



CORPORATE@

Updates from the LIBERIAN CORPORATE REGISTRY

ISSUE NO. 10: APRIL 2012

Welcome to the Spring Edition of the Liberian Corporate Registry's Quarterly Electronic Newsletter

All New
LiberianCorporations.com
Website

The Liberian Corporate Registry is pleased to announce the release of its new website.

Please visit —
www.LiberianCorporations.com to view the Registry's most recent developments and updates.

The new website features filing instructions and sample documents, links to the Registry's state-of-the-art web-based client interface — eCorp®, articles recently published by Liberian Corporate Registry Executives, recent and archived *Corporate@* newsletters, an online payment system, and much more.

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FEATURE—MONEY LAUNDERING

The Liberian Registry and its exclusive administrator, LISCR, LLC, are committed to denying terrorists and criminals access to the financial system and facilitating illicit activity through the use of Liberian non-resident corporate entities.

Money Laundering

Money laundering occurs when any transaction takes place involving any form of property which has originated from a crime. The main objective of money laundering is to disguise the source of the criminal property and to conceal or distance ownership of criminal property but still maintain control of it and benefit from it.

Many professionals unknowingly assist in the crime of money laundering due to the fact that they are in a confidential relationship with the criminal. Such professionals consist of, among others, bankers, trustees, lawyers, accountants, brokers, etc.

The Process of Money Laundering

There are 3 main stages involved in money laundering:

1. **Placement:** Where the cash from criminal activity is placed into the financial system.
2. **Layering:** Usually involves a complex system of transactions that are designed to conceal the source of the funds and the identity of the owner of the funds to confuse the authorities.
3. **Integration:** When the laundered funds are reintroduced into the legitimate system and appear to originate from a legitimate source.

Placement

Various forms of organized crime generally generate large amounts of money in the form of bank notes that are often in small denominations. In order to get the laundered money into a legitimate financial system without raising suspicion as to their illegal source, criminals will usually try to use a bank account. However, in most countries, there are limits that impose how much one can deposit into a bank account without providing further information or raising suspicion. In the US, any amount that is deposited into or withdrawn from a bank account in excess of the imposed limit must be reported to the authorities by the financial service providers.

Often criminals will try to co-mingle legitimately earned cash (e.g. from a restaurant business) with illegitimate cash in an effort to conceal the criminally derived funds. Another way of disguising the source of illicitly obtained funds is by purchasing assets such as real estate, jewelry, antiques, etc. with "dirty" money and legitimately selling the assets in exchange for "clean" money.

Layering

Once cash has been successfully placed into the financial system, the money can be used for complex transactions such as bank transfers with the main objective of confusing any criminal investigation and placing distance between the source and the criminal proceeds and their present legitimate appearance.



Mount Nimba, Liberia

Often in the early part of the money laundering process, the funds are outside of the country where the money was first deposited, thus out of the reach of local law enforcement agencies in the country where the original crime was committed. The criminal will then typically use the financial services system or a product such as an 'offshore' company to try and form as many 'layers' as possible to disguise the source and confuse law enforcement.

Integration

Integration is the final phase of the money laundering process where the funds appear to have come from a legitimate source. Examples of integration will include purchase of a life insurance policy, transfer of money from an overseas account made to appear as if the overseas company is making a loan, a gift or inheritance, etc. Another common method of integration is by the establishment of anonymous offshore companies and the use of false import and export invoices.

Money laundering does not always occur in the manner described above. Offshore jurisdictions are often blamed for facilitating money laundering, however many actual examples involve onshore jurisdictions in part to add an appearance of legitimacy to the scheme.

The Crime of Money Laundering

The offense of money laundering encompasses knowing or having reasonable grounds for suspecting that the property in question is the proceed of a crime. You are not expected to play the role of a detective, or expected to be an expert in the predicate offenses of money laundering, however, you must report any knowledge or any suspicion that you formulate during your work by:

1. Knowing your clients;
2. Remaining alert;
3. Considering whether any activity is unusual and potentially suspicious; and
4. Reporting when necessary

Knowing the purpose of each relationship with which you have an involvement will assist you with identifying unusual and potentially suspicious activity. Do not assume that money laundering is not a concern with existing clients, for whom you handled their business for some time. Existing relationships pose as great a risk as new client relationships.

"Money Laundering" article continued on pg. 2



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Updates from the LIBERIAN CORPORATE REGISTRY

New Address In Zurich, Switzerland

The Corporate Registry's office in Zurich, Switzerland has recently moved within the city. Their new address is:

LISCR S.A.
Staufferstrasse 26
8004 Zürich
Switzerland

Their phone, fax and email addresses have not changed and remain as before.



Legislation Reaffirms Tax-Free Status

The Liberian legislature has passed amendments to the Liberian Revenue Code (the Act of 2000, Phase One Reform Tax Code of Liberia, published August 2002). The amendment has been signed by the President and published into law in November 2011. The updated tax code is available on the Registry's website.

The Registry confirms that Liberian Nonresident Domestic Corporations remain exempt from domestic taxation in Liberia.

FEATURE—MONEY LAUNDERING (continued)

Generally, local Anti-money laundering law will provide you and your organization with complete protection against any action for breach of client confidentiality in the event that you report knowledge or suspicion of criminal conduct ("safe harbor" clause).

How Banks Deal with Money Laundering

"Know Your Client" (KYC) is an important element in identifying money launderers. The more the financial service provider knows about the client, the better position it will be to identify unusual or potentially suspicious activity.

KYC usually refers to the following parts of a client relationship:

1. Who is the client? His identity, passport etc.
2. Where is the client resident? Geographic location is as significant as a place to go and ask questions.
3. What are the client's assets? Is the amount of his assets consistent with his stated line of work and business, and are they located in a country that creates a cause for concern?
4. What are the client's business interests? Does this fit with his overall business description, and does he conduct business in countries that have a reputation for being a high risk for money laundering?
5. What is the source of the funds? Does this coincide with the overall scope of the client's business activities and are they going to a country of high risk and concern?
6. What is the destination of the funds? Are the funds going to a country with a reputation for money laundering or drug related crimes?
7. Who are the client's business partners? Are they known to be dishonest or Politically Exposed Persons (PEP) or Exposed Persons (EP)? A PEP is a senior political figure and includes immediate family members and close associates who may be exposed to the proceeds of corruption.
8. What is the nature of client's business activities? Is his line of business putting him in close contact with possible criminals?
9. What is the commercial rationale for the relationship between the client and the organization? Does it make sense?
10. What is the client's Source of Wealth?
11. What has been the client's historical pattern of activity and business? Has it been consistent?
12. Is the current or proposed business activity consistent with the client's profile and commercial objectives?

Terrorist Financing

Money laundering and terrorist financing are both threats to the financial services industry and have a number of features in common:

1. The laundered proceeds will be used for funding future or prospective criminal acts.
2. The destination of the funds for terrorist financing will be disguised in the same way as the source of the laundered funds are disguised.
3. The source of funding for terrorist activity may be lawful but the terrorists will attempt to disguise it in order to preserve the future use of the funds.
4. Both money laundering and terror financing require the use of the financial services industry.

Corporate Service Providers

Corporate Service Providers offer several opportunities for a criminal to launder money:

1. The setting up of a corporation will enable the proceeds of corruption to be placed into the name of the company thus allowing the criminal to divest himself of ownership
2. The criminal's ownership of the company will be concealed, and thus ownership of the assets, as the ultimate beneficial owner's identity is not disclosed
3. Ownership can be concealed by using a Nominee who does not actively manage and control the company
4. The corporate veil will place a distance between the criminal and the corporation
5. Where bearer shares are issued, it is possible to transfer shares from one person to another simply by passing the actual share certificate over to another holder (bearer). Thus the bearer share becomes a negotiable instrument just like a bank note. Assets can be acquired without the purchaser being identified, and the companies that issue them can be owned and controlled by individuals who cannot be identified.

Banking Services

Bank accounts are the most vulnerable to money laundering and terror financing as they are the gateway to the world of financial services.

Money transfers are the most commonly used by money launderers because they can quickly and efficiently facilitate cross border movements of money and they can be difficult to trace. However, one still needs to set up a bank account in order to make a bank transfer.

Credit cards are also widely used as they are a secure means of indirectly spending the illegal funds. Credit cards can be in the name of a person or in the name of a corporation, and they can be used by telephone or internet without any face to face contact.

The use of loans and back-to-back loans can also be used to conceal the criminal source of money by depositing money into an account which can be used as collateral to acquire another form of property. The same applies to a Letter of Credit.

Liberian Corporate Registry

Liberia is not a target for money laundering and terror financing activities as it is not a banking and financial center. It is for this reason that Liberia does not appear on the US Department of State INCSR 2012 Report as a Jurisdiction of Prime Concern for money laundering. Liberia is also not listed as a tax haven by the "Stop Tax Haven Abuse Act" initiative by Senator Carl Levin in the US Senate.

The above issues are some of the reasons why LISCR, as exclusive administrator of the Liberian Corporate Registry, only works through professional intermediaries and not directly with beneficial owners. Professional intermediaries are regulated by the laws of the jurisdiction in which they operate. They are also required to perform all the necessary due diligence and KYC for their clients prior to embarking on a relationship with the Registry and for the duration of their relationship with the Registry.

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ADDITIONAL CORPORATE SERVICES

The Liberian Corporate Registry receives requests for various types of corporate services, including:

- Legal opinions
- Nominee services
- Share Certificates and Corporate Kits
- Assistance in the opening of bank accounts

Clients are invited to contact the Registry for assistance in obtaining a list of lawyers licensed to practice law in Liberia or names of service providers who can assist in providing these services.

NEXT ISSUE OF CORPORATE@ —SUMMER 2012

eCorp® Update

The Registry's state-of-the-art web-based client interface, eCorp®, has recently undergone a major update. The new and improved platform further solidifies the Liberian Corporate Registry's commitment to its clients in providing innovative solutions for managing their corporations.

In addition to improving the system's current features, the following new enhancements have been added:

- Form new LLC's
- Ability to designate a default template for new entities
- New homepage design
- Notification on the homepage of name approvals and responses to requests
- A summary page prior to completing orders
- Improved accounting features

eCorp enables clients to conveniently and securely access their accounts 24/7 to:

- Form new corporations and LLC's
- Generate Certificates of Incorporation and Goodstanding
- Reserve names for new corporations
- Manage existing corporations
- Pay invoices online
- Generate and review statements of account

eCorp allows users to complete the incorporation process and obtain electronic duplicates of the original documentation in just minutes.

Clients can also monitor the status of existing entities for which they are the Address of Record (Billing Address) and obtain certificates, for both Liberian entities under their management, as well as for 'Third Party' Liberian entities. eCorp users can easily access copies of invoices and make payments online by credit card or drawdown account.

In addition to immediate access to electronic documents, the Registry continues to courier paper originals from the local regional office. Apostilles can be requested for eCorp issued documents and all Apostilles contain a 'live' ink signature.

Please contact corporate@liscr.com to obtain login credentials for accessing eCorp.

We welcome user feedback and suggestions as we continue to develop this system to provide more functionality to users.

Looking For a 'New' Jurisdiction? Bring Your Next Incorporation Request to Us

Recent attacks on the high profile offshore financial centers by the OECD and certain leaders of the G20 have driven professional service providers to once again seek out new jurisdictions. Many have re-discovered Liberia, a 'new' jurisdiction, with over a half century track record of providing professional services to the world's financial and investments communities.

Read more on our website under "Recent Articles".

