strict controls over transactions and regular audits to prevent the misuse of client accounts for laundering activities will assist in improving the compliance systems of law firms. The guidance will indicate the risks in cross-border legal services and how lawyers can address vulnerabilities associated with clients from high-risk jurisdictions.

4.3 Evaluation and Adaptation

The NBA-AMLC should develop sustained approach to risk assessment and ongoing monitoring of compliance through regular reviews of AML/CFT compliance policies and practices of law firms to ensure they remain easily adaptable in addressing emerging risks.

4.4 Specific Recommendations for Trust Company and Service Providers

The NBA-AMLC should require Trusts to disclose information about their beneficial owners, including details on settlors, trustees, and beneficiaries. This information should be accessible to authorities, and ideally to the public. The availability of this information is essential for law firms to conduct proper due diligence.[70]

Table 2: Summary of Recommendations based on identified risks

ACTIVITY	RISK LEVEL	RECOMMENDATIONS FOR MITIGATION OF RISKS BY LAW FIRMS AND LEGAL PRACTITIONERS
Conveyancing (Real Estate Transactions)	High	1)Apply Enhanced Due Diligence (EDD) especially on high-value transactions and politically exposed persons (PEPs). 2)Conduct enhanced monitoring of property transactions 3)Assess risks of transactions, document the risks, and file suspicious reports within stipulated timelines to the NBA AMLC.

70 Transparency International (2022) Paving the Way for Enhanced Trust Transparency. Available at: https://images.transparencycdn.org/images/Paving-the-way-for-enhanced-trust-transparency-FATF-proposals-to-revise-Recommendation-25_August-2022.pdf [Accessed 02 Nov. 2024].

Company Formation & Management	Low	4)Verify ultimate beneficial ownership (UBO) using beneficial ownership registers available in the country. 5)Verify transparency in corporate structures and objects of a company. 6)Apply a risk-based approach to corporate clients to ensure they are not shell companies.
Cross-border Transactions	Medium	7) Conduct cross-border risk assessments, 8)Monitor NFIU/Sanction lists and ensure compliance with international sanctions, especially when undertaking cross-border legal services or relying on a third party for verifications. 9) Immediately and without delay report names that match what is in the Sanctions list in line with the NFIU guidelines and immediately file STRs as required in the RPC and Protocols.
Client Account Management	Medium	10) Separate client funds from law firms' funds. 11). Apply strict internal controls on transfers from clients and to clients. 12) Perform ongoing monitoring of the clients' account activities to ensure they are not used for illegal activities. 13) Undertake regular and ongoing screening of clients especially when they are from high-risk jurisdictions or conduct high risk transactions. 14) Document and retain risk-based approach adopted in the management of high-risk transactions and clients

Lack of Written AML Policies and Compliance Structure	Medium	15) Conduct regular compliance audits and develop internal procedures and policies for compliance which are documented and known to staff. 16) Develop a confidential system of Suspicious Transaction Reporting (STR). 17) Hire and retain skilled compliance officers. Small firms with minimal risk exposures and limited resources can train legal officers to act as compliance officers.
Litigation & Dispute Resolution	Medium	18) Ensure clear origin and legitimacy of funds involved in dispute settlements. 19) Implement ongoing controls to detect unusual transactions throughout the matter/ case.
Trusts & Company Services Providers (TCSPs)	Medium High	**NOTE** Risk level could be **Medium** (if the transaction is local and managed through a financial institution and the TCSPs are adequately regulated **(in line with the findings in the National Risk Assessment Report)** Risk level could be **High** if cross-border transactions are involved. 20) Maintain transparency in trust structures and perform enhanced due diligence (EDD) on high-risk clients. – 21) If the TCSPs are transnational in nature, assess the AML/CFT framework of states involved and verify the status of the companies in the international sanctions list. 22) Apply appropriate and effective risk-based approach in screening, monitoring, and reporting of TCSPs that could potentially pose ML/TF risks

Private Client Services	Low	23) Maintain appropriate levels of scrutiny for high-net-worth individuals. 24) perform risk-based assessments for private clients, document and report identified risks
General Legal Advisory	Low	25) Apply basic due diligence but remain alert to potential red flags in advisory services, especially when dealing with international clients or transactions. 26) If high risks are identified, apply EDD and file appropriate reports to NBA-AMLC

4.5 Conclusion

In conclusion, these recommended measures underscore the necessity for a multi-faceted regulatory approach by the NBA-AMLC to secure Nigeria's legal profession against financial crimes. Preventive actions, including "fit and proper" assessments and mandatory training, lay a strong foundation, while supervisory enhancements ensure ongoing vigilance and adaptability. Additionally, improved transparency and accountability within TCSPs represent a crucial step towards comprehensive risk mitigation. As Nigeria continues to navigate complex financial crime landscapes, the NBA-AMLC's proactive adoption of these strategies will not only bolster national compliance with international standards but also reinforce public trust in the legal profession's role as a defender of lawful conduct. Through this concerted regulatory effort, the NBA-AMLC can elevate Nigeria's legal framework to a benchmark of integrity and resilience in global AML/CFT practices.

Appendices

Appendix A: Relevant AML/CFT Policies Published by the Nigerian Bar Association

1. NBA Constitution, 2021
2. Rules of Professional Conduct for Legal Practitioners, 2023
3. NBA Notice of the Constitution of the NBA-AML Committee, 2024
4. NBA AMLC Rules and Protocols, 2024
5. NBA Rules of Professional Conduct, 2023
6. NBA Notices to members on compliance with AML/CFT obligation.
7. NBA Notices to members to participate in zonal training workshops.
8. All laws, and regulatory notices are accessible in this google folder:

https://drive.google.com/drive/folders/1F7SFVbFedScLjy-WDoPDhDpHjxHHVWIq?usp=sharing

Appendix B. Sanitized Case Studies of Money Laundering Reported by Financial Institutions Not by Lawyers (Source: obtained from the Nigerian Financial Intelligence Unit (NFIU)

1. Real Estate Consultant receiving large inflow from law firm for sale of property

Case Study:
Individual AR-15 commenced a banking relationship with Bank S by opening a naira Savings account X1XX1XXXX0 in 2014. His BVN: XXXX9XXX0XXX is linked to the entity's account Entity B Ltd X1XX9XXX90, X1XX9XXX91, X1XX9XXX92 in the banks database. The account is characterized by inflows via in-branch transfers and outflows are card transactions, in-branch transfers and POS purchases. The credit and debit turnover for the last year were N355,340,153.00 and N 118,316,784.58 respectively with the highest inflow before now being N9,800,000 on 2024. Sometime in 2024, the account of Individual Ar-15 witnessed an inflow of N275,000,000 from one Law Firm TA which is unusual when compared with the previous pattern on the account. Feedback from the Relationship Officer indicates that the customer is a Real Estate Consultant. The funds received were purportedly from a property sale, with the sender being the law firm handling the customer's properties. However, no documentary evidence has been provided to support this claim.

Indicators:
- Large Payment of the sum of N275,000,000 from one Law Firm TA which is unusual
- No documentary evidence to proof the sale of property to law firm
- The actual beneficial owner of property is hidden.

What are the issues

The reals estate company failed to report the STR since the beneficiary is not known.

The lawyer failed to report high-value transaction. It is possible that he is trading on behalf of his client which is a breach of the Legal Practitioners Act, 1962 and the Rules of Professional Conduct, 2023.

Failure to provide information on the beneficial owner is a concern and requires follow-up action during the supervisory visit.

2. Split Inflows to law firm to avoid regulatory threshold

Case Study:

Law Firm G, with a corporate current sole signatory account with account number X1XX5XXXX5 started a business relationship with Bank X in 2023. The signatory to the account is Individual G. The BVN linked to the account is XXXX9XXX9XX5. KYC indicates that the customer's nature of business legal services. Split inflows and huge outflows of the whole sum were observed in the account. This is the only inflows in the customer's account between the period of January 2024 to date. The inflows are sent in such a way as to avoid reaching the regulatory threshold of the customer's account class.

The customer's account received inflows in bits and send them out in bulk.

Transaction dynamics in the customers' account shows huge inflows and outflows in the account. The pattern of inflows and outflows noticed in the customers' account is unusual and suspicious.

Indicators:

- Split inflows to avoid reporting threshold followed by bulk outflows
- Huge transaction patterns that are unusual
- Transactions carried by the account holder are not commensurate with the customer's account class.

What are the issues:

It is not clear from the facts of the case that any crime was committed despite the transaction pattern, however, more information is required to enable the NBA-AMLC undertake a supervision visit to the law firm.

3. Unusual Split transactions by Law Firm -Trust Account

Case Study:

Individual MA with account number: XXXX44XX40 is a USD denominated account that was opened in 2021 and domiciled in Lagos. Individual MA stated that he is into Business Development. The BVN linked to the account is 2XX0X0XXXX3.

In 2024, Individual MA had a pending inflow of $34,750.00 from Entity DKO Trust Account (XXX120X1 – BANK JP). Individual MA stated that the funds was for setting up of a business, office space, business registration, recruiting of staff and all other expenses incurred during the process in Abuja. A review of the customer's account showed that the customer had previously received $30,000 from the same sender, Entity DKO in 3 tranches in less than a month. The pending funds were unapplied and returned as the documents provided in respect to the purpose of funds were not substantial to back up customer's claim. The cumulative credit and debit turnover from inception to date is $44,790.70 and $53,030.26 respectively.

The reason of suspicion is due to the customer's inability to establish a connection with Entity DKO (Law Firm -Trust Account) and insufficient documentary evidence(s) to substantiate the purpose of funds. Account has been placed on close monitoring.

Indicators:

- Transfer of $30,000 by DKO Trust Account in 3 tranches
- Transfer of $34,750.00 from a law-trust account for unknown business establishment
- Absence of documentary evidence(s) to substantiate the purpose of funds.

What are the issues:

If entity DKO Trust is a foreign entity, there is need to establish if it has an office in Nigeria or plans to set up an office in Nigeria. This would require additional supervision measures to ensure that "fit and proper test" as set out in the NBA-AMLC Rules and Protocol are examined and that the market entry threshold is met.

4. Huge funds to a law firm account from unknown identity

Case Study:

Entity GO is into Legal Services and a sole practitioner. The small law firm was incorporated in 2001. Entity GO tagged under SME segment started bank relationship with Bank S in 2008 and KYC risk is low. Entity GO operates the following accounts with Bank S:

Current Accounts00006257XXNGN 2008 OPEN

Current Accounts0000XXX733USD 2011 ACTIVE

Current Accounts000XXX02XXGBP 2013 ACTIVE

In 2022, 12 Managers cheque of NGN 120,000,000.00 credited to the account. Concern was raised as to the identity of the ultimate buyer of the property which is unknown. An additional RFI was raised to ascertain the ultimate originator of the NGN120M and the RFI response stated: this is an entity account and client did not give the name of the counter party as he thinks this in a confidentiality issue on the part of the counter party but had indicated the location and partner.

Indicators:

- 12 Managers cheque of NGN 120,000,000.00 to a law firm from unknown identity
- Law firm hides the identity of property buyer under confidentiality
- Purchase of property without actual beneficial owner

What are the issues?

Under the RPC, 2023, legal professionals are obligated to provide the UBOs of their transactions and their clients. The NBA-AMLC supervision team will visit the firm to examine their books and determine whether they are in breach of the RPC and AML/CFT Protocols.

5. Purchase of property by a law firm on behalf of unknown third party

Case Study:

Entity MIG is domiciled in the Three Arms Zone Abuja since 2021 in which Legal Practitioner MO is the sole signatory to the account. Entity MIG is a law firm.

In 2024, Entity MIG received N163,739,000 from an Individual A with Bank FCC. Upon inquiry from the Bank FCC, the Legal Practitioner MO (customer) explained that the purpose of the funds is for property purchase for one Individual F without any documentary evidence to substantiate the property purchase.

Legal Practitioner MO receives huge inflows regularly with some senders like: Individual N, Individual H, Entity G, Entity E Tech Ltd. Some of the outflows were transferred to counter parties like: Farms Entity B and Entity M. The cumulative credit and debit turnover from 2021 till date is N2,132,824,786.25 and N1,372,241,263.56 respectively.

Indicators:

- Inflow of N163,739,000 from an Individual A for purchase of property without documentary evidence
- Huge Inflows from different individuals and entities (Individual N, Individual H, Entity G, Entity E Tech Ltd)
- Huge out flows to different entities (Farms Entity B and Entity M)

What are the issues?

The lack of documentary evidence raises concerns about ultimate beneficial owner (UBO). The NBA-AMLC committee needs to consider a review of the transactions to ensure that there is not breach of the RPC and the AML Rules and Protocol.

6. Huge inflows and outflows to a Law firm within short periods

Case Study:

Individual B at onboarding with Bank A declared it is a Law Firm in November 2022. The BVN attached to the account belongs to Individual B who is the ultimate beneficial owner. The BVN is mapped to thirteen other accounts in the banks database: (XXXXXXXXX1) (XXXXXXXXX2) (XXXXXXXXX3) (XXXXXXXXX4) (XXXXXXXXX5) (XXXXXXXXX6) (XXXXXXXXX7) (XXXXXXXXX8) (XXXXXXXXX9) (XXXXXXXX10) (XXXXXXXX11) (XXXXXXXX12) (XXXXXXXX13).

Due diligence and continuous monitoring review revealed that on February 2023, there was an inward transfer to the tune of $1,000,000 from Bank C. Further review revealed an outward transfer to the tune of $400,000 to one Entity B on the 14th, 20th and 24th of the said month respectively. The customer's account is characterized with incessant inflows and outflows within short periods. The Debit and Credit turnover in the account from January 2022 till date is $1,676,050.68 /$1,996,165.00 respectively.

Indicators:

- Huge inflow ($1,000,000) followed by immediate outflow ($400,000)
- Incessant inflows and outflows within short periods

What are the issues?

The lack of documentary evidence raises concerns about ultimate beneficial owner (UBO). The NBA-AMLC committee needs to consider a review of the transactions to ensure that there is not breach of the RPC and the AML Rules and Protocol.

7. Huge inflow into Real Estate Company from Law firm

Case Study:

Entity De maintains a corporate account: 0X0X40X12X with Bank P opened on April 2024 with Director's BVN: XXXX9XXX0XXX (Executive A). Entity De is a property consulting company in the real estate sector established in 2013 RC No:11XXXX0. Entity De account received huge inflows of N450M from Law Firm A in August 2024. The inflow came in from Bank K. Entity De account has a massive turnover of N1,804,444,754 within 3.5 months of account creation.

Indicators:

- Huge inflows of N450M from Law Firm A
- Turnover of N1,804,444,754 within 3.5 months of account creation.

What are the issues?

The lack of documentary evidence raises concerns about ultimate beneficial owner (UBO). The NBA-AMLC committee needs to consider a review of the transactions to ensure that there is not breach of the RPC and the AML Rules and Protocol.

8. Unusual foreign transactions to a legal practitioner (Clergy man)

Case Study:

An unusual large FX inflow of Ninety-Nine Thousand, Nine Hundred and Sixty-Five United States Dollars Only ($99,965.00) from the account of Celebrity NO Management on January, 2024.

A review of the Legal Practitioner A account before the receipt of the FX inflow stated above, the Customer had received Four (4) inflows totaling Two Hundred and Fifty-Two Thousand, Four Hundred and Forty United States Dollars Only ($252,440.00) between February, 2023 and December, 2023.

Further review of the Legal Practitioner A USD account revealed that upon receipt of the large FX inflow of $99,965.00 the customer initiated an FX transfer of Fifty Thousand United States Dollars Only ($50,000.00) on January, 2024.

The balance in the account as at the time of filing this report was Sixty Thousand, Five Hundred and Eighty-Five United States Dollars and Ninety-Two Cents Only ($60,585.92).

Enhanced Due Diligence was carried out on Legal Practitioner A to ascertain the source of the funds and it was revealed that Legal Practitioner A who is a Legal Practitioner and the founder of Law Firm A is also claimed to be a Clergyman and the founder of Entity G Outreach Ministry, where he acts as the Spiritual Father/Clergy to Celebrity NO.

Legal Practitioner A commenced his banking relationship with Bank T on June, 2021. The account was opened in State XXX with account number 0X0X44X44X and BVN XXXX1XXX1XXX. The Customer maintains four (4) other accounts in the Bank with account numbers 06XX4XX6XX, 08XX01XX66, 0XX1XX1XX2, and 0XX1XXXX5X. The BVN is linked to Entity G Outreach Ministry reach Ministry with account numbers 06XX4XX6XX, 08XX01XX66, 0XX1XX1XX2, and 0XX1XXXX5X in the Bank T.

Customer Due Diligence and KYC were carried out on the Legal Practitioner A at the point of account opening, it was documented that the Customer is a Legal Practitioner.

Indicators:

- unusual large FX inflow of Ninety-Nine Thousand, Nine Hundred and Sixty-Five United States Dollars Only ($99,965.00) from the account of Celebrity NO Management
- Four (4) inflows totaling Two Hundred and Fifty-Two Thousand, Four Hundred and Forty United States Dollars Only ($252,440.00 within a year
- Unusual funds to a legal practitioner and a clergy man

What are the issues?

The lack of documentary evidence raises concerns about ultimate beneficial owner (UBO). The NBA-AMLC committee needs to consider a review of the transactions to ensure that there is not breach of the RPC and the AML Rules and Protocol.

9. Huge inflow into employee and immediate outflow to law firm as rent

Case Study:

Female A is from Yola. Female A works at Entity SD as its secretary. Female A is a low-risk customer that established a banking relationship with Bank F in 2019 where Female A is the sole signatory. Female A is marked as a priority business segment. Female A maintains one active account with Bank F which is 09XX7XX7XX. Review of the client's account was triggered based on the alerted detection scenarios for Rapid Mvmt Funds. The review evidenced significant inflows and outflows from the client's account to J and J Law Firm as rent. Enhanced due diligence was carried out since the transaction activities are not consistent with the client's profile. Furthermore, the customer has not responded or provided clarification for the transactions observed in the client's account.

Out of the transactions noted, below transactions were considered significant.

Account number: 09XX7XX7XX

CREDITS:

Inward remittances of NGN 30,480,000.00 Cr on 2023 from Entity M as Person CM (Entity P, 9XXXX85XXX)

DEBITS:

outward remittances of NGN 22,000,000.00 Dr on 2023 towards LAW FIRM M as Rent (BANK Y, XXXX65XXXX)

Indicators:

- Rapid movement of funds by a secretary of Entity SD
- Significant inflows and outflows from the client's account to J Law Firm as rent
- Transaction activities are not consistent with the client's profile
- customer has not responded or provided clarification for the transactions observed in the client's account

What are the issues?

The lack of documentary evidence raises concerns about ultimate beneficial owner (UBO). The NBA-AMLC committee needs to consider a review of the transactions to ensure that there is not breach of the RPC and the AML Rules and Protocol.

Appendix C: AML/CFT RISK ASSESSMENT SURVEY - DATA ANALYSIS

Frequencies

1. In what capacity do you currently practise law?		
	N	%
At a law firm	485	84.2%
Attorney General's Chambers	1	0.2%
DGBV	2	0.3%
Experienced lawyer	1	0.2%
Federal Court	1	0.2%
Freelance work	1	0.2%
Government	9	1.6%
in an organization	1	0.2%
In-house	46	8.0%
Independent Practitioner	3	0.5%
Judiciary	1	0.2%
Law enforcement	3	0.5%
Mediator	1	0.2%
Ministry of Justice	7	1.2%
NHRC	1	0.2%
Not applicable	2	0.3%
Official Bar	1	0.2%
Private	1	0.2%
Prosecutor	1	0.2%
Public Bar	1	0.2%
SCUML	1	0.2%
Self employed	1	0.2%
Sole proprietor	1	0.2%
State Counsel	4	0.7%

2. How would you best describe your area of legal practice?		
	N	%
Alternative Dispute Resolution	18	3.1%
Compliance	1	0.2%
Corporate Practice	3	0.5%
Criminal law practice	1	0.2%
General Law Practice	496	86.1%
In-house	25	4.3%
Judiciary	1	0.2%
Law Enforcement	1	0.2%

Legislative Draftsman	1	0.2%
Not applicable	4	0.7%
Parliamentary Matters	1	0.2%
Pro bono	1	0.2%
Public Law Practice	1	0.2%
Transactional Law	22	3.8%

3. What is your current legal practice structure?

	N	%
Associate	23	4.0%
Associate Counsel	1	0.2%
Associate in a law firm	1	0.2%
Corporate Practice	1	0.2%
Counsel in chamber	1	0.2%
EFCC	1	0.2%
Federal prosecutor	1	0.2%
In house	2	0.3%
In-house counsel	1	0.2%
Independent Legal Practitioner	150	26.0%
Independent Legal Practitioner, Sole Proprietorship	1	0.2%
Judiciary	1	0.2%
Junior Associate	1	0.2%
Law enforcement	1	0.2%
Law Firm	1	0.2%
Legal associate	1	0.2%
Legal Officer	1	0.2%
Magistrate	1	0.2%
Management	1	0.2%
Me	1	0.2%
Medical law practice	1	0.2%
Not applicable	12	2.1%
Official Bar	3	0.5%
Partnership	211	36.6%
Programs	1	0.2%
Prosecutor	2	0.3%
Public	1	0.2%
public Legal Practitioner	1	0.2%
Public Service	2	0.3%

Senior Associate	3	0.5%
Sole Proprietorship	124	21.5%
State Counsel	22	3.8%
State Counsel	1	0.2%

4. If you practise in a law firm, how would you classify your current level of professional experience?

	N	%
Associate	2	0.3%
Chief Consultant	1	0.2%
Chief Legal Officer	2	0.3%
Chief State Counsel	1	0.2%
Coordinator	1	0.2%
Director	1	0.2%
Individual practitioner	1	0.2%
Junior Associate	83	14.4%
Legal officer	1	0.2%
Magistrate	1	0.2%
Managing Partner	186	32.3%
Not applicable	38	6.6%
Partner	89	15.5%
Principal	2	0.3%
Principal Counsel	1	0.2%
Principal partner	2	0.3%
Prosecutor	1	0.2%
Senior Associate	158	27.4%
Senior prosecutor	1	0.2%
Senior State Counsel	2	0.3%
Sole proprietorship	1	0.2%
State Counsel	1	0.2%

5. What is your average practice income in a year (in Naira)?

	N	%
Above 100 million	18	3.1%
Between 25 to 50 million	40	6.9%
Between 50 to 100 million	15	2.6%
Less than 25 million	320	55.6%

Not available	183	31.8%

6. How many people work in your organization

	N	%
Above 20	99	17.2%
Above 5	201	34.9%
Less than 20	82	14.2%
Less than 3	194	33.7%

7. How long has your law firm/practice been in operation?

	N	%
0 to 5 years	98	17.0%
10 to 15 years	121	21.0%
15 to 30 years	139	24.1%
30 years and above	91	15.8%
5 to 10 years	127	22.0%

8. How familiar are you with the crimes of money laundering and terrorism financing?

	N	%
Expert-level knowledge	30	5.2%
Moderately familiar	199	34.5%
Not familiar	75	13.0%
Somewhat familiar	142	24.7%
Very familiar	130	22.6%

9. Do you consider money laundering and terrorist financing a risk in your work as a lawyer?

	N	%
It is a relative term	1	0.2%
No	135	23.3%
No data	3	0.5%
Not applicable	1	0.2%
Not Particularly	1	0.2%
Not really, because I don’t do it.	1	0.2%
Only if you are directly involved with the act as a lawyer	1	0.2%

Strictly within professional bound	1	0.2%
Yes	432	75.0%

10. Do you think that a lawyer may become involved in money laundering and terrorist financing activities in the course of their business?

	N	%
No	126	21.9%
Yes	450	78.1%

11. Are you aware of specific cases of lawyers involved in facilitating money laundering or terrorist financing?

	N	%
No	472	81.9%
Yes	104	18.1%

12. As a lawyer, do you consider professional ethics, integrity, and trust as core to your profession

	N	%
Yes	576	100.0%

13. How important is client confidentiality to you and your profession?

	N	%
Extremely Important	323	56.1%
Extremely important but not the risk of National security.	1	0.2%
Extremely important only within the limits permitted by law	1	0.2%
Extremely important unless where a crime is about to be committed	1	0.2%
Extremely important within the bounds of law	1	0.2%
Extremely important within the extents permitted by law	1	0.2%
Important	33	5.7%

It is core in the representative capacity of the lawyer for their client to have absolute trust in their relationship without the representation resulting in betrayal and criminality in both parties (i.e. client & lawyer).	1	0.2%
Less important during the case of public interest to combat money laundering and terrorist financing	1	0.2%
Not applicable	2	0.3%
Not Important	2	0.3%
Somewhat Important	6	1.0%
Though very important but not to the point of concealing/assisting the commission of crimes	1	0.2%
Very Important	201	34.9%
Very important only to the extent that it doesn't contravene any of the laws	1	0.2%

14.1 Do you provide, as a part of your regular practice, any of the following covered legal services or transactions for clients. (Please state "Not applicable" for those items that do not apply to your practice) [Buying and selling real estate (conveyancing)]

	N	%
No	160	27.8%
Not applicable	65	11.3%
Yes	351	60.9%

14.2 Do you provide, as a part of your regular practice, any of the following covered legal services or transactions for clients. (Please state "Not applicable" for those items that do not apply to your practice) [Managing clients' money, securities or other assets]

	N	%
No	276	47.9%
Not applicable	101	17.5%
Yes	199	34.5%

14.3 Do you provide, as a part of your regular practice, any of the following covered legal services or transactions for clients. (Please state "Not applicable" for those items that do not apply to your practice) [Opening and managing bank accounts, savings deposits or securities accounts for clients]

	N	%
No	378	65.6%
Not applicable	122	21.2%

Yes	76	13.2%

14.4 Do you provide, as a part of your regular practice, any of the following covered legal services or transactions for clients. (Please state “Not applicable” for those items that do not apply to your practice) [Creation, operation or management of legal persons (Incorporated entities) or legal arrangements(trusts)]

	N	%
No	229	39.8%
Not applicable	72	12.5%
Yes	275	47.7%

14.5 Do you provide, as a part of your regular practice, any of the following covered legal services or transactions for clients. (Please state “Not applicable” for those items that do not apply to your practice) [Acting as (or arranging for another person to act as) a trustee of an express trust or performing the equivalent function for another form of legal arrangement]

	N	%
No	356	61.8%
Not applicable	103	17.9%
Yes	117	20.3%

14.6 Do you provide, as a part of your regular practice, any of the following covered legal services or transactions for clients. (Please state “Not applicable” for those items that do not apply to your practice) [Acting as (or arranging for another person to act as) a nominee shareholder for another person]

	N	%
No	374	64.9%
Not applicable	106	18.4%
Yes	96	16.7%

14.7 Do you provide, as a part of your regular practice, any of the following covered legal services or transactions for clients. (Please state “Not applicable” for those items that do not apply to your practice) [Buying and selling of business entities]

	N	%
No	308	53.5%
Not applicable	99	17.2%
Yes	169	29.3%

14.8 Do you provide, as a part of your regular practice, any of the following covered legal services or transactions for clients. (Please state “Not applicable” for those items that do not apply to your practice) [Acting as (or arranging for another person to act as) a director or secretary of a company, a partner of a partnership, or similar position in relation to other legal persons]

	N	%
No	261	45.3%
Not applicable	73	12.7%
Yes	242	42.0%

14.9 Do you provide, as a part of your regular practice, any of the following covered legal services or transactions for clients. (Please state “Not applicable” for those items that do not apply to your practice) [Tax Advice]

	N	%
No	204	35.4%
Not applicable	81	14.1%
Yes	291	50.5%

15.1 Based on your responses above, how significant are the AML/CFT risks to the legal practice sector particularly regarding covered legal services? Choose any of the options below to describe the level of risks [Buying and selling real estate (conveyancing)]

	N	%
Highly Significant	328	56.9%
I have no idea	68	11.8%
Not significant	48	8.3%
Somewhat Significant	132	22.9%

15.2 Based on your responses above, how significant are the AML/CFT risks to the legal practice sector particularly regarding covered legal services? Choose any of the options below to describe the level of risks [Managing clients’ money, securities or other assets]

	N	%
Highly Significant	321	55.7%
I have no idea	80	13.9%
Not significant	51	8.9%
Somewhat Significant	124	21.5%

15.3 Based on your responses above, how significant are the AML/CFT risks to the legal practice sector particularly regarding covered legal services? Choose any of the options below to describe the level of risks [Opening and managing bank accounts, savings deposits or securities accounts for clients]

	N	%
Highly Significant	313	54.3%
I have no idea	98	17.0%

Not significant	51	8.9%
Somewhat Significant	114	19.8%

15.4 Based on your responses above, how significant are the AML/CFT risks to the legal practice sector particularly regarding covered legal services? Choose any of the options below to describe the level of risks [Creation, operation or management of legal persons (Incorporated entities) or legal arrangements(trusts)]

	N	%
Highly Significant	275	47.7%
I have no idea	93	16.1%
Not significant	70	12.2%
Somewhat Significant	138	24.0%

15.5 Based on your responses above, how significant are the AML/CFT risks to the legal practice sector particularly regarding covered legal services? Choose any of the options below to describe the level of risks [Acting as (or arranging for another person to act as) a trustee of an express trust or performing the equivalent function for another form of legal arrangement]

	N	%
Highly Significant	251	43.6%
I have no idea	115	20.0%
Not significant	82	14.2%
Somewhat Significant	128	22.2%

15.6 Based on your responses above, how significant are the AML/CFT risks to the legal practice sector particularly regarding covered legal services? Choose any of the options below to describe the level of risks [Acting as (or arranging for another person to act as) a nominee shareholder for another person]

	N	%
Highly Significant	244	42.4%
I have no idea	125	21.7%
Not significant	70	12.2%
Somewhat Significant	137	23.8%

15.7 Based on your responses above, how significant are the AML/CFT risks to the legal practice sector particularly regarding covered legal services? Choose any of the options below to describe the level of risks [Buying and selling of business entities]

	N	%
Highly Significant	274	47.6%
I have no idea	95	16.5%
Not significant	72	12.5%
Somewhat Significant	135	23.4%

15.8. Based on your responses above, how significant are the AML/CFT risks to the legal practice sector particularly regarding covered legal services? Choose any of the options below to describe the level of risks [Acting as (or arranging for another person to act as) a director or secretary of a company, a partner of a partnership, or similar position in relation to other legal persons]

	N	%
Highly Significant	246	42.7%
I have no idea	89	15.5%
Not significant	83	14.4%
Somewhat Significant	158	27.4%

15.9 Based on your responses above, how significant are the AML/CFT risks to the legal practice sector particularly regarding covered legal services? Choose any of the options below to describe the level of risks [Tax Advice]

	N	%
Highly Significant	238	41.3%
I have no idea	112	19.4%
Not significant	97	16.8%
Somewhat Significant	129	22.4%

16. Please provide your reason for selecting the options listed above in Question 15

These responses contained detailed qualitative responses explaining why participants selected specific options related to Anti-Money Laundering (AML) and Counter-Terrorism Financing (CFT) risks in their legal practice. The general patterns demonstrate that a large proportion (49) of the responses stated, “Not Applicable” or “No Data” or “Nil”. This suggests that they did not feel the options were relevant to their practice or could not provide a reason for their choices. (339) respondents gave varied responses, brief reasons reflecting their understanding of the risks, such as concerns about trust and confidentiality or the potential for clients to misuse legal services for illicit purposes. A smaller subset provided detailed, practice-based explanations. For instance, these responses discussed specific risks like handling large transactions, acting as nominees, or assisting in business structuring where AML/CFT vulnerabilities are high. Additionally highlighting key risks such as acting as trustees, managing client assets, and unknowingly aiding in concealing identities. A significant number of responses fell into the **“**Others**”** category (164), which might include unique but less common concerns not aligning with predefined categories.

17. Are there any other legal service(s) you consider vulnerable to money laundering and terrorism financing apart from the ones listed above?

This was also responded to qualitatively. Respondents mostly stated, “Not Applicable”, “Nil” or “No Idea”. This indicates that they either could not think of additional legal services or believed the listed services already covered all relevant areas. Some respondents highlighted additional services they believe are vulnerable, such as real estate transactions and estate planning due to high value nature and potential for laundering large sums of money. Some respondents stated, tax advisory as susceptible due to the potential for structuring to evade taxes or conceal illicit funds. Additionally, some respondents, stated, Non-Government Organizations (NGOs), some stated, digital transactions and cryptocurrency: Mentioned in the context of the growing risk of anonymous digital financial transactions.

18. For the covered legal services listed in 15-17 above: [18. Are you/your firm in custody of the clients’ funds or property?]

	N	%
Never	190	33.0%
Occasionally	209	36.3%
Often	39	6.8%
Rarely	138	24.0%

19. For the covered legal services listed in 15-17 above: [19. Do you handle the receipt and transmission of funds through accounts you control when facilitating a business transaction for the client?]

	N	%
Never	228	39.6%
Occasionally	131	22.7%
Often	64	11.1%
Rarely	153	26.6%

20. For the covered legal services listed in 15-17 above: [20. How often do you encounter transactions where shell companies are used?]

	N	%
Never	388	67.4%
Occasionally	48	8.3%
Often	23	4.0%
Rarely	117	20.3%

21. For the covered legal services listed in 15-17 above: [21. How often do you facilitate transactions for client companies whose ownership are through nominee shares or controlled through nominee or corporate directors?]

	N	%
Never	357	62.0%
Occasionally	56	9.7%
Often	25	4.3%
Rarely	138	24.0%

22. Average number of clients in a year?

	N	%
Above 100 but less than 500	84	14.6%
Less than 100	472	81.9%
More than 1000	9	1.6%
More than 500 but less than 1000	11	1.9%

23. Describe the nature of your type of clients in the past five years.

	N	%
All the above	2	0.3%
Both existing and new Clients	1	0.2%
Casual Clients and referred clients	1	0.2%
Casual Customers (Clients with relationships established between six months to one year and the relationship is expected to be completed within the same period or less)	72	12.5%
Clients who institute garnishee proceedings against the organization	1	0.2%
Clients with different issues	1	0.2%
Combination of regular clients and those who come on recommendation	1	0.2%
Combination of the 3 options	1	0.2%
Government and it's agencies or ministries	1	0.2%
Government institution	1	0.2%
Government of the state and its Agencies	1	0.2%
In house	1	0.2%
Indigents	1	0.2%
Kaduna Government by prosecution in criminal cases and defence in civil cases and defence	1	0.2%
Land matters clients	1	0.2%
Litigants and Counsel	1	0.2%
Mine is a green horn Law Firm still growing in practice	1	0.2%
Mixture of regular clients and casual clients	1	0.2%
Most new clients daily	1	0.2%
Mostly regular clients (Clients with existing and ongoing relationships with the firm/lawyer)	395	68.6%
mostly victims of crime or civil litigation	1	0.2%
Mostly Walk-in Customers (A walk-in client trans-acts for once and the first time. The relationship is not assumed to be on a continuous basis)	68	11.8%
Niger government	1	0.2%
Not applicable	9	1.6%

Not applicable.	1	0.2%
Old and new clients who become regular clients that engage our services when needed.	1	0.2%
On a need basis as in-house counsel	1	0.2%
Persons met before becoming a lawyer and others through referrals	1	0.2%
Public Entities	1	0.2%
Public Service	1	0.2%
Referrals and casual customers	1	0.2%
State Government and its Ministries/Departments/Agencies (MDAs).	1	0.2%
There are new clients almost daily too.	1	0.2%
Victims of crime	1	0.2%
We have regular, casual and work in customers	1	0.2%

24.1 How often do you have clients who are in the following categories? Politically exposed person

	N	%
Never	177	30.7%
Occasionally	137	23.8%
Often	47	8.2%
Rarely	215	37.3%

24.2 How often do you have clients who are in the following categories? High Net-Worth individuals

	N	%
Never	144	25.0%
Occasionally	177	30.7%
Often	58	10.1%
Rarely	197	34.2%

24.3 How often do you have clients who are in the following categories? Non-Resident Nigerian

	N	%
Never	246	42.7%
Occasionally	88	15.3%
Often	34	5.9%
Rarely	208	36.1%

24.4 How often do you have clients who are in the following categories? States & the Federal Government		
	N	%
Never	165	28.6%
Occasionally	158	27.4%
Often	49	8.5%
Rarely	204	35.4%
24.5 How often do you have clients who are in the following categories? States & Federal Government Enterprises		
	N	%
Never	293	50.9%
Occasionally	84	14.6%
Often	45	7.8%
Rarely	154	26.7%
24.6 How often do you have clients who are in the following categories? Other law firms/lawyers acting on behalf of their clients		
	N	%
Never	281	48.8%
Occasionally	93	16.1%
Often	41	7.1%
Rarely	161	28.0%
24.7 How often do you have clients who are in the following categories? Other Professional Intermediaries (real estate agents, accountants, tax consultants) acting on behalf of their clients		
	N	%
Never	149	25.9%
Occasionally	166	28.8%

Often	70	12.2%
Rarely	191	33.2%

24.8 How often do you have clients who are in the following categories? Trust and Company Service Providers (i.e. corporate trustees and nominee companies)

	N	%
Never	155	26.9%
Occasionally	167	29.0%
Often	62	10.8%
Rarely	192	33.3%

24.9 How often do you have clients who are in the following categories? High cash-intensive businesses (car dealerships, supermarkets, etc.)

	N	%
Never	280	48.6%
Occasionally	97	16.8%
Often	26	4.5%
Rarely	173	30.0%

24.10 How often do you have clients who are in the following categories? Dealers in precious stones and metals

	N	%
Never	144	25.0%
Occasionally	152	26.4%
Often	78	13.5%
Rarely	202	35.1%

24.11 How often do you have clients who are in the following categories? Real Estate Companies

	N	%
Never	255	44.3%
Occasionally	109	18.9%
Often	43	7.5%
Rarely	169	29.3%

24.12 How often do you have clients who are in the following categories? Businesses that rely heavily on new technologies (e.g. online trading platforms)

	N	%
	574	99.7%
Never	1	0.2%
Rarely	1	0.2%

24.13 How often do you have clients who are in the following categories? Client companies that operate a considerable part of their business in or have major subsidiaries in countries that may pose higher geographic risk

	N	%
Never	178	30.9%
Occasionally	141	24.5%
Often	68	11.8%
Rarely	189	32.8%

24.14 How often do you have clients who are in the following categories? Other third parties (family members, close associates) acting on behalf of another person)

	N	%
Never	293	50.9%
Occasionally	87	15.1%
Often	33	5.7%
Rarely	163	28.3%

24.15 How often do you have clients who are in the following categories?

	N	%
Never	313	54.3%
Occasionally	82	14.2%
Often	34	5.9%
Rarely	147	25.5%

24.16 How often do you have clients who are in the following categories? Client companies that operate a considerable part of their business in/or have major subsidiaries in countries that may pose higher geographic risk

	N	%
Never	400	69.4%

Occasionally	43	7.5%
Often	19	3.3%
Rarely	114	19.8%

24.17 How often do you have clients who are in the following categories? Oil & Gas Companies

	N	%
Never	290	50.3%
Occasionally	98	17.0%
Often	31	5.4%
Rarely	157	27.3%

24.18 How often do you have clients who are in the following categories? Casinos, betting houses and other gambling related institutions and activities

	N	%
Never	423	73.4%
Occasionally	38	6.6%
Often	13	2.3%
Rarely	102	17.7%

24.19 How often do you have clients who are in the following categories? Mineral Mining Company

	N	%
Never	371	64.4%
Occasionally	54	9.4%
Often	20	3.5%
Rarely	131	22.7%

24.20 How often do you have clients who are in the following categories? Banks and other Financial Institutions

	N	%
Never	233	40.5%
Occasionally	122	21.2%
Often	68	11.8%
Rarely	153	26.6%

24.21 How often do you have clients who are in the following categories? Construction Companies

	N	%
Never	241	41.8%
Occasionally	124	21.5%
Often	42	7.3%
Rarely	169	29.3%

25. How often do you encounter clients requesting services that are unusual?
(for instance, properties offered for sale over or above the market value, reluctance to provide documentation, altered/forged identity documents, pressure to complete transaction(s) very quickly, instructions for minimal work to be done, complex or unusual circumstances around transactions, cash purchases, funds paid by unconnected third parties, crypto-transactions, etc.)

	N	%
	2	0.3%
Never	287	49.8%
Occasionally	85	14.8%
Often	17	3.0%
Rarely	185	32.1%

26. How often do you encounter clients in a relationship or transaction where it is difficult to identify in a timely manner the true beneficial owner or controlling interests or clients attempting to obscure understanding of their business, ownership, or the nature of their transactions?

	N	%
	3	0.5%
Never	275	47.7%
Occasionally	75	13.0%
Often	21	3.6%
Rarely	202	35.1%

27. How often do you have clients' businesses that rely heavily on new technologies (e.g. online trading platform, Bitcoin or other crypto) which may have inherent vulnerabilities to exploitation by criminals, especially those not regulated for Anti-Money Laundering/Counter Financing of Terrorism?

	N	%
	2	0.3%
Never	343	59.5%
Occasionally	58	10.1%
Often	10	1.7%

Rarely	163	28.3%

28. How often do you encounter clients who have funds that are obviously and inexplicably disproportionate to their circumstances (e.g. their age, income, occupation or wealth).

	N	%
	3	0.5%
Never	301	52.3%
Occasionally	78	13.5%
Often	15	2.6%
Rarely	179	31.1%

29. How often do you encounter clients who change their settlement or execution instructions without appropriate explanation.

	N	%
	4	0.7%
Never	342	59.4%
Occasionally	52	9.0%
Often	10	1.7%
Rarely	168	29.2%

30. How often do clients pay in Cash?

	N	%
	3	0.5%
Never	147	25.5%
Occasionally	159	27.6%
Often	40	6.9%
Rarely	227	39.4%

31. How often do your clients make payments from third-party accounts or request payment to a third-party account?

	N	%
	3	0.5%
Never	248	43.1%
Occasionally	74	12.8%
Often	10	1.7%
Rarely	241	41.8%

32. How often do you manage third-party accounts?

	N	%
	5	0.9%
Never	418	72.6%
Occasionally	36	6.3%
Often	6	1.0%
Rarely	111	19.3%

33. Do clients offer to pay in foreign currency?

	N	%
	6	1.0%
Never	336	58.3%
Occasionally	76	13.2%
Often	11	1.9%
Rarely	147	25.5%

34. Do you encounter transactions where payments are received from un-associated or unknown third parties?

	N	%
	3	0.5%
Never	428	74.3%
Occasionally	34	5.9%
Often	6	1.0%
Rarely	105	18.2%

35. How often do you encounter clients with previous convictions for crimes that generated proceeds, who seek access to legal services on the following activities: or on behalf of other persons or entities? [Buying and selling real estate]

	N	%
Never (it does not happen)	424	73.6%
Occasionally (it happens from time to time)	34	5.9%
Often (it happens many times)	8	1.4%
Rarely (it hardly ever happens)	110	19.1%

35.1 How often do you encounter clients with previous convictions for crimes that generated proceeds, who seek access to legal services on the following activities: or on behalf of other persons or entities? [Managing money, securities or other assets.

	N	%
Never (it does not happen)	459	79.7%
Occasionally (it happens from time to time)	23	4.0%
Often (it happens many times)	6	1.0%
Rarely (it hardly ever happens)	88	15.3%

35.2 How often do you encounter clients with previous convictions for crimes that generated proceeds, who seek access to legal services on the following activities: or on behalf of other persons or entities? [Opening and managing bank accounts, savings deposits or securities accounts.]

	N	%
Never (it does not happen)	475	82.5%
Occasionally (it happens from time to time)	19	3.3%
Often (it happens many times)	6	1.0%
Rarely (it hardly ever happens)	76	13.2%

35.3 How often do you encounter clients with previous convictions for crimes that generated proceeds, who seek access to legal services on the following activities: or on behalf of other persons or entities? [Creating, registering (including acting as registered agent and secretaries for companies), or managing companies, legal entities or arrangements including collecting funds for such activities.]

	N	%
Never (it does not happen)	454	78.8%
Occasionally (it happens from time to time)	18	3.1%
Often (it happens many times)	11	1.9%
Rarely (it hardly ever happens)	93	16.1%

35.4 How often do you encounter clients with previous convictions for crimes that generated proceeds, who seek access to legal services on the following activities: or on behalf of other persons or entities? [Buying and selling companies, legal entities and arrangements.]

	N	%
Never (it does not happen)	461	80.0%
Occasionally (it happens from time to time)	13	2.3%
Often (it happens many times)	11	1.9%
Rarely (it hardly ever happens)	91	15.8%

35.5 How often do you encounter clients with previous convictions for crimes that generated proceeds, who seek access to legal services on the following activities: or on behalf of other persons or entities? [Acting as trustee and nominee (e.g. nominee shareholder).]

	N	%
Never (it does not happen)	467	81.1%
Occasionally (it happens from time to time)	15	2.6%
Often (it happens many times)	10	1.7%
Rarely (it hardly ever happens)	84	14.6%

35.6 How often do you encounter clients with previous convictions for crimes that generated proceeds, who seek access to legal services on the following activities: or on behalf of other persons or entities? [Tax Advice]

	N	%
Never (it does not happen)	442	76.7%
Occasionally (it happens from time to time)	29	5.0%
Often (it happens many times)	14	2.4%
Rarely (it hardly ever happens)	91	15.8%

37. Do you have a professional relationship with any law firm/independent legal practitioner outside Nigeria?

	N	%
No	457	79.3%
Yes	119	20.7%

39. Do you have written AML / CFT policies and procedures?

	N	%
No	382	66.3%
Yes	194	33.7%

39.1. If yes, how frequently do you review the policies and procedures?

	N	%
Annually	26	4.5%
As needed	165	28.6%
Every 2 years	14	2.4%
It has never been reviewed	371	64.4%

40.1 Do your Policies and Procedures provide for the following [Measures to determine whether customers and, where applicable their beneficial owners, are politically exposed persons (PEPs) or PEPs' family members or close associates, prior to the commencement of transaction?]

	N	%
No	327	56.8%
Yes	249	43.2%

40.2 Do your Policies and Procedures provide for the following [Client identification and verification?]

	N	%
No	214	37.2%
Yes	362	62.8%

40.3 Do your Policies and Procedures provide for the following [Identification and verification of ultimate beneficial owners and beneficiaries?]

	N	%
No	269	46.7%
Yes	307	53.3%

40.4 Do your Policies and Procedures provide for the following [Recording and retaining information on clients and transactions?]

	N	%
No	212	36.8%
Yes	364	63.2%

40.5 Do your Policies and Procedures provide for the following [For routine customers, monitoring their transactions and as necessary updating client information?]

	N	%
No	302	52.4%
Yes	274	47.6%

40.6 Do your Policies and Procedures provide for the following [Implementation of Targeted Financial Sanction]

	N	%
No	367	63.7%
Yes	209	36.3%

40.7 Do your Policies and Procedures provide for the following [Making suspicious transaction report(s)]

	N	%
No	332	57.6%
Yes	244	42.4%

40.8 Do your Policies and Procedures provide for the following [Reporting a casual customer when transactions exceed $1,000 or its equivalent.]

	N	%
No	385	66.8%
Yes	191	33.2%

40.9 Do your Policies and Procedures provide for the following [Training of staff]

	N	%
No	257	44.6%
Yes	319	55.4%

40.10 Do your Policies and Procedures provide for the following [Enhanced due diligence measures for high-risk customers and high-risk jurisdictions]

	N	%
No	278	48.3%
Yes	298	51.7%

40.11 Do your Policies and Procedures provide for the following [Making reports on cash transactions SCUML when sums exceed $1,000.]

	N	%
No	349	60.6%
Yes	227	39.4%

41. Do you conduct risk assessments of new clients?

	N	%
Always	119	20.7%
Never (it does not happen)	120	20.8%
Occasionally (it happens from time to time)	163	28.3%
Rarely (it hardly ever happens)	174	30.2%

42. Do you have a risk management policy that requires you to reject clients you have assessed to be of high risk of money laundering/terrorism financing, based on any or all of these risk factors: client type, geography, service requested and transactions/channel?

	N	%
I am not aware	175	30.4%
No	133	23.1%
Yes	268	46.5%

43. Do you require your customers to provide a valid official means of identification before the conclusion of a transaction?
(Note: Official means of Identification is limited to only National Identity Card, International Passport, Drivers' license and permanent voters' card)

	N	%
I am not aware	93	16.1%
No	158	27.4%
Yes	325	56.4%

44. Do the policies and procedures require Enhanced Due Diligence to be applied in high-risk situations?
(High risk situation may include dealing with politically exposed persons, high volume transaction, non-face to face transaction, or others transaction that you may assessed to be of high risk)

	N	%
I am not aware	181	31.4%
No	99	17.2%
Yes	296	51.4%

45. Do the policies and procedures require you to assess risks associated with money laundering and terrorism financing?

	N	%
I am not aware	190	33.0%
No	96	16.7%
Yes	290	50.3%

46. Are you subscribed to the Nigerian Sanction Committee Alert System?

	N	%
I am not aware	225	39.1%
No	296	51.4%
Yes	55	9.5%

47. Do you conduct Targeted Financial Sanction screening?

	N	%
I am not aware	220	38.2%
No	277	48.1%

Yes	79	13.7%

48. Do you carry out an assessment to determine if a non-resident or foreign client is from a jurisdiction that poses a high Money Laundering / Financing of Terrorism risk?

	N	%
I am not aware	199	34.5%
No	224	38.9%
Yes	153	26.6%

49. Do you have policies and procedures which detail the procedure for the reporting of suspicious transactions?

	N	%
I am not aware	175	30.4%
No	233	40.5%
Yes	168	29.2%

50. Do you have policies and procedures for dealing with clients who request transactions to be completed in unusually tight or accelerated timeframes or in other unusual manners without reasonable explanation?

	N	%
I am not aware	158	27.4%
No	220	38.2%
Yes	198	34.4%

51. Should a client be evasive, or not cooperative to provide the requested information such as valid identification documents, source of wealth/source of funds, ultimate beneficial ownership information, what do you do?

	N	%
Continue transaction and don't file suspicious transaction report.	24	4.2%
Continue transaction, but file suspicious transaction report	90	15.6%
Discontinue transaction and file suspicious transaction report	184	31.9%
Discontinue transaction, but don't file suspicious transaction report	278	48.3%

52. Do you ask if your clients are acting on behalf of someone else?

	N	%
No	79	13.7%
Yes	497	86.3%

53. If yes, do you request for the identity of the person on whose behalf they are transacting?

	N	%
No	99	17.2%
Yes, always	279	48.4%
Yes, only when risk is high	198	34.4%

54. What measures do you have in place to determine if a client or the beneficial owner is a politically exposed person?

Obtain information directly from the client	256	44.6%
Rely on publicly available information	212	36.93%
Use commercial databases	42	7.32%
Not applicable	10	1.74%

The most widely used method (44.6%) involves obtaining information directly from the client. This reflects reliance on client disclosure as a primary approach. A significant portion (36.93%) rely on publicly available information, showcasing the importance of accessible databases and media in assessing PEP status. Only 7.32% use commercial databases, indicating limited utilization of advanced tools for PEP identification, possibly due to cost or lack of access.

55. Do the policies and procedures require Enhanced Due Diligence to be applied where the client and/or beneficial owner is a PEP?

	N	%
Always	164	28.5%
No	145	25.2%
Yes (Only when risk is High)	267	46.4%

56. Do you request for information on the overall wealth of the client (nature of occupation, and corresponding level of income or turnover or other income streams)

	N	%

Always	93	16.1%
No	261	45.3%
Yes (Only when risk is High)	222	38.5%

57. Do you request for additional information if the transaction volume of a regular client increases significantly?

	N	%
Always	108	18.8%
No	194	33.7%
Yes (Only when risk is High)	274	47.6%

58. Given the size and nature of the business, have you appointed a compliance officer at the management level to monitor the day-to-day implementation of AML / CFT measures, policies, controls and procedures?
(Please note where business is a sole proprietorship and the appointed officer is themselves, they may choose to select the option “No, sole proprietor has taken this role”)

	N	%
No, it has not been considered	341	59.2%
No, the sole proprietor has taken this role	153	26.6%
Yes, a staff at management level has been appointed	82	14.2%

59. When was the last internal audit performed, in regard to compliance with the AML/CFT regulations? (Sole proprietorship may choose Not applicable)

	N	%
Between 1 and 2 years	28	4.9%
Between 2 and 3 years	16	2.8%
During the previous calendar year	60	10.4%
It has never been done before	135	23.4%
Not applicable	337	58.5%

60. Given the size and nature of your practice, was an independent audit function established to test the AML / CFT measures, policies, controls and procedures? (Note: Sole proprietorship may choose Not applicable)

	N	%
No	162	28.1%
Not applicable	341	59.2%
Yes	73	12.7%

61. How often did you receive training on AML / CFT issues in the previous calendar year?

	N	%
Annually	483	83.9%
Half Yearly	35	6.1%
Monthly	19	3.3%
Quarterly	39	6.8%

62. Is the training program uniformly applied to all staff equally, or is it differentiated according to their duties?

	N	%
No, the same for all employees	291	50.5%
Yes, depending on the duties of the staff	285	49.5%

63. Do you keep records of your business transactions up to 5 years after transactions?

	N	%
No	119	20.7%
Yes	457	79.3%

64. Do you comprehensively vet (background checks, educational qualification etc.) potential employees during recruitment?

	N	%
No	116	20.1%
Yes	460	79.9%

65. Are all employees, who are new to their job function, required to take AML/CFT training within a specified timeframe?

	N	%
No	355	61.6%
Yes, within 1 month	65	11.3%
Yes, within 1 year	84	14.6%

Yes, within 6 months	72	12.5%

66. Sanctions and Fines:
How concerned are you that the NBA may prosecute you for non-compliance with Part 2 of the Guidelines on Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) of the Rules of Professional Conduct?

	N	%
Not Concerned	103	17.9%
Slightly Concerned	100	17.4%
Very Concerned	373	64.8%

67. Which of the following do you think should be sanctioned

	N	%
Absence of a compliance system based on the risks of a Law Firm	131	22.7%
Failure to file Suspicious Transaction Reports	253	43.9%
Lack of Training or knowledge about the RPC and the AML/CFT Laws	135	23.4%
Lack of understanding of risks inherent in transactions, services or clients	57	9.9%

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