



GLOBAL FINANCIAL INTEGRITY

GHANA'S OPEN SECRET

Why Dirty Money in The Real Estate Sector is a Reality, Not a Myth



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WHY DIRTY MONEY IN THE REAL ESTATE
SECTOR IS A REALITY, NOT A MYTH

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ACKNOWLEDGEMENTS

Author

Maxwell Kpebesaan Kuu-ire - Policy Analyst - West Africa, GFI

Editor

Philip Nyakundi Gichana - Policy Director Africa, GFI

Design

Dennis Kabia - Communications Associate East & Southern Africa, GFI



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List of Abbreviations

AML	Anti-money laundering
BO	Beneficial Ownership
BOI	Beneficial Ownership Information
BBF	Bundesamt zur Bekämpfung von Finanzkriminalität
CDD	Customer Due Diligence
CFT	Countering the Financing of Terrorism
CRE	Commercial Real Estate
CCOD	Commercial and Corporate Ownership
DNFBPs	Designated Non-Financial Businesses and Professions
EOCO	Economic and Organized Crime Office
FATF	Financial Action Task Force
FIC	Financial Intelligence Centre
FKBG	Finanzkriminalitätsbekämpfungsgesetz
GIABA	Intergovernmental Action Group against Money Laundering in West Africa
GREDA	Ghana Real Estate Developers Association
GwG	Geldwäschegesetz
HM	His Majesty
KYC	Know Your Customer
OCOD	Overseas Companies Ownership
PEP	Politically Exposed Person
REIT	Real Estate Investment Trust
REML	Real Estate Money Laundering
REAC	Real Estate Agency Council
SEC	Securities & Exchange Commission
STR	Suspicious Transaction Report
StGB	Strafgesetzbuch
UBO	Ultimate Beneficial Owner
VErmG	Vermögensermittlungsgesetz
ZfS	Central Office for Sanctions Enforcement


Executive Summary


For centuries, the real estate sector has been a haven for criminal elements whose inherent interest is to keep their nefarious activities and proceeds under a cloak. The ability of the sector to raise the profile of property owners while at the same time hiding their illicit source of funds attracts criminals and generates much interest from law enforcement bodies worldwide. In Ghana, money laundering in the real estate sector has become a growing concern with severe implications for the country's financial integrity and security. This report sheds light on the extent of money laundering in the sector by estimating the laundered sums, demonstrates the mechanism/schemes used with case examples, evaluates the adequacy of the country's AML frameworks targeting real estate, and provides recommendations for dealing with some of the identified challenges.


The key findings on Ghana include


- » At a minimum, an analysis of 16 cases reported between 2014 and 2023 covering 24 properties and 510 acres of land indicate that \$48,833,127 has been laundered through real estate in Ghana.
- » Fraud perpetuated through front companies, corruption, theft, and drug trafficking are the noteworthy predicate crimes commonly used to attract funds to purchase real estate and other properties.
- » 87.5% of the cases analyzed involved residential properties in Ghana's capital, the Greater Accra Region.
- » Regulative agencies, such as FIC, rely on STRs to combat REML in Ghana, but this has yielded minimal outcomes due to non-compliance by DNFBPs, of which real estate professionals are part.
- » There is a lack of specific regulation for VAs/VASPs, while properties are listed and priced online in virtual currencies in Ghana.
- » Non-identification and lack of verification of beneficial ownership information in real estate and land transactions.
- » Non-operationalization of the central authority to enforce and supervise real estate professionals, besides the generic mandate of FIC in combating money laundering.


Key Recommendations


-  The government should operationalize REAC as the central authority in the real estate sector to consolidate all the scattered related bodies for improved coordination and supervision. The REAC should create regional offices to expand the supervisory reach of the council and actively pursue the licensing of all sector players, namely agents, brokers, and developers, to enable sanctions to apply to any licensed professionals.


-  The FIC should use “authorized persons,” such as attorneys, notaries, banks, or investment advisors, to verify BO information. This method reverses the cost of verification from the public sector and makes the “authorized persons” jointly liable for false declarations (Slovakia Model of BO information verification)

-  FIC should collaborate with the Registrar of Companies to streamline BO information gathering by providing a standardized online form for DNFBPs and lands commission in all transactions. Automation of the online form should be considered as it can improve the accuracy and speed of BO information collection.

-  The Office of the Registrar of Companies (ORC) and Financial Intelligence Centre (FIC) should obligate real estate agents and land commission officials to identify the beneficial owner of real estate and land transactions. The government can then link the central BO registry and the land commissions database to ensure interoperability for real-time transaction tracking.

-  The FIC, EOCO, ORC, and other relevant regulatory authorities should create awareness of real estate money laundering and assure DNFBPs of protection from criminal networks to improve their STRs reporting compliance.

-  The government should develop a regulation for VAs/VASP’s operations/licensing regime, conduct a national risk assessment of VAs/VASPs, continuously monitor money laundering trends, and design appropriate countermeasures for new technologies to police VAs/VASPs.

-  Publicize the assets and liabilities PEPs declare before the assumption of office and after their tenure ends, and implement lifestyle audits.

Methodology

Case Analysis: Identification of Cases

The analysis of cases compiled by Global Financial Integrity (GFI) included 16 real estate money laundering cases covering 24 properties and 510 acres of land publicly reported between 2014 and 2023. The case information is sourced from a) news reports by reputable media outlets and b) documents published by law enforcement authorities (such as confiscations and press releases).

Value of Real Estate Money Laundering (REML)

The assessment of the total value laundered through real estate in the identified cases was based on the sum of the value of the properties as reported by the public sources used for case identification. In some cases, only the location and type of property were disclosed, while the property's value was unknown. An estimate was done by looking at those markets' lower average pricing ranges. GFI got the dollar equivalent of the properties achieved by converting the different currencies of the reported property values using the average rate of the date on which the case was reported. Therefore, the sum presented is an estimate of the total minimum.

Semi-structured Interviews

Also, semi-structured interviews were conducted with purposively selected vital stakeholders, including real estate professionals and national regulatory agencies. The purposive sampling was used to ensure diverse perspectives and expertise specific to regulatory frameworks on REML, Beneficial Ownership (BO), and corruption and to obtain supplementary cases of REML in Ghana.

Identification of Politically Exposed Persons (PEPs) and Gatekeepers

PEPs and gatekeepers were identified using the FATF-recognized standards and best practices on what constitutes a PEP and gatekeepers.

Challenges of the Research

The significant challenges this research faced relate to difficulties in sourcing official information from national regulatory authorities and dealing with the inadequate depth of journalists' reported cases.

1 | INTRODUCTION

Individuals with questionable wealth have traditionally used real estate to invest or launder illegally obtained money surreptitiously. The last decade has seen civil society groups, journalists, and governments, in concerted efforts, expose a veritable avalanche of real estate money laundering (REML) cases that span the globe, including African Countries¹. Yet real estate remains a favored destination for the laundering of illicit proceeds.

Research evidence highlights the opacity of ownership structures, the limited or lack of enforcement of due diligence requirements, and the corrupt role of the so-called gatekeepers as the significant vulnerabilities that make real estate the most attractive for money laundering. The real estate sector in Africa has unique characteristics that make it susceptible to money laundering. One significant factor is the prevalence of cash-based transactions². Cash facilitates anonymity and hampers traceability, enabling illicit funds to be placed and integrated. Another distinctive feature of the African land and real estate sector is the prevalence of informality and inadequate regulatory oversight. Informal transactions, such as undocumented land sales or unregistered property transfers, allow criminals to inject illicit funds into the sector without detection. Moreover, weak regulatory frameworks, insufficient enforcement mechanisms, and the limited capacity of regulatory bodies contribute to the vulnerability of the real estate sector to money laundering.

Like many other African countries, Ghana's real estate sector is not immune from money laundering. Significant vulnerabilities are associated with major economic growth and a corresponding expansion in the real estate market. Notably, over five years, between 2016 and 2021, Ghana's real estate industry registered a compound annual growth rate (CAGR) of 30%³. However, this positive surge in demand for properties has also inadvertently become an opportunity for criminals seeking to exploit the potential anonymity and capital appreciation, coupled with corruption and inadequate transparency, to hide illicit funds in the sector. Significantly, while touching on the causative factors, the Ghana Real Estate Developers Association's (GREDA) Executive Secretary highlighted that real estate is an attractive target for money laundering due to its high value, low transparency, and ease of ownership transfer⁴. Instances of bribery, fraud, and misuse of public funds contribute to injecting illicit proceeds into the sector. Corruption is pervasive in land acquisition and development for commercial and residential purposes. According to the UN data on corruption, Ghana's Land Commission is ranked the fourth most corrupt institution and the biggest bribe-taker among public institutions⁵. Furthermore, the inherent complexities of real estate transactions, including multiple intermediaries, layered ownership structures, and cross-border investments, obscure the illicit origin of funds. These factors exacerbate the challenges authorities face in identifying and disrupting money laundering activities in the sector.

¹ Lakshmi Kumar and Kaisa de Bel, August 2021. Acres of Money Laundering: Why U.S. Real Estate is a Kleptocrat's Dream

² GIABA, 2008. Typologies of Money Laundering through the Real Estate Sector in West Africa

³ Ghana Investment Promotion Centre (GIPC), Ghana Real Estate Sector Report. November, 2022

⁴ B&FTonline.com (2023). GREDA raises the alarm over money laundering in real estate. <https://thebftonline.com/2023/10/06/greda-raises-alarm-over-money-laundering-in-real-estate/>

⁵ Corruption in Ghana: Peoples experiences and views, 2022. https://www.unodc.org/documents/data-and-analysis/statistics/corruption/Ghana/UN_ghana_report_v4.pdf

This report aims to provide a comprehensive analysis of money laundering in Ghana's real estate sector, focusing on a curated Ghana-specific dataset to determine the scale and uniqueness of the techniques and mechanisms used by criminal actors in laundering the proceeds of crime in the country. Also, assessing emerging trends, such as the potential use of crypto-currency in acquiring real estate, will reveal novel insights into the sector, already marked as high risks⁶. And help a critical segment of compliance professionals understand how the typology works. By addressing these vulnerabilities specific to Ghana's real estate sector, the report will contribute to the formulation of effective policies, regulations, and practices that can combat money laundering and enhance transparency and integrity within the industry.

⁶ Ghana's Companies Act, 2019 (Act 992)



2 | REGULATORY ENVIRONMENT ON REAL ESTATE MONEY LAUNDERING (REML)

Ghana recognizes the importance of maintaining a robust regulatory environment to address money laundering and counter-terrorism financing challenges. Thus, several regulations have been promulgated to combat money laundering across many sectors, including real estate. This section provides an overview of the key Ghanaian regulations for combating money laundering in the real estate sector.

Anti-Money Laundering Act 2020 (Act 1044)

The Anti-Money Laundering Act 2020 (Act 1044) has amended Act 749 of 2008. Act 749 was the first direct legislation in Ghana's efforts to combat money laundering. As amended, this Act 1044 consolidates the laws relating to the prohibition of money laundering and other related matters⁷. Notably, Act 1044 in section 63 provides BO as a potent tool to aid the fight against money laundering. Section 63 of Act 1044 defines BO to mean (a) a natural person who ultimately owns or controls the right to or a benefit from property, including the person on whose behalf a transaction is conducted, or (b) a natural person who exercises ultimate effective control over a legal person or legal arrangement⁸

Real estate companies and agents are listed in the first schedule of Act 1044 as accountable institutions with anti-money laundering and BO obligations. Therefore, real estate professionals, such as lawyers, agents, and property developers, are obligated to identify and verify the identity of their customers (KYC/CDD), maintain records of transactions, and report suspicious activities to the Financial Intelligence Centre (FIC). The FIC has the authority to issue directives to accountable institutions, including those in the real estate sector, to implement AML measures⁸.

Anti-Money Laundering Regulations 2011 (LI 1987)

LI 1987 provides guidelines for operationalizing the Anti-money Laundering Act 2008. The related relevant section includes general guidelines, identification of proceeds of unlawful activity, and establishment and verification of the identities of individuals and legal persons⁹.

Real Estate Agency Act, 2020 (Act 1047):

The Real Estate Agency Act regulates the activities of real estate agents and agencies, including their role in property transactions. The Act establishes the Real Estate Agency Council (REAC) as the central authority to regulate the professionals within the sector. The Act requires real estate professionals to adhere to ethical standards and conduct due diligence on clients, which can help identify suspicious activities related to money laundering¹⁰.

⁷ Anti-money Laundering Act 2020 (Act 1044)

⁸ Anti-money Laundering Act 2008 (Act 749)

⁹ Anti-money Laundering Regulations 2011 (L.I. 1987)

¹⁰ Real Estate Agency Act, 2020 (Act 1047)

Economic and Organized Crime Act 2010 (Act 804)

Act 2010 (804) establishes the Economic and Organized Crime Office (EOCO) as a specialized agency to monitor and investigate economic and organized crime in Ghana¹¹. The Act mandates the EOCO to act in line with the authority of the Attorney-General to prosecute these offenses to recover the proceeds of crime and provide for related matters. In 2012, LI 2183 was passed to guide the operations of EOCO¹². Reregulation 2183 spells out processes for the freezing, seizing, and confiscating of immovable properties.

Office of the Special Prosecutor Act 2017 (Act 959)

The Act established the Office of the Special Prosecutor (OSP) as a specialized agency to investigate specific cases of alleged or suspected corruption and corruption-related offenses involving public officers and politically exposed persons. It has the mandate over private persons engaged in the commission of alleged or suspected corruption and corruption-related offenses to prosecute these offenses on the authority of the Attorney General¹³.

Securities Industry Act, 2016 (Act 929):

Act 929 revises and consolidates the Securities Industry Act 1993 (PNDCL 333) and provides for related matters. The Act established the Securities and Exchange Commission (SEC) to oversee securities regulation, including real estate investment schemes and investment Trusts (REITs). The Act includes measures to prevent money laundering and requires entities in the securities industry to implement anti-money laundering controls¹⁴.

Companies Act 2019 (Act 992)

Act 992 amended and consolidated laws relating to companies and established the office of the Registrar of Companies (ROC). Regarding definition and scope of BO, Act 992 defines BO as “... *an individual (a) who directly or indirectly ultimately owns or exercises substantial control over a person or company; (b) who has a substantial economic interest in or receives substantial economic benefits from a company whether acting alone or together with other persons; (c) on whose behalf a transaction is conducted; or (d) who exercises significant control or influence over a legal person or legal arrangement through a formal or informal agreement*”¹⁵. Act 992 mandates the ROC to establish and collect Beneficial Ownership Information of companies¹⁶. Companies require annual BO updates through the Annual Returns filing process to maintain the accuracy of the register. Reportable BOs are classified into three main categories: natural persons, companies owned by the government, and publicly listed companies. Additionally, the Act requires that natural persons report BO details where that person directly or indirectly holds a financial interest in the company of 5% or more ownership where the reporting company is classified under high-risk sectors (which includes the extractives and financial sectors, insurance, real estate, etc.); 20% or more for low-risk sectors; 5% or more ownership if the BO is a non-Ghanaian Politically Exposed Person (PEP); and any percentage of ownership, if the BO is a Ghanaian PEP.

¹¹ Economic and Organized Crime Act 2010 (Act 804)

¹² Economic and Organized Crime Office (Operations) 2012 LI 2183

¹³ Office of the Special Prosecutor Act, 2017 (Act 959)

¹⁴ Securities Industry Act, 2016 (Act 929)

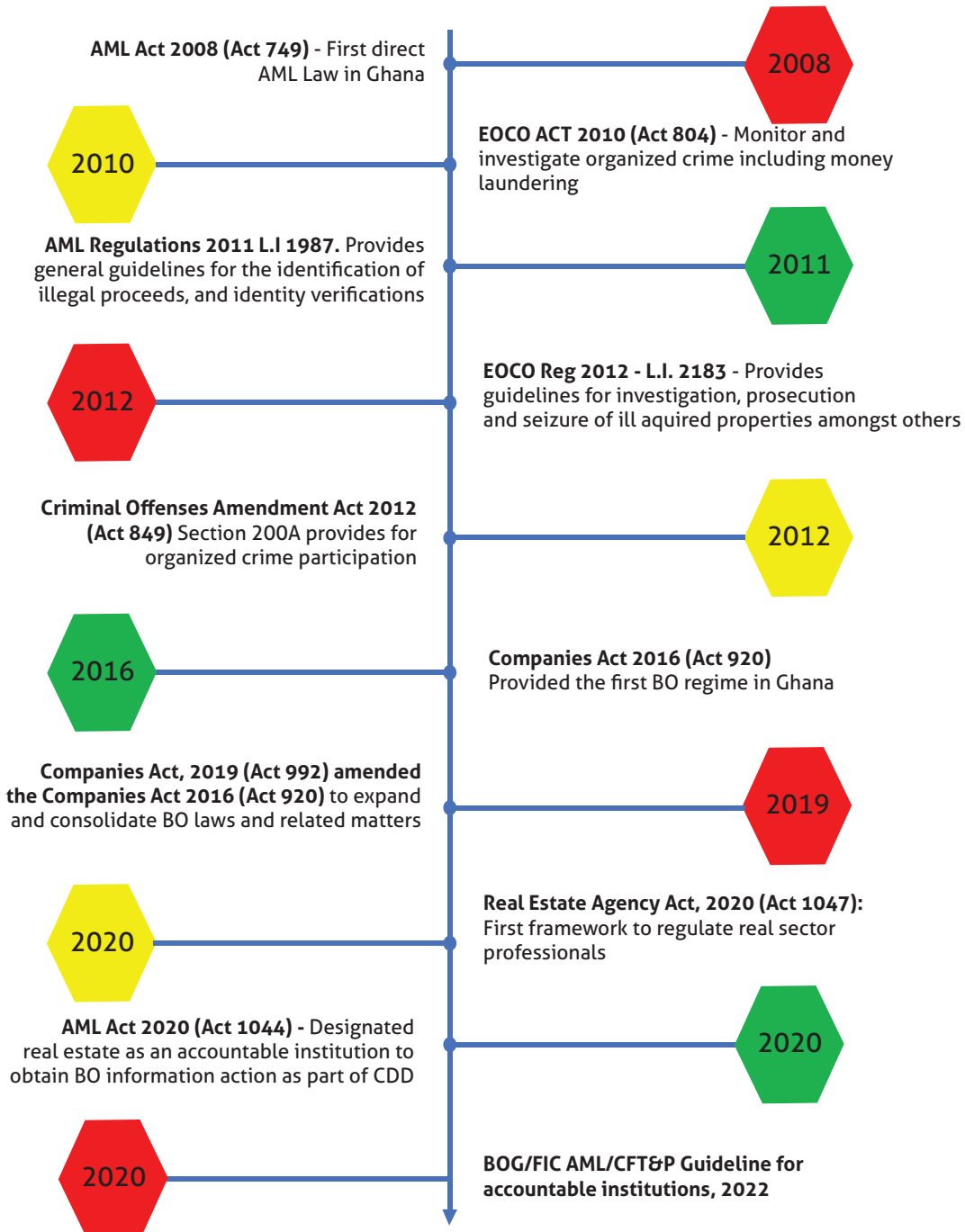
¹⁵ First Schedule of s. 383

¹⁶ Companies Act 2019 (Act, 992)

Land Act, 2020 (Act 1036):

While the Land Act primarily focuses on land administration and management, various sections indirectly contribute to AML and anti-corruption efforts by promoting transparency and accountability in land transactions. For example, provisions related to land title registration (Part Six) aim to streamline land registration processes and reduce opportunities for land corruption .

TIMELINE: DEVELOPMENT OF KEY REAL ESTATE MONEY LAUNDERING REGULATIONS IN GHANA



3 | REGULATORY AGENCIES

Regulatory Agency	Scope of Activity	Responsibilities	Nature of Activity		
			Oversight Function	Inspection/ licensing	Policy Making
Ministry of Works and Housing	General	Initiate and formulate policies for the works and housing sector. Responsible for coordinating, monitoring, and evaluating the sector's plans, programs, and performance for national development ¹⁸ .	✓	✓	✓
Financial Intelligence Centre (FIC)	General	Implementing and enforcing anti-money laundering and counter-terrorism financing regulations	✓		✓
		Receiving, analyzing, and disseminating financial intelligence related to real estate money laundering			
		Conducting investigations and taking appropriate action against real estate money laundering and corruption ¹⁹			
Economic and Organize Crime Office (EOCO)	General	Investigating and prosecuting economic and organized crimes, including real estate money laundering	✓		✓
		Generally, to facilitate the confiscation of the proceeds of crime ²⁰			
Office of the Special Prosecutor (OSP)	General	Investigating and prosecuting corruption and corruption-related offenses, including those involving real estate money laundering	✓		

¹⁸ Ministry of Works and Housing, Ghana (2023) <https://www.mwh.gov.gh/>

¹⁹ Financial Intelligence Centre, Ghana (2023) <https://fic.gov.gh/>

²⁰ Economic and Organized Crime Office (2023) <https://eoco.gov.gh/>

		Recovering assets obtained through corrupt practices in general			
Registrar-General's Department (RGD)	General	Collaborating with other agencies to prevent and combat corruption ²¹	✓	✓	✓
		The Department's mission is to ensure efficient and effective administration of entities inter-alia, the registration of Businesses, Industrial Property, Marriages, Administration of Estates, and Public Trust, and provide friendly services and accurate data for national and economic development.			
		The Registrar of Companies is legally mandated to establish, compile, and maintain a central beneficial ownership register. ²²			
Architects Registration Council	Private Members	Ensuring the best possible standards in the practice of architecture in Ghana and the registration of individuals in the architectural profession.	✓	✓	
Ghana Real Estate Professional Association (GREPA)	Private Members	Bringing professionals in the Ghanaian real estate industry together to promote the goals of its members, promoting professional standards and ethics within the industry, and providing local and international networking.	✓	✓	✓
Ghana Real Estate Developers Association (GREDA)	Private Members	Promoting the development of strong private sector participation in housing delivery while protecting consumers by avoiding shoddily erected buildings and ensuring the conformance of developers to agreed professional standards.	✓	✓	

²¹ Office of the Special Prosecutor, Ghana (2023) <https://osp.gov.gh/>

²² Registrar General Department, Ghana (2023) <https://rgd.gov.gh/>

4 | TYPOLOGIES OF REAL ESTATE/ LAND MONEY LAUNDERING IN GHANA

1

Cash Transactions

Large cash payments are often used to purchase and rent properties to conceal the source of funds. Although Ghana has a Ghs50,000 cash reporting threshold when passed through the bank, transactions are usually done in cash outside the banking channel.

2

Front Companies

Criminals establish domestic front companies or use intermediaries to acquire properties, making it difficult to trace the owners. These shell companies often lack legitimate business activities.

3

Use of Gatekeeper

Real estate gatekeepers, such as developers, brokers, agents, bankers, and lawyers, assist criminals by representing them or facilitating transactions on behalf of criminals and willfully ignore STRs obligation. This creates a buffer between the criminal and their illicit assets and adds a sense of legitimacy to the real estate transaction.

4

Leases

Criminals rent their property by purchasing it in the name of a complicit third party and paying rent to themselves through the third party. Other schemes include providing tenants illicit funds to pay rent payments or depositing them into their accounts.

5

Property Flipping

Informal or unregulated real estate markets exist, offering opportunities for criminals to purchase real estate, such as media houses and entertainment centers, and resell them to earn additional profit.

6

Undervaluation

Properties are deliberately priced low compared to the actual market value to reduce the tax liability or allow a client to serve the purchase with loan. The amount that is left out is paid for with cash, which can come from illegal sources. Appearance of legitimate profits is gotten after the property resale.

7

Overvaluation

The price of a property is inflated to be high and above the actual market value. The manipulation, is based on false documents of the actual price by a licensed estate valuer at the request of the client. This is often done to obtain the highest loan and service such loans with illicit funds

8

Loans & Mortgages

Illegal actors obtain loans from a bank to buy property and then inject illegal funds obtained earlier or later to pay the interest or repay the principal on the loan, either as a lump sum or in instalments.

9

Abuse of Totines

Large informal collective saving schemes are prone to being abuse due to limited CDD. Bulk cash can be raised by the infusion of illicit proceeds and injected into the acquisition of a property without suspicion.

10

Remittances & Gifts

Parrel asset transfer from some persons abroad as remittance or stolen vehicles are quickly send or shipped to friends or relatives who after sale channels the illicit proceed into the acquisition of real estate.

11

Third Parties

Criminals use family members and friends to acquire properties in their names to conceal the true ownership. The third-party purchase insulates the property from the source of funds and adds difficulty in property confiscation

12

Real Estate Purchase

The near regular value appreciation and assured profitability of real estate provides a secure opportunity for illicit funds to be integrated into the economy. Regular cash transacted investments are made to seemingly provide legitimacy and allow the co-mingling of illicit and legitimate funds

5 | THE EMERGENCE OF VIRTUAL ASSETS (VAS) AND REAL ESTATE IN GHANA

Globally, the emergence and adoption of VAs has proliferated. According to the latest Cryptocurrency Adoption Index, Ghana has the 9th highest rate for cryptocurrency ownership out of 27 countries²³. Such increased penetration of VAs has been reflected in the pricing of real estate properties and acceptance of payments in VAs such as Bitcoin. For example, cryptorealestate.cc has listed six high-end residential real estate properties in Accra, Ghana, for sale in USD and Bitcoin²⁴. Also, cameo1, a Ghanaian luxurious real estate developer, has indicated its readiness to accept Bitcoin for purchasing properties²⁵. In light of the growing adoption and acceptability of VAs, often with advanced privacy features, they constitute a significant ML risk that criminals can exploit and impede Ghana's effort against money laundering.

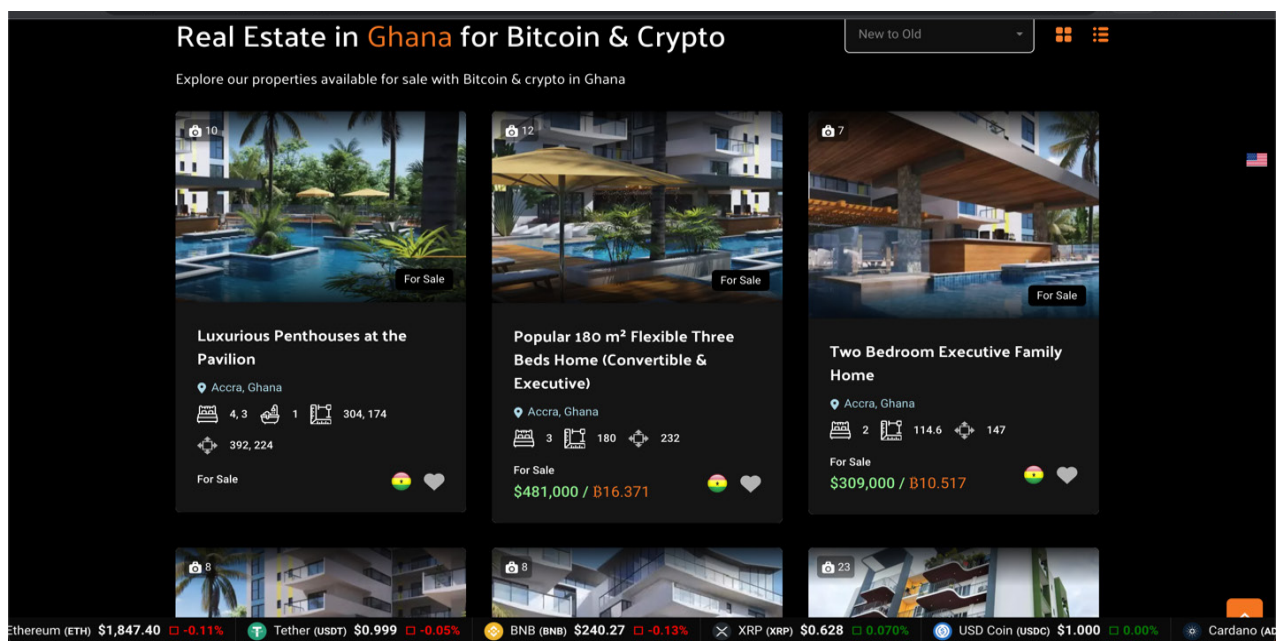
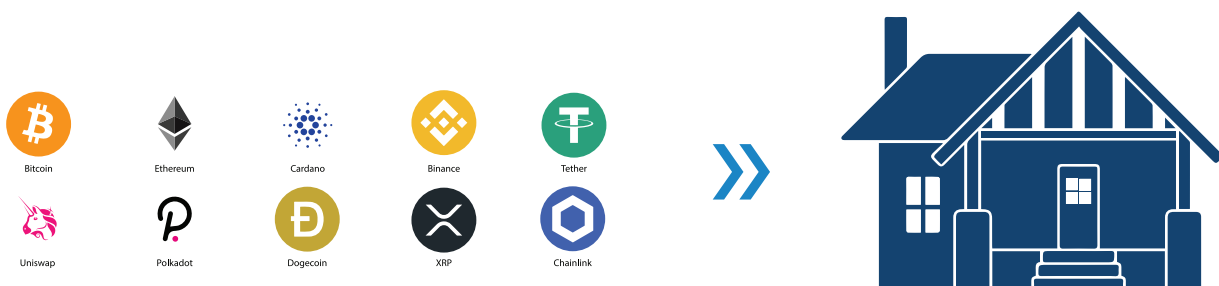


Figure 1: Example of website listing and pricing of Ghana's real estate in VAs



²³ Finder.com: Ghana has the 9th highest rate for cryptocurrency ownership out of 27 countries. <https://www.zawya.com/en/special-coverage/the-future-of-cryptos/ghana-has-the-9th-highest-rate-for-cryptocurrency-ownership-out-of-27-countries-g1f6pd4w>

²⁴ <https://cryptorealestate.cc/property-city/ghana/>

²⁵ Ghanaweb, 2019; Cameo1 Homes to accept Bitcoin for property sales in Ghana. <https://www.ghanaweb.com/GhanaHomePage/business/Cameo1-Homes-to-accept-bitcoin-for-property-sales-in-Ghana-759143>

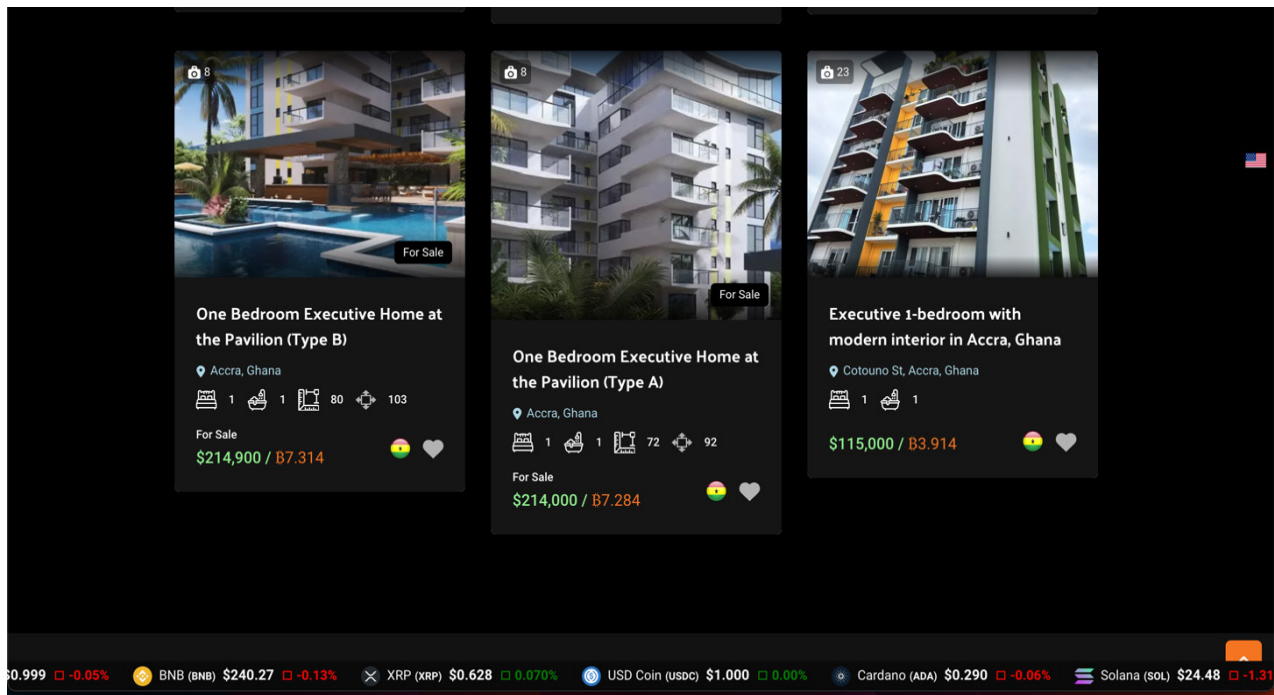


Figure 2: Example two of website listing and pricing of Ghana's real estate in VAs

Are there ML risks of using VAs in the real estate sector?

Ghana has no specific legislation or regulation covering the activities of VAs and VAPs, which targets ML in the real estate sector. Ghana's AML law and the Payment Systems and Services Act, 2019 (Act 987) (sections 7 & 22 of Act 987) provide a generic framework for the activities of VASPs. VASPs are treated as financial institutions in Ghana and are subject to the same AML/CFT obligations as other financial institutions. Although the AML/CFT imposes a reporting requirement on Designated Non-Financial Businesses and Professions (DNFBPs), including real estate agents and lawyers, significant informal and unlicensed agents can be corrupted using VAs and VASPs. Ghana has complied with some of the requirements of FATF Recommendation 15. However, some critical criteria, namely c15.3 (identifying, assessing, and understanding ML/TF risk associated with VA activities or operations of VASPs) and c15.5 (ensuring actions are taken to identify natural or legal persons that carry out VASP activities without a license) are yet to be met. These constitute a significant shortcoming under this Recommendation. Consequently, Ghana's compliance with the FAFT R.15 is downgraded as partially compliant by GIABA/FATF²⁶.

Fundamentally, without a comprehensive regulatory and supervisory oversight of VAs and VASPs, real estate transactions involving VAs lack precise tax treatment, and inadequate capture of cross-border capital flows may further amplify financial integrity risk, such as REML in Ghana. The representative of the office of the Registrar of Companies revealed during an interview that VAs pose such a massive problem that the Registrar of Companies has been directed temporarily not to register any VASPs in Ghana, partially because of the regulatory nightmares that are yet to be comprehensively understood and implemented to tackle the associated challenges.

²⁶ GIABA (2021), Anti-money laundering and counter-terrorist financing measures – Ghana, Second Round Mutual Evaluation Report, GIABA, Dakar. 3rd Enhanced Follow-up Report

6 FINDINGS FROM QUANTITATIVE AND QUALITATIVE INTERVIEWS (DATA SET ANALYSIS + INTERVIEWS)

Analysis of the curated datasets of 16 cases involving 24 properties and 510 acres of land reveals that a minimum of \$48,833,127 M has been laundered through real estate in Ghana. About \$21,625,695 M was laundered into residential properties and \$5248,138 in commercial properties. For the 510 acres of land, about \$21,959,294 went into the acquisition. The analysis further highlights fraud perpetuated through front companies, corruption, theft, and drug trafficking are the noteworthy predicate crimes commonly associated with REML in Ghana. About 87.5% of the cases analyzed involved residential properties in Ghana's capital, the Greater Accra Region. Land corruption is also rife in Ghana with manipulation of the lands commission software to steal, bribery, and appropriation of reserved lands by PEPs. The interviews revealed regulatory gaps such as the non-enforcement of the Real Estate Agency Act, lack of identification of BO in real estate and land transactions, lack of specific regulation to deal with emerging threats of VAs in real estate transactions and cash transactions as the norm in residential property rentals as well as why the reliance on STRs from accountable institutions to fight REML has thus far yielded limited outcomes. Specific case illustrations depict some of the findings.

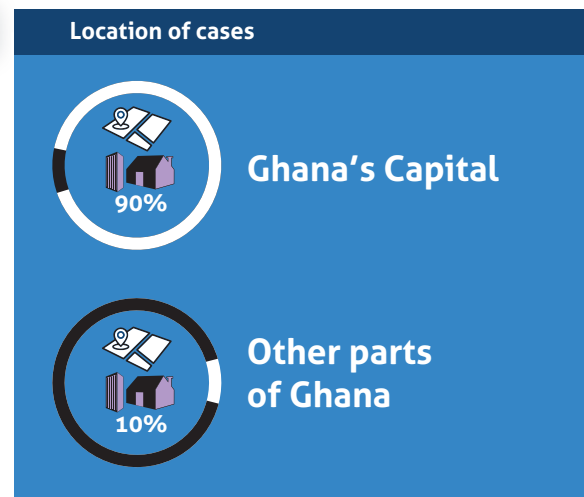
16
Number of cases analyzed (2014-2023)

24
Number of Properties

US\$48,833,127 M



Total value laundered through real estate (minimum)



Use of Front Companies and Corporate Structures to Attract Monies for the Purchase of Real Estate

Many of the properties identified involve fraud by using front companies and corporate vehicles to attract funds for the onward acquisition of real estate in Ghana. The companies are often disguised as legitimate investment opportunities but, in reality, are Ponzi schemes. The famed Nana Appiah Mensah (NAM1) of Menzgold Ghana Limited saga and Pastor Kelvin Elson Godson's EL Real Estate Limited Lease Buy Back Scheme exemplifies this mechanism.

Case 1: Menzgold Saga and REML



Menzgold Ghana Limited was initially set up as a gold trading firm by Nana Appiah Mensah (AKA NAM 1), the Chief Executive Officer, and got involved in a complex financial scheme that many analysts have described as a Ponzi scheme, in which the company promised high returns on investments in gold trading. The scheme attracted many investors who hoped to earn substantial profits. However, the scheme ultimately collapsed, leading to various legal and financial consequences. Court documents of the Attorney General indicated that under false pretenses, they took a total sum of over \$337,031,184 (GHs1,680,920,000) from their customer, which they have yet to recover²⁷.

Money Laundering Scheme

The scheme involved using a corporate vehicle known as Menzgold Ghana Limited as the parent company and two other related companies, namely Brew Marketing Consult Ltd and Zylphon Media²⁸. Seven charges out of the 39 total charges, as amended from the initial 61 charges slapped against NAM1, are for money laundering contrary to section 1(2)(a)(i) of the Anti-Money Laundering Act, 2020 (Act 1044), amounted to \$62,055,988 (Ghs309,500,000) involving the already three mentioned companies. NAM1 used family members to further the laundering of the illicit proceeds. Notably, the charge sheet revealed that NAM1 transferred significant amounts to his sister, Abigail Mensah.

Real Estate Money Laundering

Menzgold used the capital raised to acquire and develop properties in prime locations in Ghana, including office buildings, residential complexes, and other real estate assets. Properties identified included two (2) plush properties located at Trassaco Valley (Plot No. 315 and Plot No. 337), a Plot of land (No. 54) near Oak Street —Trassaco Valley, an Uncompleted Residence, and 510 acres of land²⁹. All the real estate properties identified have an estimated value of \$33,064,294.

²⁷ Ghanaweb.com (2023) All the charges NAM1 has been slapped with and monies he is accused of stealing. <https://www.ghanaweb.com/GhanaHomePage/business/All-the-charges-NAM1-has-been-slapped-with-and-monies-he-is-accused-of-stealing-1835312>

²⁸ Ibid

²⁹ Pulse.com (2019) Full list of NAM 1's properties seized by EOCO. <https://www.pulse.com.gh/news/local/full-list-of-nam-1s-properties-seized-by-eoco/2x7cdrx>

Confiscation of the properties

In January 2019, the Financial and Economic Crimes Division of the Accra High Court, presided over by Justice Helen Amoah, froze Menzgold's assets following a motion by EOCO. The Accra High Court gave the EOCO the green light to auction the properties of the defunct gold firm Menzgold Ghana Limited on January 18, 2022³⁰. The two (2) plush properties located at Trassaco Valley (Plot No. 315 and Plot No. 337), Plot of land (No. 54) near Oak Street- Trassaco Valley, Uncompleted Residence, and 510 acres of land were affected by the court order.

Case 2: Pastor Lease Buyback Money Laundering Scheme

Predicate Crime:



The predicate crime in this case is defrauding by false pretense and money laundering. Pastor Kelvin Elson Godson, under the guise of his church and front companies, collected funds from his congregants and the general public ostensibly to sell them land and properties in a lease buyback scheme³¹. Pastor Godson claimed to invest these funds in various companies but failed to deliver on his promises. This constitutes fraud, as he misrepresented the nature of the investments and could not repay the principal and the promised interest to the investors.

Money Laundering Mechanism:

Pastor Kelvin Elson Godson and Sabina Elson Godson (wife of Pastor Kelvin Elson Godson) allegedly used four front companies, namely EL Real Estate, Fromfrom Capital, Tikowrie Capital, and Fine Front Capital, for funds solicitation and multiple back accounts for the placement. They invested in legitimate and unlicensed businesses and acquired assets using these funds. Pastor Godson bought Fromfrom Capital Limited using funds from one of the accounts³², to potentially convert illicit funds into a legitimate business asset. EL Real Estate, registered to sell real estate, allegedly ventured into financial and investment services without the required license from the Securities and Exchange Commission (SEC). "In all, about 875 persons invested a total of \$4,987,846 (Ghs 23,773,950) with the companies as mentioned earlier as follows – (784) persons invested a total of \$4,046,880 (Ghs 19,288,950) with EL Real Estates Limited, (79) persons invested a total of \$882,956 (Ghs 4,208,500) with Tikowrie Capital Limited while (12) invested a total of \$57,800.7 (Ghs 275,500) with Fromfrom Capital Limited," the prosecutor told the court³³.

³⁰ Peacefmonline.com (2022). Court grants greenlight for auctioning of Menzgold properties. <https://www.peacefmonline.com/pages/business/finance/202201/459061.php>

³¹ Citifmonline.com (2022). Zoe Embassy Church founder and wife accused of money laundering granted GH¢23m bail. <https://citinewsroom.com/2022/08/zoe-embassy-church-founder-and-wife-accused-of-money-laundering-granted-gh%2%A223m>

³² Graphiconline.com (2022). Zoe Embassy pastor, wife granted GH¢46m bail. <https://www.graphic.com.gh/news/general-news/zoe-embassy-founder-wife-granted-gh-46m-bail.html>

³³ Ibid

The use of Multiple Accounts

Using multiple accounts obscures the source of the funds and creates a veneer of legitimacy. The pastor co-mingled the investment in legitimate and illegitimate Ventures. While claiming to invest the funds in legitimate businesses, some investments were made in companies not licensed for investment or fund management, such as Fine Fort Capital Limited. This allowed the accused person to mix illicitly obtained funds with legitimate investments.

Residential real estate received the bulk of laundered amounts in Ghana's Capital, Accra.

Ghana's housing deficit is 1.8 million, a 33% reduction from 2.8 million recorded between 2010 and 2021³⁴. The decrease has partly been attributable to the real estate boom and a 72.8% increase in residential structures³⁵. The upsurge of the real estate market has some illicit funds facilitating the expansion. Over 87.5% of the cases analyzed involved residential properties in Ghana's capital, the Greater Accra Region. This finding mirrors why a third (34.6%) of households occupy rented dwelling units (urban, 46.0%; rural, 17.1%), with Greater Accra (47.6%) and Ashanti (40.6%) regions having the highest proportions³⁶. The large segment of Ghana's urban population renting dwelling units illustrates the attractiveness of the demand for residential properties to criminals and individuals who wish to profit from this need or own their homes to engage in crime.

³⁴ Ghana Statistical Service (2022) General Report, Ghana Population and Housing Census Report. <https://census2021.statsghana.gov.gh/gssmain/fileUpload/reportthelist/Volume%203%20Highlights.pdf>

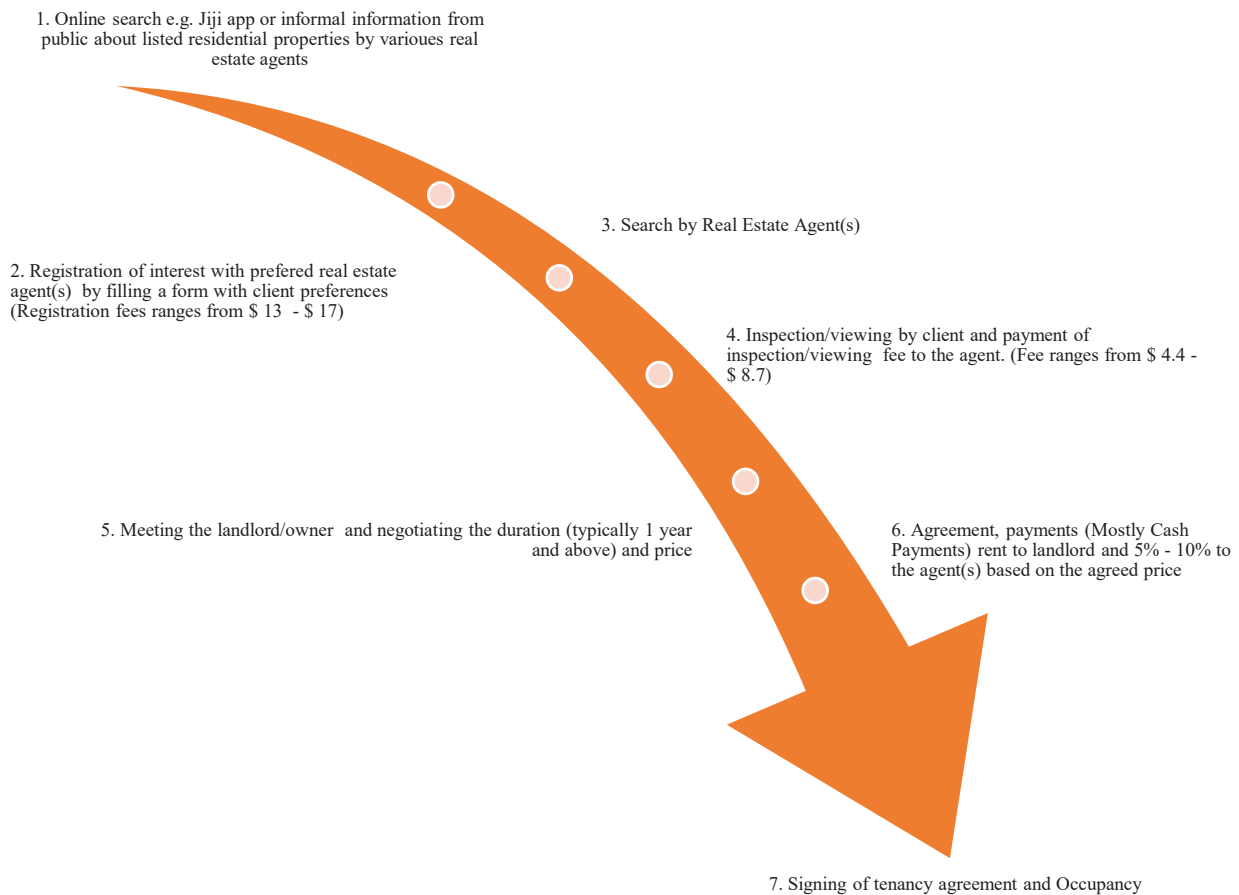
³⁵ Centre for Affordable Housing Finance in Africa (2022). Africa Housing Finance Yearbook: Ghana Profile. <https://housingfinanceafrica.org/app/uploads/2022/12/v14-Ghana-Final.pdf>

³⁶ Ghana Statistical Service (2022) General Report, Ghana Population and Housing Census Report. <https://census2021.statsghana.gov.gh/gssmain/fileUpload/reportthelist/Volume%203%20Highlights.pdf>



Schema of Residential Real Estate Transaction in Ghana

Figure 3 below represents the schema of residential transactions in Ghana.



Case 3: Ghana's Former Minister of Sanitation "House Bank" Larceny



Patience Botwe (Age: 18 Yrs., Hairdresser), a housemaid of Madam Cecilia Dapaah (former Minister of Sanitation), and her seven accomplices allegedly stole and dishonestly appropriated cash sum of One Million Dollars (\$1,000,000), three Hundred Thousand Euros (€300,000,000) and unspecified amounts of cedis which the minister kept at her residence³⁷.

Properties Purchased

Investigations revealed that five outright purchases of houses in Accra, as well as a house and a shop rented in Tamale, worth \$904,275, were allegedly made with the illicit proceeds.

³⁷ 3news.com 2023. Cecilia Dapaah's story is hard to believe - Kpebu. <https://3news.com/cecilia-dapaahs-story-is-hard-to-believe-kpebu/#comment-34496>

Mechanism Used

The syndicate used leads or nominees in the real estate transactions. Christiana Achab purchased an eleven-unit chamber and hall self-contained house at Budumburam at \$619,149 directly in her name. Again, Christian Achab fronted and bought two different three-bedroom houses for Patience Botwe for \$95,944 at Amrahia and Aplaku, both in Accra. Furthermore, Christiana Achab used Sumaila Yahaya's name to purchase another three-bedroom self-contained house worth \$73,509 at Amrahia³⁸.

Case 4: Confiscation of the East Legon Mason of a Drug Trafficking Kingpin

Predicate Offenses:



The primary predicate offense in this case is drug trafficking. Nayele Ametefe was convicted of trafficking 12 kilos of cocaine, leading to her imprisonment in the United Kingdom³⁹. The proceeds from her drug trafficking activities are the likely source of the wealth used to acquire her \$1.6 million East Legon plush mansion⁴⁰.

Type of Real Estate Involved:

The real estate involved is a residential mansion at East Legon, a plush vicinity in Accra, Ghana, with a reported value of \$1.6 million. This property later became the subject of confiscation and sale by court order.

PEP:

Media reports alleged that Nayele has significant connections to high-ranking Ghanaian politicians. At the time of her arrest, she reportedly had a Ghanaian diplomatic passport, an EU passport, and an Austrian passport⁴¹.

Confiscation and Sale:

The court's decision to order the confiscation and sale of the East Legon property is a common step in money laundering cases. Proceeds from the property sale have been allocated to various state institutions, including NACOB, EOCO, the Judicial Service of Ghana, and the Consolidated Fund. This distribution process is in line with legal procedures for handling confiscated assets.

PEPs are a significant source of illicit laundered sums.

Peps constitutes a significant origin of the laundered sums in Ghana's real estate sector. As already demonstrated in this report, vast amounts of money in various currencies were stolen from a former minister's residence. A chunk of that money went into acquiring real estate at different locations in Accra and other parts of Ghana. The former minister has also been accused of surreptitiously engaging in real estate business contrary to law. The OSP alleged that Madam Dapaah received \$10,453.5 (Ghs 117,000) in one instant from a real estate transaction while hiding her identity using the alias "Nana Yaw Ode."

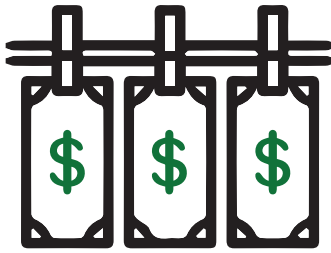
³⁸ Ghanaweb.com 2023. Has Cecilia Dapaah maintained ownership of US\$800K in the amended charge sheet? file:///Users/macbook/Zotero/storage/E6BU928Y/Has-Cecilia-Dapaah-maintained-ownership-of-US-800K-in-amended-charge-sheet-1821194.html

³⁹ Citifmonline.com 2015: Nayele sentenced to 8 years in prison. <https://citifmonline.com/2015/01/nayele-sentenced-8-years-prison/>

⁴⁰ Ghanaweb.com 2017. Court orders confiscation of Nayele's \$1.6m mansion: <https://www.ghanaweb.com/GhanaHomePage/NewsArchive/Court-orders-confiscation-of-Nayele-s-1-6m-mansion-562640>

⁴¹ Citifmonline.com 2014. "NACOB is lysing" Omane Boamah <https://citifmonline.com/2014/11/nacob-is-lying-omane-boamah/#sthash.i4E59080.dpuf>

Limited Outcome on the Reliance of STRs by DNFBNs in Combating Money Laundering



The reliance of regulatory agencies, such as FIC, on STRs in combating REML in Ghana has yielded minimal outcomes. DNFBNs, including real estate professionals, have AML obligations to file STRs to FIC emanating from their KYC/CDD protocols. However, the FIC admitted in an interview that the DNFBNs submitted very few REML-related STRs for the ensuing years. Data obtained from FIC covering 2016 - 2019 indicated only two (2) filings. Reasons adduced by the head of compliance at the FIC for the low STRs from the sector were due to the large cash transactions and non-compliance of DNFBNs. An epitome is the purchase and rental of properties at various location in Accra by accomplices of Cecilia Dapaah's "house bank" larceny by her housemaid and her accomplices without any STRs by the gatekeepers involved.

Furthermore, interaction with the membership of the Ghana Association of Real Estate Brokers revealed that fear of retribution from the more powerful criminal elements deters some of them from complying with their reporting obligation. This demonstrates the challenge of regulators' reliance on STRs in fighting REML in Ghana. Additionally, the successful receipt of payments through the bank totaling \$10,453.5 by the former Ghana Minister of Sanitation from an alleged real estate transaction while using aliases⁴² exemplifies the agent and bankers' complicity in meeting their STR reporting obligation.

More fight needed for land corruption in Ghana

Ghana has taken steps to improve land governance and transparency by implementing the Land Administration Project (LAP) to modernize land administration, including digitalization of the land registry and electronic conveyancing, piloted with some regions. Although the Land Commission has successfully migrated the land registries of Accra and the six new regions (North East, Savannah, Oti, Western North, Ahafo, and Bono East) onto its digital platform, land corruption remains a concern and requires continued efforts. Ghana needs a systematic and comprehensive allodial land title register that captures allodial land boundaries and ownership titles. The land commissions revealed that land title registration processes require considerable funds and time. The commission noted that "the high cost and delays in land title registration sometimes led to the corrupt manipulation of the digital registry platform by some unscrupulous officials induced by individuals who want a faster process." The Lands Commission charged 16 employees with theft and money laundering after the gang was busted by the National Intelligence Bureau (NIB) for manipulating the commission software to steal more than \$7,792,610 (Ghs100,000,000)⁴³.

Moreover, many landowners who cannot afford the cost of registering their allodial ownership with the commission before sales transactions resort to "cut and sell," violating the regulation of planning and registration of lands by the allodial owners before the sales transaction of such lands. This can become a cardinal avenue facilitating corruption in land transactions, leading to multiple sales and claimants to land, prolonged litigations, and increased property conflict⁴⁴. Figure 4 below depicts the steps of transactions in Ghana.

⁴² 3news.com (2023). Cecilia Dapaah's monies look like bribes – Kpebu. <https://3news.com/cecilia-dapaahs-monies-look-like-bribes-kpebu/>

⁴³ Myjoyonline.com (2023) <https://www.myjoyonline.com/lands-commission-interdicts-10-employees-for-alleged-stealing/>

⁴⁴ Centre for Affordable Housing Finance in Africa, (2020). <https://housingfinanceafrica.org/app/uploads/2022/12/v14-Ghana-Final.pdf>

Schema of land transaction in Ghana

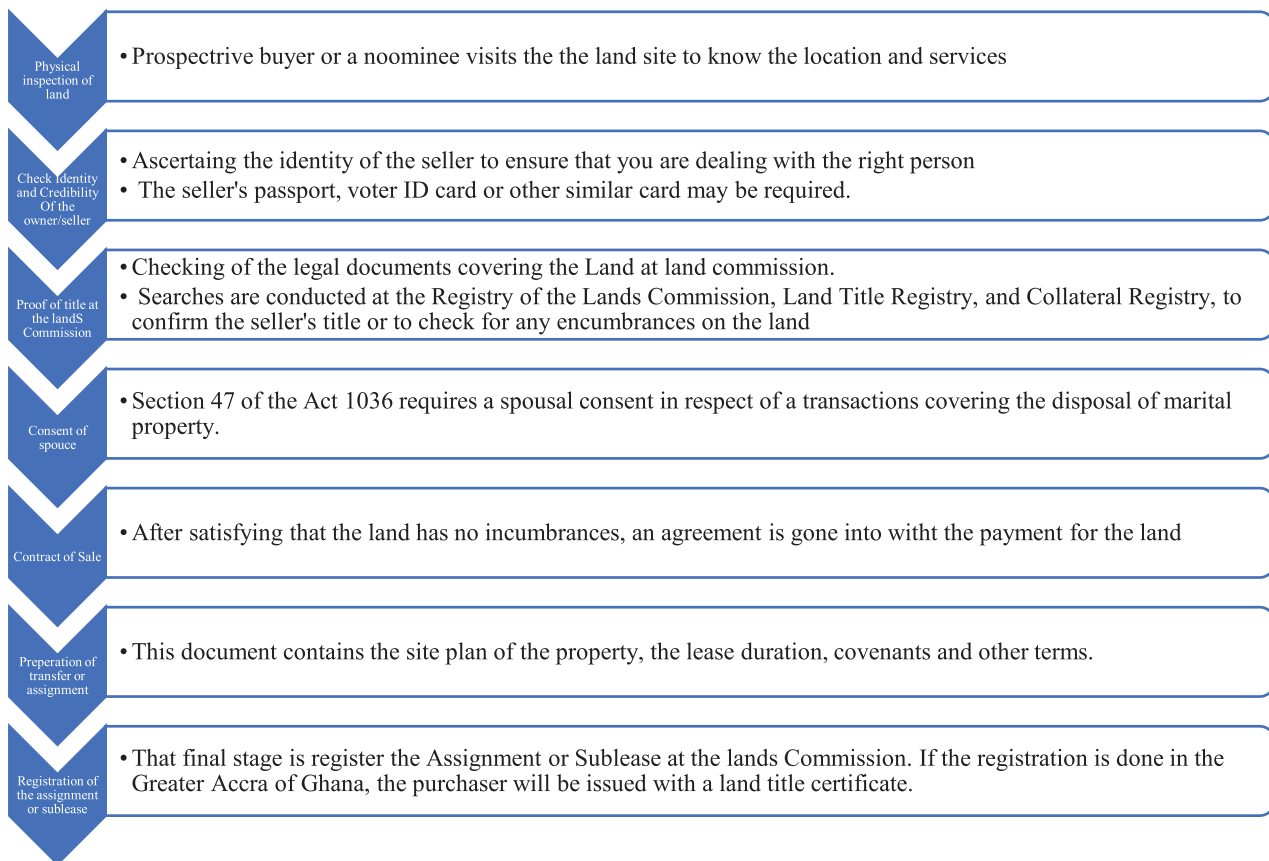


Figure 4: Schema of Land Transaction in Ghana

Case 5: Kwadwo Owusu Afriyie (Sir John) Last Will and Testament Scandal – Land Corruption

Revelations contained in the will of Kwadwo Owusu Afriyie, a former General Secretary of the governing New Patriotic Party (NPP) from 2010 to 2014 and CEO of the Forestry Commission from March 2017 until his demise on July 1, 2020, caused a flurry of scrutiny by anti-corruption campaigners in Ghana. Many Civil society organizations voiced their objections about the will, particularly concerning the acquisition of Achimota Forest and Ramsar Site⁴⁵ reserve lands by Kwadwo Owusu Afriyie and his associates through multiple corporate structures. Corruption Watch Ghana petitioned the OSP to investigate “the alleged acquisition of several acres of alleged state lands situated in the Achimota Forest and Ramsar sites in Sakumono by three artificial persons, namely Jakaypros Limited, Fasoh Limited, DML Limited, and two natural persons, namely Charles Owusu, an officer of the Forestry Commission and Kwadwo Owusu Afriyie...”⁴⁶ Also, conflict of interest issues were raised regarding the acquisition and owning of lands on the part of Sir John, who, until his demise on July 1, 2020, was the CEO of the Forestry Commission from March 2017⁴⁷.

⁴⁵ The Ramsar Convention has 168 Contracting Parties (member countries) and is named for the city in Iran, where the treaty was signed in 1971. Through this agreement, member countries positively commit to the wise use of all their wetlands, designating sites for the Ramsar List of “Wetlands of International Importance” (Ramsar Sites) and their conservation, Cooperating on transboundary wetlands and other shared interests.

⁴⁶ Corruption Watch Ghana (2022), Petition to Probe Possible Acquisition of Alleged State Lands by Kwadwo Owusu Afriyie, Former Chief Executive Officer, Forestry Commission of Ghana and Others. https://drive.google.com/file/d/1_3xGfkBe9ALMwfwaLQmDOoPCZPLi2Hrt/view?pli=1

⁴⁷ The Fourth Estate 2022: FULL LIST: All the 75 properties in Sir John's will. <https://thefourthstategh.com/2022/05/23/full-list-all-the-75-properties-contained-in-sir-johns-will/>

The particulars of the alleged acquisition of the lands by the deceased were provided in the testament of Kwadwo Owusu Afriyie, executed on May 21, 2020, in which the said testator deposed he owns or jointly owns:

- » A 5.541-acre land located in the Achimota Forest held in the name of Jakaypros Limited
- » A 0.987-acre land situated in the Achimota Forest held in the name of Fasoh Limited
- » A piece of land located in the Achimota Forest jointly owned by one Charles Owusu
- » A piece of land held in the name of DML Limited situated in the Achimota forest
- » A 5.07-acre land located at the Ramsar area in Sakumono, Greater Accra



7 | IS THE CURRENT REGULATORY FRAMEWORK ADEQUATE TO ADDRESS GHANA'S REAL ESTATE MONEY LAUNDERING (REML) AND LAND CORRUPTION CHALLENGES?



Reviewing relevant regulations points to the usual “correct on paper” anti-money laundering regulatory framework. However, the effectiveness or adequacy expressed as the degree to which these frameworks influence target populations’ attitudes and actions to those stipulated by rule⁴⁸ reveals an entirely different story. Shortcomings related to the broad mandate of FIC with limited resources, non-operationalization of some legislations, inadequate compliance on STRs reporting by accountable institutions, non-collection of BO

information by real estate and lands transactions, as well as BO information verification challenges, are the significant inadequacies associated the Ghanaian REML regulatory framework.

As amended, Ghana’s principal Anti-Money Laundering legislation is the Anti-Money Laundering Act 2020 (Act 1044)⁴⁹. Act 1044 provides the foundation for combating money laundering in various sectors, including real estate. Notably, the FIC spearheads the fight against money laundering. However, the FIC’s broader and generic mandate constitutes its main shortcoming. The real estate sector is multi-structure with formal and informal actors, which makes FIC with limited personnel incapable of comprehensively dealing with the issues related to the sector in Ghana.

Again, the Real Estate Agency Act (Act 1047)⁵⁰ is the sector-specific verifiable legislation to combat REML. The Act (1047) established the REAC, which serves as the functional coordinating authority of the sector in Ghana. The council and board effectuate the objects of Act 1047 through licensing of brokers/agents, sanctions (suspensions/revocation of license), transaction forms for the gathering of statistics/information, transaction certificate, prohibition of cash payments, reporting obligation, and book/account not at least five years of transactions. Conversely, since the passage of Act (1047) in 2020 and the inauguration of the council/board in October 2022, not a single real estate professional has been licensed as part of their prescribed mandate. Furthermore, Act 1047 prohibits using cash in real estate transactions. Still, daily cash transactions are the norm, particularly in residential real estate, without a single prosecution as a sign of enforcement of the specific provision. It is safe to conclude that the provisions of Act 1047 have yet to be operationalized and enforced, aside from the inauguration of the real estate agency council/board.

⁴⁸ Helen Xanthaki, ‘On Transferability of Legislative Solutions: The Functionality Test’ in Constantin Stefanou and Helen Mousmouti, Maria. “The “Effectiveness Test” As a Tool for Law Reform.” <https://core.ac.uk/download/33337013.pdf>, Cited in Maria Mousmouti (n.d). The effectiveness test” as a tool for law reform.

⁴⁹ Ghana Anti-Money Laundering Act 2020 (Act 1044)

⁵⁰ Ghana Real Estate Agency Act 2020 (Act 1047)

The effectiveness of AML regulations requires thorough Know Your Customer (KYC) and Customer Due Diligence (CDD) procedures to verify the identities or beneficial owners involved in real estate transactions. Act 1044 and Act 1047 set the industry's best compliance benchmarks that conform with FATF recommendations 10 and 33 of KYC/CDD and statistics. Ghana is largely compliant per the GIABA mutual assessments. However, compliance varies among real estate professionals due to the absence of a standardized template for capturing beneficial ownership information as part of KYC/CDD. GREDA revealed that the FIC has yet to furnish its members with a template for uniformly capturing clients' information in real estate transactions. Therefore, practitioners within the space have a lot of discretion regarding the information they request from clients during real estate transactions.

Section 38 of Act 1044 and 49 of Act 1047 impose a reporting obligation of Suspicious Transactions Reports (STRs) by accountable institutions, including real estate professionals. Although the reporting obligations exist, the frequency and number of reported cases to determine the adequacy of reporting and follow-up investigations require improvement. Statistics from the FIC on STRs convey a sad story, with only 2 STRs from 2016 – 2019 by DNFBPs⁵¹, although significant transaction volumes occur annually. Conservative estimates by Broll Ghana point to an average of about 85,000 property transactions in a year for both sales and rentals.

The Companies Act 2019 (Act 992) requires companies to disclose beneficial ownership information to the Registrar-General's Department. A significant highlight of Act (992) is the introduction of the Central Beneficial Ownership Register for all companies in Ghana, especially in high-risk sectors such as real estate⁵². One significant gap in the Act is that it does not explicitly provide mechanisms for an independent investigation and verification of the proforma BO information supplied by companies, implying that the data's accuracy and completeness are questionable. Furthermore, an interview with the ORC revealed that technical challenges involving malfunctioning hardware and software cause Ghana to operate a manual central BO registry. A situation that limits efficiency regarding the processing of large datasets: public access to the BO register is restricted and only granted subject to the payment of an approved fee of about \$2.20, but access is free for law enforcement agencies.

Adequacy of land corruption regulations



Property ownership, such as land ownership, is primarily governed by Ghana's 1992 Constitution⁵³ and the Land Act of 2020 (Act 1036). The object of Act 1036 is to harmonize the various land and land tenure laws. Act 1036 requires the registration of land and property transactions with the Lands Commission. The Land Registry contains information on land ownership, including real estate. However, the registry does not include information on the beneficial owners of the land or properties, and it needs to be linked to other databases of the Registrar of Companies, which is responsible for collecting and

maintaining centralized beneficial ownership information of only registered companies.

⁵³ Constitution of the Republic of Ghana (1996)

The non-collection of beneficial ownership information and non-interlinkage of databases in real time of the two regulatory agencies is a massive shortcoming in Ghana's effort to fight money laundering.

The Constitution demands in article 286(1) that public officers declare their assets and liabilities 'Before Taking Office,' 'At the End of Every Four Years,' and 'At the End Of [A]... Term of Office,'. Similarly, section 1 of Act 1998 (Act 550) obligates public officeholders to declare their assets and liabilities to the Auditor General as one of the measures to fight corruption. However, criticism owing to the impotence of this law in dealing with corruption and the unexplained wealth of public officeholders has been deafening. For instance, Occupy Ghana accused Ghana's political class of conspiring to unconstitutionally extend the period of filing by six months under section 1(4) of the Public Office Holders (Declaration of Assets and Disqualification) Act 1998 (Act 550)⁵⁴. The effect of this grave unconstitutionality is that once public officers get appointed without declaring assets and liabilities 'Before Taking Office' as the Constitution demands, they, for the most part, either do not declare at all or may engage in shenanigans such as 'presumptive' declarations of non-existent assets in the hope of being able to acquire them⁵⁵. Also, the non-public disclosure of the asset declared before taking office and afterward has been criticized widely by civil society organizations as grossly ineffective in fighting property grabbing through abuse of public office and corruption.

Typical Ghana Real Estate financing versus AML architecture?



Ghana's AML regulations intersect with the various financing methods of real estate transactions. Ghana's AML architecture is designed to mitigate the risk of money laundering in different real estate financing methods. The framework includes customer due diligence, reporting obligations, and enhanced scrutiny of transactions, especially those involving cash, foreign investment, corporate structures, and third-party financing.

Cash Transactions:



Cash transactions are a regular occurrence in Ghana's real estate market, especially in the residential properties market, where a large population rents their dwelling units. Accordingly, 48.4% of Ghana's population lives in owner-occupied dwellings, with 37.6% representing the same in the urban areas and 46% renting in urban areas⁵⁶. These figures depict a large proportion of the populace depends on rentals for their accommodation, particularly in urban areas, which, according to the FIC in an interview, often involved cash transactions. Moreover, the FIC identifies the predominant use of cash as a motivating factor for committing crimes (tax evasion) and laundering crime proceeds⁵⁷. Ghana's AML

⁵⁴ Occupy Ghana (2023) Unexplained Wealth of Public Officers and The Demand for The Passage of The Draft Conduct of Public Officers Bill, 2022 Into Law. <https://occupyghana.com/2023/07/unexplained-wealth-of-public-officers-and-the-demand-for-the-passage-of-the-draft-conduct-of-public-officers-bill-2022-into-law/>

⁵⁵ Ibid

⁵⁶ Ghana Statistical Service (2021) Population and Housing Census General Report.

⁵⁷ Financial Intelligence Centre (n.d) Risk Assessment of Legal Persons and Arrangements in Ghana. <https://fic.gov.gh/MLTF%20RISK%20ASSESSMENT%20FOR%20LEGAL%20PERSONS%20AND%20ARRANGEMENTS.pdf>

guidelines issued by the FIC have requirements for reporting and documenting large cash transactions of up to or above \$4,244.11. Real estate professionals and financial institutions must conduct customer due diligence (CDD) and report suspicious cash transactions, helping to mitigate the risk of money laundering.

Bank Loans and Mortgages:



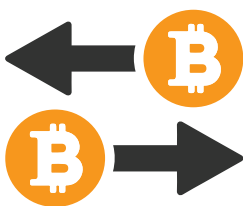
Some real estate transactions in Ghana are financed through bank loans and mortgages. About 9 out of the 23 universal banks in Ghana have official mortgage products ranging from buying to renovating homes⁵⁸. A notable player in the mortgage market is First National Bank (FNB), which holds approximately 50% of the existing market share⁵⁹. One key constraint to mortgage market growth is high interest rates, which have raised the number of non-performing loans (NPLs). Banks and financial institutions in Ghana are subject to AML regulations that mandate thorough CDD procedures for their clients. This includes verifying the source of funds used for real estate purchases. Additionally, accountable institutions must appoint AML reporting officers as part of the mechanisms that monitor transactions and report suspicious activities related to real estate financing.

Foreign Investment:



Ghana has attracted foreign investment in its real estate sector, mainly commercial real estate projects. Cross-border transactions, including those involving foreign investors, are of interest to AML authorities. Ghana's AML framework includes measures to identify and verify the legitimacy of funds from abroad, especially when significant investments are made in real estate. The Financial Intelligence Centre (FIC) and the Bank of Ghana (BOG) have provided guidelines consistent with the AML framework to assist licensed banks and non-bank financial institutions in designing and implementing their respective AML/CFT compliance programs.

Cryptocurrency Transactions:



While less prevalent than traditional methods, cryptocurrency transactions have gained some attention in the Ghanaian real estate market. Ghana's AML regulations have yet to evolve to address the risks associated with cryptocurrency transactions in real estate. A specific regulation has yet to be introduced to regulate and monitor virtual asset service providers (VASPs) involved in real estate transactions to ensure compliance with AML standards.

⁵⁸ Ghana Investment Promotion Centre (2022), Ghana's Real Estate Sector Report: https://www.gipc.gov.gh/wp-content/plugins/pdfjs-viewer-shortcode/pdfjs/web/viewer.php?file=/wp-content/uploads/2023/04/Ghanas-Real-Estate-SectorReport.pdf&attachment_id=12764&dButton=true&pButton=false&oButton=false&sButton=false#zoom=auto&pagemode=none&_wpnonce=a7d127b123

⁵⁹ GCB Strategy & Research Department (2022) Construction Sector-Real Estate Development Report. <https://www.gccb.com.gh/research-reports/sector-industry-reports/122-construction-sector-focus-on-real-estate-development-2022/file>

How does the BO framework in Ghana aid the AML efforts?

A centralized registry of beneficial owners identifies the natural person behind the legal vehicles, providing law enforcement with an invaluable tool for investigating money laundering cases⁶⁰. Similarly, Ghana's beneficial ownership framework significantly promises to assist AML efforts by enhancing transparency and accountability in real estate transactions. Thus, enacting the Companies Act 2019 (Act 992), which requires companies to disclose their beneficial owners to the Registrar of Companies, is crucial to aid AML's fight. Therefore, Ghana's AML architecture and beneficial ownership framework can work together to reduce the risk of money laundering in real estate transactions. The AML framework imposes CDD, reporting, and monitoring obligations on financial institutions and real estate professionals. In contrast, the BO framework enhances transparency, assists in identifying beneficial owners, and aids in conducting enhanced due diligence.

Moreover, this information is accessible to relevant authorities and assists in identifying legal entities involved in money laundering through real estate. Together, these measures can contribute to Ghana's real estate sector's integrity and compliance with international AML standards. However, the register is fraught with many challenges, with the lack of verification mechanisms for the supplied pro forma beneficial ownership information being the foremost. This cardinal challenge affects the quality of the central registry information and limits the intent for which the government created the central register. Again, the DNFBPs and land commissions need to collect BO information in their transactions, which could complement the weaknesses of the central BO register.



8 | GLOBAL REML GOVERNANCE BEST PRACTICE - THE CASE OF GERMANY

Overview of German REML Efforts

Germany, recognized for its stringent regulatory frameworks and often widely viewed amongst the G7 nations as progressive towards AML, has faced significant challenges in combating real estate money laundering (REML). Paradoxically, the real estate market is a hotspot for REML, warranting the Financial Action Task Force (FATF) to award Germany poor grading in its 2022 evaluation report⁶¹. After that, a raft of enactments came into force to decisively deal with the money laundering menace in Germany. The recent legislative changes signify a proactive approach to addressing these issues, aligning with international standards and enhancing transparency within the real estate sector. This analysis examines the efficacy of Germany's recent laws and regulations in combating REML, identifying best practices that could serve as a model for other jurisdictions.

Relevant German Anti-Money Laundering Laws and Regulations for the Prevention of REML

Money Laundering Act (Geldwäschegesetz (GwG))



The GwG serves as the cornerstone of Germany's AML regime. The Act has undergone several revisions to adapt to evolving threats and align with international AML standards, particularly the EU AML Directives. The GwG imposes extensive obligations on financial institutions, designated non-financial businesses and professions (DNFBPs), and other stakeholders to conduct Customer Due Diligence (CDD), report suspicious transactions, and maintain comprehensive records. The GwG's broad applicability ensures that various sectors, mainly those vulnerable to money laundering, are adequately covered. The rigorous CDD and reporting requirements compel entities to proactively identify and mitigate risks, fostering a culture of compliance.

Criminal Code (Strafgesetzbuch (StGB))



The inclusion of money laundering offenses within the StGB reinforces the legal framework by establishing clear sanctions for individuals and entities involved in money laundering activities. The punitive measures serve as a deterrent and underscore the seriousness of such offenses. Embedding AML offenses within the criminal code ensures violations are met with stringent penalties, enhancing deterrence. The legal clarity the StGB provides facilitates effective prosecution and adjudication of money laundering cases.

⁶¹ FATF (2022), Anti-money laundering and counter-terrorist financing measures –Germany, Fourth Round Mutual Evaluation Report, FATF, Paris <http://www.fatf-gafi.org/publications/mutualevaluations/documents/mer-germany-2022.html>

Sanctions Enforcement Act (Sanktionsdurchsetzungsgesetz (SanktDG))



The SanktDG, enacted in December 2022, established the Central Office for Sanctions Enforcement (ZfS), which, together with the Financial Intelligence Unit (FIU), is expected to be integrated in 2025⁶² and operates under the newly created Federal Office for Combating Financial Crime (Bundesamt zur Bekämpfung von Finanzkriminalität (BBF)). The transfer of the ZfS from the General Directorate of Customs (Generalzolldirektion (GZD)) to the BBF on 1 June 2025 will create synergy effects between sanctions enforcement and anti-money laundering enforcement measures and sustainably improve the coordination between the preventive and investigative enforcement powers and the prosecution of sanctions violations⁶³. The SanktDG delineates the competencies of the ZfS, enhancing Germany's capacity to enforce sanctions and combat financial crimes. Establishing a dedicated agency for sanctions enforcement ensures focused and efficient oversight, increasing the effectiveness of AML measures. Integrating the ZfS within the BBF enhances coordination and streamlines enforcement actions across various domains.

Financial Crime Prevention Act (Finanzkriminalitätsbekämpfungsgesetz (FKBG))



On October 11, 2023, the German Federal Government approved the Financial Crime Prevention Act (Finanzkriminalitätsbekämpfungsgesetz (FKBG)), which took effect on January 1, 2024. The FKBG established the (Bundesamt zur Bekämpfung von Finanzkriminalität (BBF)) as a new federal authority, the Federal Office to Combat Financial Crime by consolidating multiple existing institutions under one roof and adopting a holistic, risk-based approach. Significantly, the FKBG also introduces a real estate transaction registry, enabling full digital access to real estate data for AML and law enforcement authorities. Data collected from sale notices, courts, public authorities, and notaries and data from the German land register will be fed into the real estate transaction registry⁶⁴. Regarding best practice, the centralized Authority and Digital Registry consolidate expertise and resources, facilitating a more coherent and robust response to financial crimes. The real estate transaction registry enhances transparency and allows for accurate real-time monitoring and cross-referencing of transactions, significantly bolstering AML efforts.

Asset Identification Act (Vermögensermittlungsgesetz (VErmG))



The VErmG aims to prevent risks posed to Germany's financial and economic systems that could arise from unidentified beneficial ownership of significant assets. The term "asset" is defined quite broadly in the VErmG, encompassing rights and shares. Nonetheless, the definition is

⁶² Alexander Glos et al., (2023, August 15) Draft Combatting Financial Crimes Act: revolutionizing money laundering enforcement in Germany? <https://riskandcompliance.freshfields.com/post/102im26/draft-combatting-financial-crimes-act-revolutionising-money-laundering-enforceme>

⁶³ Anahita Thomas, Dr. Alexander Ehrle, and Kimberley Fisher (2023, December 20). Germany: New Federal Office responsible for sanctions enforcement established <https://www.globalcompliancenews.com/2023/12/20/https-insightplus-bakermckenzie-com-bm-investigations-compliance-ethics-germany-sanctions-enforcement-germany-establishes-new-federal-authority-also-responsible-for-sanctions>

⁶⁴ Alexander Glos et al., (2023) Draft Combatting Financial Crimes Act: revolutionizing money laundering enforcement in Germany. <https://riskandcompliance.freshfields.com/post/102im26/draft-combatting-financial-crimes-act-revolutionising-money-laundering-enforceme>

limited to substantial assets valued at more than €500,000 or €10,000 in situations where the item must be recorded in a public register. Therefore, administrative asset tracing will cover most real estate and other assets, including shareholdings and mortgage loans. Thus, the Act mandates the tracking of substantial assets and provides mechanisms for court-ordered disclosure of beneficial ownership information. The VErmG's focus on significant assets addresses a critical vulnerability in the AML framework by ensuring that high-value assets are subject to stringent oversight. Obtaining court orders for disclosure enhances the authorities' capacity to effectively trace and investigate suspicious assets.

Key German Regulatory Institution

Federal Office for Combating Financial Crime (BBF)

The BBF, established under the FKBG, integrates various functions, including analysis, investigations, and supervision, into a unified entity. The BBF's responsibilities include coordinating AML efforts across federal states, conducting investigations, and tracking significant assets. Under the Asset Identification Act (Vermögensermittlungsgesetz), the BBF will track substantial assets. If it is assessed that an asset is likely to be a risk to the financial and economic system, the BBF is entitled to request a court order under the VErmG. This assumption has several possible bases, including a disproportionate match between an individual's earnings and the worth of a noteworthy asset or the individual's affiliation with a criminal group.

Notably, in cases where a company owns a significant asset, the asset's unusualness and economic futility (such as a sports car for a small business) or a complex ownership structure that makes it challenging to identify the Ultimate Beneficial Owner (UBO) will also serve as warning signs for these risks. The court has the authority to order people to divulge information about the UBO of assets well and the specifics surrounding the creation and purchase of the noteworthy asset, including the payment method. The BBF may also be permitted by the court order to conduct site searches and temporarily confiscate essential assets.

The BBF's integrated structure ensures a coordinated and comprehensive approach to AML enforcement, leveraging synergies between different functions. The risk-based approach enables the BBF to prioritize resources and actions based on the assessed risk, enhancing the overall efficiency and effectiveness of AML measures.

Critical AML Requirements for DNFBPs

Germany's AML regime imposes specific requirements on DNFBPs, including real estate agents and lawyers, to prevent money laundering and terrorist financing. These requirements encompass CDD, suspicious transaction reporting, recordkeeping, risk assessment, internal controls, and the designation of compliance officers. Tailoring AML requirements to the specific risks and characteristics of DNFBPs ensures that these entities are adequately equipped to identify and mitigate money laundering risks. The emphasis on internal controls and compliance officers fosters a proactive compliance culture, enhancing the overall resilience of DNFBPs against money laundering threats.

Germany's recent legislative and regulatory developments in combating REML demonstrate a comprehensive and progressive approach to AML. Integrating specialized enforcement

agencies, digital registries, and targeted asset monitoring represents best practices that enhance transparency and effectiveness. By adopting a risk-based, sector-specific approach and leveraging advanced tools for data integration, Germany sets a robust example for other jurisdictions aiming to combat money laundering in the real estate sector.

Complementary Tools: Land Registry and Beneficial Ownership Registers

Integrating land registry data with beneficial ownership (BO) registers represents a significant advancement in AML efforts. By enabling cross-referencing of land ownership and BO information, authorities can more effectively identify discrepancies and potential risks.

Case Studies: UK and France



The release of the UK's HM Land Registry and France's land registry datasets in 2017 and 2021 provided valuable insights into the benefits of integrating land and BO registers. Specifically, Commercial and Corporate Ownership (CCOD) and Overseas Companies Ownership (OCOD) land datasets were released free of charge for the first time in the UK. These datasets contain information on properties where the registered legal owner is a UK company, a corporate body, or an overseas company⁶⁵. These datasets facilitate comprehensive analysis and enhance transparency in the real estate sector, serving as a blueprint for other jurisdictions. The ability to cross-reference land registry and BO information provides a powerful tool for identifying and investigating suspicious transactions and entities⁶⁶. Such integration enhances the accuracy and completeness of AML data, enabling more effective risk assessment and enforcement actions.



9 | Conclusions and Recommendations

The ensuing discussion with illustrated cases has demonstrated how the real estate sector is an attractive vehicle for cleaning dirty money by criminals. The following recommendations are made to guide reforms and new measures to boost the effectiveness of Ghana's AML system in detecting and preventing money laundering through real estate and mirror international best practices such as those outlined by the FATF.

-  The government should operationalize REAC as the central authority in the real estate sector to consolidate all the scattered related bodies for improved coordination and supervision. The REAC should create regional offices to expand the supervisory reach of the council and actively pursue the licensing of all sector players, namely agents, brokers, and developers, to enable sanctions to apply to any licensed professionals.
-  The Office of the Registrar of Companies (ORC) should use "authorized persons," such as attorneys, notaries, banks, or investment advisors, to verify BO information. This method reverses the cost of verification from the public sector and makes the "authorized persons" jointly liable for false declarations (Slovakia Model of BO information verification)
-  FIC should collaborate with the Registrar of Companies to streamline BO information gathering by providing a standardized online form for DNFBPs and land commissions in all transactions. Automation of the online form should be considered as it can improve the accuracy and speed of BO information collection.
-  The ORC and Financial Intelligence Centre (FIC) should obligate real estate agents and land commission officials to identify the beneficial owner of real estate and land transactions. The government can then link the central BO registry and the land commissions database to ensure interoperability for real-time transaction tracking.
-  The FIC, EOCO, ORC, and other relevant regulatory authorities should create awareness of real estate money laundering and assure DNFBPs of protection from criminal networks to improve their STRs reporting compliance.
-  The government should develop a regulation for VAs/VASP's operations/ licensing regime, conduct a national risk assessment of VAs/VASPs, continuously monitor money laundering trends, and design appropriate counter measures for new technologies to police VAs/VASPs.
-  Publicize the assets and liabilities PEPs declare before the assumption of office and after their tenure ends, and implement lifestyle audits.
-  Establish a fund to support investigative journalism projects focused on

- REML. Partner with international organizations and experts to offer high-quality, specialized training programs for journalists on AML regulations, investigative techniques, and data analysis related to REML.
- The FIC should intensify public education on its secure, anonymous platform for reporting suspicious real estate transactions. The platform should be user-friendly and accessible to all stakeholders, including the general public.



10 | Red flags

Detecting money laundering in real estate transactions is crucial for preventing illegal activities and maintaining the integrity of the real estate market. Here are some red flags and indicators that may suggest potential money laundering in real estate transactions:

Unusual Payment Methods

Cash transactions or payments made through non-traditional means, such as cryptocurrencies or third-party payments, can indicate money laundering without a reasonable explanation. Real estate transactions involving large amounts of cash or multiple smaller transactions just below reporting thresholds should raise suspicion.

Unexplained Wealth

When buyers or investors cannot provide a legitimate source for their funds or demonstrate a reasonable financial background to support their real estate purchases, it may indicate that the funds are derived from illegal activities.

Complex Ownership Structures

Real estate transactions involving complex ownership structures, including multiple layers of shell companies, trusts, or nominee arrangements, can obscure the beneficial owners. These structures often conceal the identities of money launderers and their illicit funds.

Overpayment or Underpayment

Transactions involving overpayment or underpayment of the property's market value without a valid explanation may suggest attempts to disguise the property's value or launder illicit funds. Inflated prices may be used to launder money, while underpayment could indicate attempts to avoid detection.

High-Risk Geographic Locations

Properties purchased in high-risk geographic locations, such as areas known for money laundering activities, political instability, or weak regulatory oversight, should raise red flags. Real estate investments in these areas may be used to conceal illicit funds or to launder money through legitimate assets.

Use of Shell Companies or Offshore Entities

Transactions involving the use of shell companies, offshore entities, or entities located in jurisdictions with weak anti-money laundering regulations should be scrutinized. These entities are commonly used to obscure the actual ownership of real estate assets and facilitate money laundering activities.

Rapid Asset Flipping

Rapid buying and selling of properties (known as flipping) within a short period, especially without improvements or renovations, may indicate attempts to launder money through real estate transactions. This strategy allows money launderers to convert illicit funds into legitimate assets quickly.

Lack of Due Diligence

Failure to conduct adequate due diligence on buyers, sellers, and other parties involved in real estate transactions can increase the risk of facilitating money laundering activities. Real estate professionals should verify their clients' identities, assess the legitimacy of their funds, and investigate any red flags that arise during the transaction process.

Unusual Transaction Patterns

Patterns of behavior that deviate from typical real estate transactions, such as frequent changes in ownership, complex financing arrangements, or unusual payment schedules, may indicate attempts to launder money through the real estate sector.

Reluctance to Provide Information: Buyers or sellers

Those who would like to provide information or documentation related to their identity, the source of funds, or the purpose of the transaction should raise suspicion. Transparency and cooperation are essential in legitimate real estate transactions, and any resistance to providing necessary information may indicate attempts to conceal illicit activities.






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 www.gfintegrity.org

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 Comms@gfintegrity.org

 [Global Financial Integrity](https://www.linkedin.com/company/global-financial-integrity)

