



CENTRAL BANK OF LIBERIA



PRESS STATEMENT

CBL Clarifies Story on Import and Export of US Dollar Banknotes

MONROVIA –3 June 2019: - The Central Bank of Liberia (CBL) hereby provides clarification regarding a story in the 31 May 2019 edition of the FrontPage Africa Newspaper entitled “Conspiracy Theories Abound As Liberia Revenue Authority Gives Central Bank Greenlight for US\$15 Million Mutilated Banknotes Exchange” and subsequent discussions on a local talk show regarding receipt of monies via the Robert International Airport (RIA).

The FrontPage Africa Newspaper reported that several boxes containing millions of dollars in cash raised a few eyebrows. The Newspaper said it received tip-offs that CBL ‘had authorized the printing of additional foreign exchange dollars into the country.’

The CBL wants it to be known that it has neither the authority nor the capacity, and neither does any country except for the United States, to print US dollars for infusion in the economy. CBL, rather, regularly exports mutilated US dollars to be replaced with US banknotes in a transparent and routine banking exercise that the CBL has been engaged since the inception of the bank’s operations.

The FrontPage Africa Newspaper story further said, ‘it is unclear why the CBL did not go through the US Federal Reserves instead of using a private company’.

CBL re-exported mutilated US banknotes through Travelex, a private company, because it is more cost-effective. Travelex already has the infrastructure in place to facilitate such transactions, and they use this same infrastructure for many institutions. It would be too expensive to set up, especially for the CBL that does importation and exportation on a seldom basis. Rather than incurring massive costs in setting up an infrastructure that will allow the bank deal directly with the FED on an ad-hoc basis, CBL uses Travelex’s already established infrastructure at a much lower cost to the CBL.

The FrontPage Africa story speculates that Travelex might be discounting the mutilated bills presented to them and then getting the full value upon presentation to the Federal Reserve. That is not the case. The Federal Reserve pays full value, after establishing the total value of mutilated notes and Travelex gets paid a commission for their service as the conduit through which the transaction was conducted.

The FrontPage Africa Newspaper stated in that story that the printing of such amount 'should go through the legislative process'. Again, it must be pointed out that this was not a case of printing any currency, in which case legislative approval would have been required.

Regarding the importation of US Dollar banknotes to meet the needs of the domestic financial system including the replacement of mutilated banknotes received from commercial banks, the below points are important to note:

General facts on the process

1. All the CBL USD banknotes needs are met through the importation of the notes from overseas via Travelex, which is paid a commission for facilitating the transaction;
2. To carry out this process, several steps are taken. First, the CBL wire transfers the amount to be imported plus the commission charged to the agency responsible for transferring the physical cash, Travelex in this case;
3. Upon receipt of confirmation of wire transfer, Travelex prepares a shipment of physical banknotes, under its own security and insurance arrangements, and have same shipped to Accra, Ghana, for onward transfer to the CBL;
4. When the shipment arrives in Accra, Ghana, the Bank of Ghana, under a cash custody arrangement with the CBL, takes custody of the shipment and lodges it in its vaults until the CBL is ready to take delivery;
5. On the day that the shipment is to be flown to Monrovia, the Bank of Ghana takes it to the Kotoka International Airport where it is loaded onto the aircraft with CBL representatives, at which point custody shifts to the CBL;
6. When the shipment arrives at the RIA, it is cleared through customs, loaded unto CBL vehicles, and escorted by both CBL security personnel and Liberia National Police personnel to the CBL headquarters;

7. Upon arrival at the CBL Headquarters, the actual value of the shipment is verified through a physical cash count and then placed in the CBL vaults;
8. The banking department subsequently passes the required accounting entries to account for the receipt of the cash.

Specific Facts of the Recent Importation

1. On March 29, 2019, the Banking Department raised the need to augment the USD vault cash position of the CBL by US\$20 million based on anticipated withdrawals;
2. On April 4, 2019, the OIC for Operations wrote the Executive Governor requesting his approval for the importation of US\$20.0 million as recommended by the Banking Department. The Executive Governor provided said approval on the same day;
3. On April 18, 2019, a board resolution was passed authorizing the Management of the CBL to transfer the amounts of US\$5.0 million and US\$15.0 million from CBL's placements with the Africa Import/Export Bank and the Bank for International Settlements (BIS), respectively, to the CBL's account with the Federal Reserve Bank of New York (FRBNY). It was this total of US\$20.0 million that was to be used for the importation purpose;
4. On May 7, 2019, the first tranche of US\$10.0 million was wired to Travelex for onward shipment to the CBL;
5. Between May 7 to 9, 2019, Travelex packaged and shipped the US\$10.0 million to Accra, Ghana, and it was received by the Bank of Ghana;
6. On May 10, 2019, the US\$10.0 million was shipped from Accra to Monrovia, cleared through customs, escorted by staff of the CBL, CBL Internal Security, and the Liberian National Police, and was verified by the Internal Audit Department;
7. On May 15, 2019, the Banking Department of the CBL passed the necessary accounting entries to record receipt of the amount;
8. On May 21, 2019, the second tranche of US\$10.0 million was wired to the FRBNY to Travelex for onward shipment to the CBL;
9. Between May 21 to 23, 2019, Travelex packaged and shipped the US\$10.0 million to Accra, Ghana, and it was received by the Bank of Ghana;
10. On May 24, 2019, the US\$10.0 was shipped from Accra to Monrovia, cleared through customs, escorted by staff of the CBL, CBL Internal Security, and the Liberian National Police, and was verified by the Internal Audit Department;

11. On May 28, 2019, the Banking Department of the CBL passed the necessary accounting entries to record receipt of the amount;

This constitutes all the process steps encompassing the importation process and these can be attested to the following documentations:

1. Two reports from the Liberian National Police attesting to having escorted the shipments from the RIA to the CBL, without stops along the road or any other incidents;
2. Two reports from the CBL Internal Security attesting to having escorted the shipments from the RIA to the CBL, without stops along the road or any other incidents;
3. Turnover reports from the General Services Department, which cleared the shipments through customs, to the Banking Department of the CBL;
4. Reports from the Internal Audit Department attesting to both the receipts of the shipment and the value; and
5. Bank statements from the Banking Department showing the recording of the US\$20 million in the CBL's system.

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