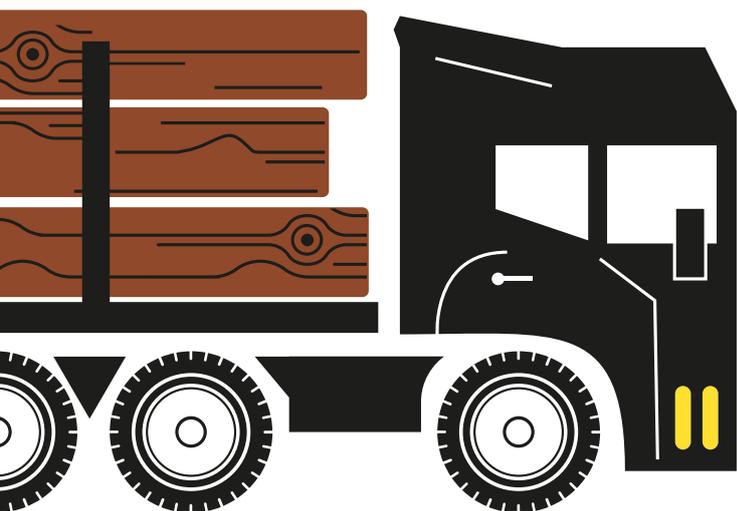




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HOLDING THE LINE



All Liberia's large logging contracts are illegal, threatening the country's EU, Norwegian, and EITI reform programmes.

What can Liberia do and what can other VPA and EITI countries learn?

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Atlantic Resources logging trucks, Sinoe County, Liberia, 2012. © Global Witness

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SUMMARY

Liberia's natural resources, including vast forests, large mineral deposits, and offshore oil, have long promised to drive the country's development. But rather than improve the lives of average Liberians these resources have too often been abused and mismanaged. During the country's 14-year war, which ended in 2003, logging contracts were handed out to cronies of then-President Charles Taylor while revenues from diamonds and timber paid for weapons that prolonged the conflict.

Over the past decade the government of President Ellen Johnson Sirleaf and its international partners have made considerable efforts to reverse this trend. To generate reconstruction funds and employment the government has awarded hundreds of new resource contracts. In an attempt to ensure these contracts benefit the country, the Liberian government has also undertaken widespread reforms, including passing new forestry, mining, and oil laws. At the same time the government's partners, including the EU, UK, World Bank, and US, have sponsored reform programmes to build capacity and improve governance.

Investigations by Global Witness show that, in Liberia's all-important forest sector, these reforms are not yet succeeding. All of Liberia's large logging contracts are fundamentally illegal, a fact that if not addressed immediately could undermine the important work being undertaken by the government and its partners to ensure Liberia's forests do not again fuel conflict and corruption. Global Witness has collected evidence demonstrating that logging companies are illegally owned or controlled by politicians such as House of Representatives members Alex Tyler, Moses Kollie, and Ricks Toweh. In a January 2017 letter to Global Witness, the company that is part-owned by Tyler and Kollie – International Consultants Capital – denied that it is owned by the two legislators.¹ There is also evidence that companies are employing wartime loggers like the notorious Gabriel Doe, have manipulated the country's lauded log tracking system, and are exploiting licenses designed to help communities manage their forests. At the same time, these logging companies – which have contracts covering ten percent of Liberia – are not helping the country benefit from its forests, having failed to pay over US\$ 25 million in taxes and fees, and are driving protests by disappointed community members.²

Responsibility for confronting illegal logging ultimately lies with the Liberian government, and in January 2017 the government circulated a draft plan for an independent investigation into illegal logging.³ This draft plan is an encouraging first step: if the investigation is thorough and results in the cancellation of illegal logging contracts it could help restore the rule of law in the sector.

It is important that this investigation is taken seriously. Presented with Global Witness' findings earlier in January 2017, the government's Forestry Development Authority (FDA) stated that it was committed to enforcing the law but broadly denied that logging companies had been awarded contracts or were operating illegally.⁴

The Liberian government is not acting alone in its effort to improve governance of the forestry sector and has developed three reform programmes backed by international partners. These initiatives – the Liberian Extractive Industries Transparency Initiative (LEITI), the Voluntary Partnership Agreement (VPA), and the Liberia Forest Sector Project (LFSP) – serve separate but inter-dependent roles strengthening the rule of law. Together they improve transparency, promote accountability, and increase trust between the government and civil society, and as such should be supported.

This report argues that the Liberian government's proposed independent investigation and the country's forestry sector reform programmes will not succeed unless they address the evidence of illegality presented below, confronting the reality that the country's current logging contracts are irredeemably illegal. This report also argues that, for those in other countries implementing Extractive Industries Transparency Initiative and VPA programmes, lessons should be learned from Liberia's experience if these programmes are to be seen as credible.

A complete list of recommended actions that Liberia and its partners should take is on page 9. However, key recommendations include:

- The VPA, an EU-backed forest governance and trade initiative, should ensure timber from illegal logging contracts never receive a license to export to Europe.
- The LFSP, a Norway-backed programme promoting forest conservation, should ensure that the illegal logging investigation outlined by the Liberian government in its January 2017 draft plan is thorough, incorporates evidence presented in this report, and that contracts found to be illegal are cancelled. In its 2014 agreement with Norway that led to the LFSP, Liberia committed to undertake such an investigation.
- LEITI, the Liberian government agency responsible for natural resource transparency, should reform the way it collects companies' ownership information and penalizes those that fail to provide such information.
- Other countries that want to implement VPAs and collect companies' beneficial ownership information under Extractive Industries Transparency Initiative programmes should learn from problems experienced in Liberia to ensure mistakes are not replicated elsewhere.

LIBERIA'S REFORM PROGRAMMES

Liberia currently has three reform initiatives that aim to improve governance in the country's forestry sector. These are described below:

WHAT IS BENEFICIAL OWNERSHIP AND WHY IS IT IMPORTANT?

The Liberian Extractive Industries Transparency Initiative (LEITI) is the multi-stakeholder group made up of the government, extractive companies, and civil society representatives that is responsible for implementing standards set by the international anti-corruption organisation the Extractive Industries Transparency Initiative (EITI, see Box 1).⁵ Since 2009, LEITI has required that logging, oil, mining, and agriculture companies publish their contracts and the payments they make to the government.⁶ In 2013, LEITI also began requiring that companies publish the names of the people who ultimately own and/or control them – their “beneficial” owners.⁷ Such reporting is designed to fight corrupt deals in which companies and government officials may collude to conduct corrupt natural resource deals.

Two years later, in December 2015, LEITI published its first Beneficial Ownership Report listing the owners of those

companies that had provided information.⁸ While this report was an important step forward towards greater transparency over company ownership and LEITI made good efforts to disclose information, the report also contained large reporting gaps. These included:

- Some companies refusing to provide any ownership information.
- Some companies providing wrong ownership information.
- Some companies providing only the names of legal owners, like parent companies, not human “beneficial” owners.⁹

LEITI has been particularly important in the forestry sector, helping rural communities determine whether or not companies should be operating in their forests and helping NGOs monitor taxes paid by companies. However, Liberia's forestry sector now poses a threat to LEITI's ability to fight corruption as logging companies have failed to report who their real owners are. LEITI, and similar initiatives in other countries hoping to implement EITI reporting standards, cannot succeed unless companies are forced to be honest about their beneficial owners.

LEITI requires that natural resources companies in Liberia declare their real, “beneficial” owners. © Global Witness



THE EITI AND BENEFICIAL OWNERSHIP

Established in 2001, the EITI is a global transparency initiative comprised of governments, companies and civil society that requires countries to publish their oil, gas, and mining revenues so that this money contributes to development rather than feeding corruption. At present 51 countries, including Liberia, have signed-up to EITI's reporting standards, and between them these countries have published data on nearly US\$ 1 trillion worth of resource revenues.¹⁰

In February 2016, the EITI agreed to a new Standard designed to fight corruption in its 51 implementing countries where they must start reporting on who actually owns the natural resource companies in their countries.¹¹ Global Witness reporting has shown that, when companies are able to hide their real ownership, officials can steal state assets and it is unclear who is actually receiving natural resource profits.¹² In the 2015 report *How to lose US\$ 4 billion*, Global Witness revealed how billions in oil and mining assets had been allocated to companies whose ownership is obscure in four African countries – three of which are members of the EITI.¹³

To combat this corruption, the 2016 EITI Standard requires companies that bid for, operate, or invest in extractive assets to publicly disclose their beneficial owners. Beneficial owners are the people who are at the end of an ownership chain and actually control and/or benefit from a company, beyond the shell companies and lawyers that may own a company on paper. Only natural persons (real human beings) can be beneficial owners. Other structures, such as private companies or trusts, cannot be beneficial owners. The 2016 Standard also states that companies must disclose any owners who hold or previously held important public functions government positions – called Politically Exposed Persons – and the family members or close associates of such persons. In 2013, Liberia committed to be one of the first EITI countries to implement this Standard.¹⁴

LIBERIA'S COMMITMENT TO VERIFIED LEGAL TIMBER

The VPA is a deal between Liberia and the EU to improve governance in Liberia's forestry sector and promote the country's timber trade to Europe. A component of the EU's flagship Forest Law Enforcement, Governance and Trade (FLEGT) initiative, Liberia's VPA came into force in 2013.¹⁵

At present, those supporting Liberia's implementation of the VPA – the EU and the UK – are providing important assistance to the government's FDA, the Ministry of Justice, Liberian NGOs, communities, and logging companies. This help has included technical expertise and funding, including boosting Liberia's forest sector law enforcement through work with Liberian lawyers and the Environmental

Law Institute.¹⁶ The VPA has also created a National Multi-Stakeholder Monitoring Committee, which brings together forestry sector stakeholders and gives NGOs and rural communities a much needed opportunity to talk with the government and guide reforms. Global Witness considers Liberia's VPA programme to be invaluable and believes that the work it is currently doing should continue.

However, eventually, the VPA will switch from capacity building to actively promoting the trade of Liberian timber and could start issuing FLEGT licenses to companies if they can prove they are logging legally. These FLEGT licenses will clear a company's timber for export to the EU and allow companies to skip background checks required by the EU's illegal timber import ban, called the EU Timber Regulation (EUTR).¹⁷ For a Liberian company to obtain a FLEGT license it will need to prove that it is logging legally by passing a checklist of VPA legality indicators that are based on Liberian law. There are 49 indicators in total, including requirements that companies are not owned by government officials, that they follow rules requiring their logs can be traced, and that they pay their taxes.¹⁸ A selection of indicators that are relevant to the findings of this report are included as Annex II. By 2018 it is anticipated that the VPA will start issuing FLEGT licenses, and if Liberian timber is to enter Europe it must be covered by a license and meet all of the legality indicators outlined in the VPA.

It should be noted that, before the VPA begins issuing FLEGT licenses, all logs exported from Liberia to the EU are subject to scrutiny under the EUTR, which bans illegal timber and timber products from entering the EU. In the absence of FLEGT licenses, companies buying Liberian timber are required to undertake due diligence – a thorough background check – on the timber they are buying to make sure it is not illegal. If the timber is illegal, or if they do not check properly, these companies have broken EU law.

As shown in the rest of this report, all of Liberia's large logging contracts suffer from fundamental illegalities that preclude them from meeting numerous VPA indicators. At present, timber from these contracts should not be permitted into the EU under the EUTR, and if EU countries do allow imports they are facilitating illegal logging in Liberia. It is also critically important that these contracts do not obtain FLEGT licenses in the future as doing so would effectively launder illegal concessions and the timber they produce.

Moreover, in the six additional countries that have ratified VPAs and the nine countries currently negotiating their VPAs, lessons should be learned from the Liberian experience. As pointed out by a recent study published by the International Union of Forest Research Organizations, some of the world's worst illegal logging is currently occurring in countries that have signed or are negotiating VPAs with the EU, including Indonesia and Malaysia.¹⁹ If FLEGT programmes are to achieve their objective of fighting illegal logging the EU must ensure that its VPAs do not issue FLEGT licenses to companies that have broken the law.



Liberian logging companies are exporting but have failed to pay their taxes. Timber ship leaving Sinoe County, Liberia, 2012. © Global Witness

NORWAY'S SUPPORT TO CLIMATE-FRIENDLY ALTERNATIVES TO FELLING FORESTS

In 2014, Liberia signed a US\$ 150 million agreement with the Norwegian government in which the Liberian government promised to promote community forestry, conservation, and legality in the logging sector (as well as reforms in the agriculture sector). In exchange, Norway promised to provide Liberia with budgetary support, fund capacity building, and – eventually – pay Liberians for carbon emissions they save by adopting climate-friendly alternatives to felling forests.²⁰

This agreement is being implemented by the World Bank through a programme called the Liberia Forest Sector Project (LFSP).²¹ While LFSP focuses on conservation and community forestry, its overall aim is to halt deforestation. As such, the Letter of Intent that outlined the programme in 2014 includes a commitment to fight illegal logging. To fulfil its end of the deal, by 2020 Liberia should:

- “Complete an independent government investigation that will examine the legality of existing logging and other land-use contracts,” and
- “Cancel illegal or non-performing contracts.”²²

In January 2017, the Liberian government took an encouraging first step towards meeting these commitments by circulating a draft plan for an independent investigation into the country's logging companies.²³ Global Witness hopes that this investigation is adequately resourced and conducted thoroughly. The illegality evidence contained in this report is designed to help investigators with their work.

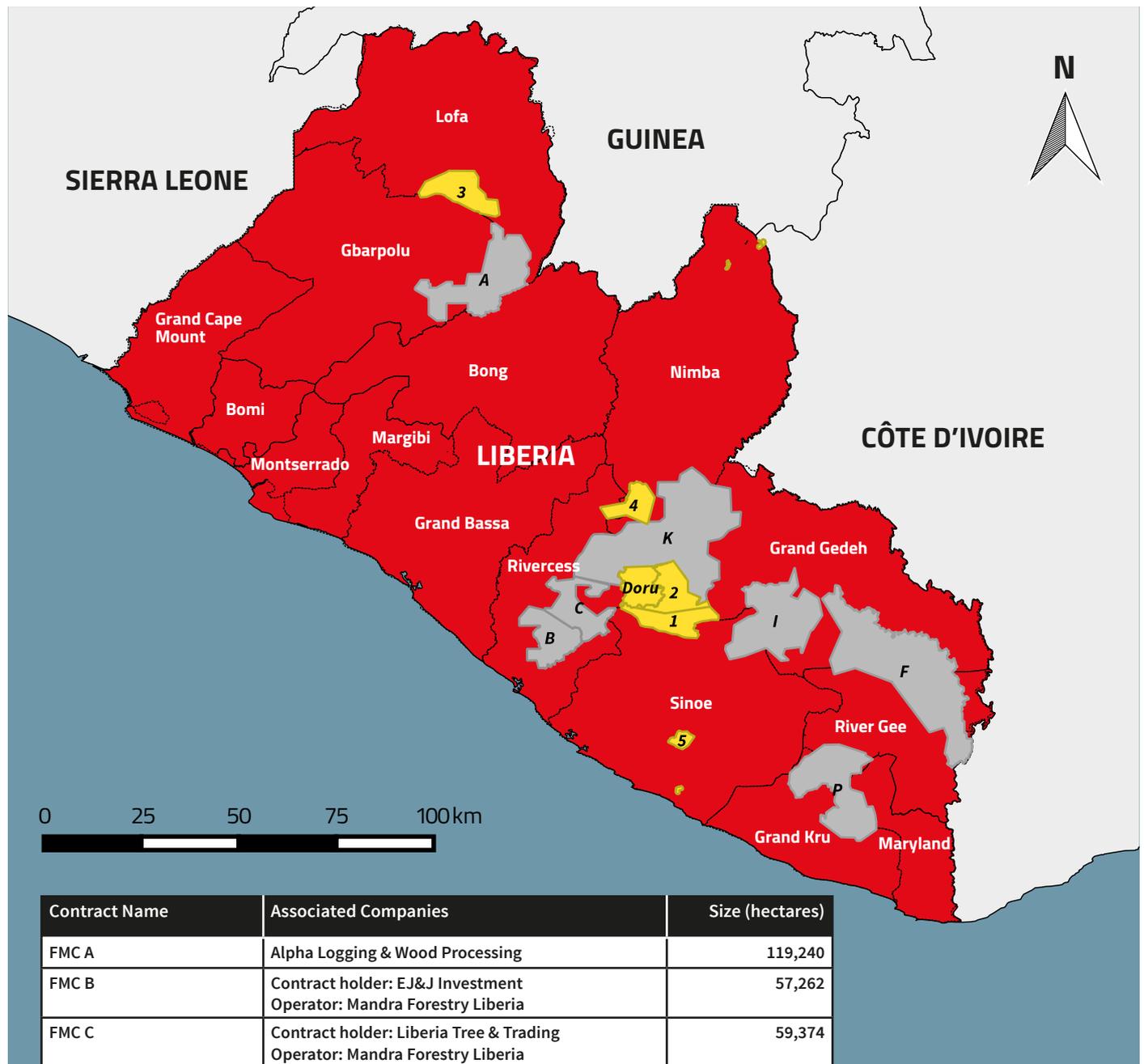
For the LFSP to successfully fight deforestation accountability mechanisms must be seen to be working. This means that the investigation should be undertaken now, should be transparent, and should have real implications, including prosecutions and cancellations where applicable.

ALL OF LIBERIA'S LARGE LOGGING LICENSES HAVE BROKEN THE LAW

Investigations by Global Witness demonstrate that all of the country's large logging contracts are illegal, either because they were awarded illegally, have operated illegally, or both. These investigations draw upon evidence collected over the past nine years by Global Witness, Liberian government entities such as the Special Independent Investigative Body that researched the country's illegal Private Use Permit logging contracts,²⁴ and Liberian NGOs such as the Civil Society Independent Forest Monitoring Team.²⁵ This evidence demonstrates that, instead of contributing to the country's development, Liberia's logging contracts are depriving the country of much needed revenue and undermining the government's carefully-developed reforms aimed at ending corruption, protecting the environment, and helping communities manage their forests.

Since 2008, Liberia has issued 20 forestry licenses that were either intended to be, or have subsequently become, logging contracts. These concessions cover 1,253,316 ha – ten percent of all Liberia. They are divided into three contract types:

LIBERIA'S LARGE LOGGING CONTRACTS



Contract Name	Associated Companies	Size (hectares)
FMC A	Alpha Logging & Wood Processing	119,240
FMC B	Contract holder: EJ&J Investment Operator: Mandra Forestry Liberia	57,262
FMC C	Contract holder: Liberia Tree & Trading Operator: Mandra Forestry Liberia	59,374
FMC F	Euro-Liberia Logging	253,670
FMC I	Contract holder: Geblo Logging Operator: Plant Pool Liberia	131,466
FMC K	Contract holder: International Consultant Capital Operator: Forest Venture	266,910
FMC P	Atlantic Resources	119,344
CFMA 1 (Neezonnie-Gbao)	Sub-Contract holder: A&M Enterprises Operator: Liberian Hardwood	42,424
CFMA 2 (Blouquia)	Sub-Contract holder: A&M Enterprises Operator: Unclear	43,794
CFMA 3 (Bluyeama)	Sub-Contract holder: Sing Africa Plantations Liberia	49,444
CFMA 4 (Gbi)	Sub-Contract holder: Liberia Tree & Trading	31,155
CFMA 5 (Numopoh)	Sub-contracted to Delta Timber	7,320
CFMA Doru	Sub-contracted to Liberia Tree & Trading Company	36,913
Total Area		1,218,316

FMC: Forest Management Contract
CFMA: Community Forest Management Agreement

- **Forest Management Contracts (FMC):** Large licenses designed for logging companies. There are currently seven FMCs in Liberia.
- **Timber Sale Contracts (TSC):** Small licenses designed for logging companies. There are currently seven TSCs in Liberia.
- **Community Forestry Management Agreements (CFMA):** Licenses designed to allow communities to manage their own forest. However, as described below at least five CFMAs have been co-opted by logging companies.

Research into the 13 largest of these contracts – the FMCs and logging CFMAs show on the map on page 7 – demonstrates that all are illegal.^a Detail on these legal breaches is included in Annex I, but the key problems include the following:

- **Beneficial ownership violations (FMC B, FMC C, FMC F, FMC K, CFMA 4, CFMA Doru):** There is evidence that the companies behind four of Liberia’s logging contracts are illegally owned or controlled by Liberian legislators or members of their families. According to its Articles of Incorporation, International Consultants Capital is part-owned by House of Representatives members Moses Kollie and Alex Tyler.^b Other company documents show that Liberian Tree & Trading Co. is controlled by the wife of Representative Ricks Toweh. Additionally, real ownership information for companies behind six contracts – including those owned or controlled by Representatives Toweh, Kollie, and Tyler – was not reported to LEITI as required when the agency was compiling its 2015 Beneficial Ownership Report. In a January 2017 letter to Global Witness, the FDA acknowledged that companies’ owners can change and that it was “ready to take appropriate actions” if illegal owners are identified.²⁹



Staff from wartime loggers Oriental Timber Company have come back with Liberia’s current logging companies.
© Global Witness

- **Wartime loggers (FMC B, FMC C, FMC K, CFMA 5):** The companies behind four contracts either employ or otherwise have as significant individuals people who should be legally barred from logging in Liberia because, during Liberia’s civil war, they worked for logging companies accused of

gun-running and human rights abuses. These companies would be prevented from operating for three years following the creation by the government of a legally-required list of barred individuals.

- **Possible bribery in the logging chain of custody system (FMC P):** An investigation by SGS, the administrator of Liberia’s log tracing system, found that Atlantic Resources paid money to a company managed by an SGS employee. In exchange, Atlantic expected the employee to help it obtain permits allowing the company to export its logs. Following the investigation, the SGS employee was fired but Atlantic has not yet been held accountable.^c

- **Manipulation of logging chain of custody system (FMC A, FMC P):** The companies behind two contracts submitted so much incorrect data to the log tracing system that SGS was forced to investigate their logging operations and found the companies had “manipulated” their data. In its January 2017 letter the FDA stated that logging companies had not manipulated their data but that large-scale errors were the result of “human errors.”³⁰

- **Co-opting community forests (CFMA 1, CFMA 2, CFMA 3, CFMA 4, CFMA Doru):** Under the law, CFMAs should be awarded to and managed by communities. However, five of Liberia’s CFMAs were de facto awarded to logging companies without the communities’ consent. In its January 2017 letter the FDA stated that all of Liberia’s CFMAs had been awarded legally.³¹

- **Tax dodging (11 of the 13 contracts):** The companies behind all of Liberia’s operating logging concessions have persistently failed to pay the taxes they owe the government, in some cases for eight years. Companies currently owe Liberia a total of US\$ 25 million – nearly five percent of the country’s entire budget.^d Of particular note, both of the companies known to be controlled by government officials are currently late on their tax payments, owing the Liberian people over US\$ 8.3 million.³²

- **Private Use Permit (PUP) ownership (FMC A, FMC B, FMC C, FMC K, FMC P):** The companies behind five contracts also held, or were closely related to companies that held, illegal PUP logging contracts, which bars them from holding any other type of forestry contract in Liberia. Note, while this report does not review the legality of Liberia’s TSC logging contracts, the companies behind TSC A3, TSC A7, and TSC A15 also held PUPs, and thus should be barred from logging.³³

^a Due to their small size, Global Witness has not reviewed the legality of Liberia’s TSCs. However, their exclusion from this analysis should not be seen as a determination of their legality or illegality.

^b Liberia’s Ministry of Foreign Affairs, the official repository for companies’ Articles of Incorporation, has on file an Articles for ICC dated 20 August 2007 that includes Tyler and Kollie as shareholders. A copy of these Articles is attached as Annex IV. In a January 2017 letter to Global Witness, ICC cites an “Articles of Incorporation” as evidence that Tyler is not an ICC owner although the company did not provide a document to substantiate its claim. A full copy of ICC’s letter can be found at globalwitness.org/holdtheline. Global Witness has separately obtained a second “Articles of Incorporation” for ICC that contains different shareholder information and does not include Tyler and Kollie as shareholders. However, unlike the August 2007 document, this second document was not filed with the Ministry of Foreign Affairs, as required by Liberia’s 1977 Associations Law, sec. 4.6, and its providence is unclear. As the Ministry of Foreign Affairs only has on record one Articles of Incorporation for ICC, that dated August 2007, it can be assumed that the information in this document is legally accurate.

^c After conducting its investigation and dismissing the employee, SGS examined Liberia’s chain of custody procedures and determined that they had not been compromised. However, under Liberian law, a company acts illegally only if it attempts to influence a government action through a bribe. The government action does not need to actually have been taken. In a January 2017 letter to Global Witness, SGS confirmed that the former-employee had been fired for having inappropriate financial relationship with a logging company but stated that the company had not broken any Liberian laws, including anti-corruption laws, and that it was not an agent of the Liberian government. A full copy of SGS’ letter can be found at globalwitness.org/holdtheline.

^d This tax bill would likely be higher still were companies still obligated to pay the “bid premium” fees originally required in their contracts. However, in 2013, the Liberian legislature cancelled this payment. The 2013 law does require “bid premium” fees to be replaced by an alternate source of tax, but to date no substitute has been created by the FDA.

The FDA states that companies holding PUPs are not, in fact, barred from holding other logging contracts. The law barring PUP companies from the sector – an Executive Order – was “interpreted” by the Ministry of Justice to actually allow PUP companies to hold other contracts, a clearly incorrect reading by the Ministry of the Order. Additionally, in its January 2017 letter the FDA stated that the PUP Executive Order had now expired. However, Liberian law does not require Executive Orders to expire within one year.³⁴

IT'S STILL SAMLING

Global Witness has previously reported the dominant role companies linked to the Malaysian logging giant Samling play in Liberia's forest sector.²⁶ These companies – which include Alpha Logging, Atlantic Resources, and Forest Venture – have a history of breaking Liberian laws: the latter two were central to the 2012 PUP logging scandal, between them holding 36 illegal PUP licenses covering 15 percent of all Liberia. Despite this background these companies have so far escaped the punishments recommended by an official report into the PUP scandal.²⁷



Atlantic Resources truck with Samling's diamond logo, Sinoe County, Liberia, 2013. © Global Witness

Three of the illegal contracts described in this report – FMC A, FMC K, and FMC P – were either awarded to or are currently operated by companies linked to Samling. A chart describing these links can be found in Annex III. Together, these concessions cover half of Liberia's current logging area, making Samling-linked companies a powerful force in Liberia. Samling also has a track record around the world of illegal logging.²⁸ Given this record in Liberia and elsewhere it is difficult to see how the country can have a legal logging sector while Samling-linked companies are allowed to operate.

These illegalities present both fundamental challenges to Liberia's reform initiatives and lessons for other countries seeking to implement similar reforms. The VPA, LFSP, and LEITI are important tools for improving natural resource governance and should be supported. These programmes have improved transparency, built government capacity, and maintained a vital space for Liberian civil society groups to raise concerns.

But Liberia's VPA cannot improve forestry legality if it issues FLEGT licenses for timber from concessions awarded to

wartime loggers and those who persistently fail to pay their taxes. Other countries implementing VPAs – including Indonesia, which is now issuing FLEGT licenses – should also consider how to address illegal contracts. If countries use FLEGT licenses to launder illegal concessions, it is questionable whether VPA reforms are doing more good than harm.

Similarly, the LFSP cannot fight deforestation if companies logging thousands of square kilometres of forest manipulate Liberia's log tracking system. For Norway to spend its climate change money efficiently, in both Liberia and the other countries in which Norway invests, it must make sure pledges to stop large-scale illegal logging are fulfilled.

Finally, evidence that Liberian legislators Toweh, Kollie, and Tyler own companies holding logging contracts also demonstrates the importance of public beneficial ownership reporting under the 2016 EITI Standard. Citizens cannot feel confident that their resources are being managed free from corruption if they discover that, despite governments' pledges to force ownership reporting, PEPs still secretly own resource companies. In Liberia, the problem may even be more pronounced: 40 of 89 resource companies failed to provide ownership information to LEITI for its 2015 report, and Global Witness has only independently researched ownership for some logging companies.³⁵

It is clear that, if Liberia wants to prevent officials and politicians from stealing state assets, LEITI must reform how it requires companies to report their beneficial owners. Liberia's experience, and the reforms LEITI must undertake, can also serve as a guide for other EITI countries that want to collect beneficial ownership information.

RECOMMENDATIONS

To ensure the Voluntary Partnership Agreement successfully improves governance in the forestry sector and maintains its hard-earned credibility, those implementing Liberia's VPA programme – including the Liberian government and its international partners – should undertake the following recommendations. Those implementing VPAs in other countries should also learn lessons from Liberia's experience to ensure illegal timber is not laundered by FLEGT licenses:

- Ensure enforcement of laws regarding the award of logging contracts, including debarment of companies owned, controlled, or employing government officials and wartime loggers and cancellation of contracts obtained through collusion.
- Ensure enforcement of laws regarding the award of existing and future community forestry licenses, including requirements that such licenses can only be issued and logging can only occur if the community has provided its free, prior, and informed consent.

➤ Ensure that timber from forestry contracts that have been awarded illegally or operate illegally will not obtain FLEGT licenses for export to the EU.

➤ Establish a central, publicly accessible digital information portal at which all legally-required information regarding forestry contracts can be obtained, including contracts, beneficial ownership information, chain of custody data, social obligations, and information regarding companies' compliance with domestic law and VPA legality indicators.

EU Member States implementing the EU Timber Regulation should: Strengthen enforcement of the EUTR to enforce the ban on the import of illegal timber and to ensure that operators are conducting adequate due diligence on imports containing Liberian timber.

Those implementing the World Bank / Norway Liberia Forest Sector Project – including the Liberian government and its international partners – should undertake the following recommendations:

➤ Ensure that the illegal logging investigation outlined by the Liberian government in its January 2017 draft plan is undertaken immediately.

➤ This investigation should be independent, thorough, and incorporate evidence presented in this report.

➤ Contracts that are determined to be illegal or non-performing should be cancelled and individuals who have broken the law should be prosecuted.

Those supporting the Liberian Extractive Industries Transparency Initiative – including the Liberian government and its international partners – should undertake the following recommendations. Those implementing EITI standards in other countries should also undertake these recommendations to ensure EITI reporting requirements are met:

➤ Pass legislation requiring all natural resource companies to publicly disclose beneficial ownership information. In cases where new natural resource contracts are being tendered, all bidding companies should disclose this information prior to submitting tenders. In Liberia, some ownership reporting requirements currently exist, including the 2006 National Forestry Reform Law, the 2016 Petroleum Law, and the 2009 LEITI Act – which requires companies to report information upon request from LEITI. However, to ensure ownership reporting to a country's EITI agency is understood to be clearly required the government should create a legal requirement targeting this obligation.

➤ Ensure that this legislation includes a clear definition of beneficial ownership that accords with international norms, including requirements that companies declare ownership by all Politically Exposed Persons, all people who own at least five percent of the company's shares, and their respective family members and close associates.

➤ Analyse the previous disclosure in Liberia's 2015 Beneficial Ownership Report in order to identify the barriers to further disclosure. From this analysis develop and implement recommendations to ensure the LEITI's next Beneficial Ownership Report improves on previous disclosures by including full identifying information of the real, live people who own companies in Liberia.

➤ Ensure that government agencies collecting beneficial ownership information have subpoena powers, allowing them pro-actively investigate companies' beneficial owners. Companies should also be required to attest, on penalty of perjury, to the validity of all beneficial ownership information they provide. This will allow investigators to both question data provided by companies and obtain beneficial ownership information from third party sources, such as government records, when companies fail to provide data. For additional guidance on how to successfully collect companies' ownership information, see the September 2016 report by Global Witness and the Natural Resource Governance Initiative: Beneficial Ownership: Tackling Hidden Company Ownership through Myanmar's EITI Process.³⁶

➤ Establish a central, publicly accessible digital repository or register to which companies are regularly required to report beneficial ownership information. The government should also commit to implementing the Open Ownership Register, a global beneficial ownership platform that will enable users to see the connections between companies and individuals globally, and allow companies to self-report their beneficial ownership data.³⁷

➤ Engage companies early when seeking to collect beneficial ownership information to ensure understanding and buy-in to the reporting process.

➤ Fully implement powers held by the country's EITI agency to penalise companies that report incorrect beneficial ownership information or fail to report beneficial ownership information, include meaningful fines and license cancellations.

➤ Fully implement powers held by the country's EITI agency to penalise government and company representatives who are members of the agency's governing body – the Multi-stakeholder Steering Group – who fail to perform their duties.

ANNEX I: ILLEGALITIES FOR EACH LOGGING CONTRACT

NOTES:

- The charts below detail violations of Liberian law and VPA Indicators that Global Witness has found in relation to each contract. A full list of the relevant VPA Indicators can be found in Annex II. Each of the below violations should also be addressed in the independent investigation that is outlined in the Liberian government's January 2017 draft plan and aims to fulfil Liberia's LFSP commitments.
- Only those violations for which Global Witness has evidence are included in the charts below. Additional violations may exist.
- Unless otherwise stated violations attach to the company awarded a contract, or to the company to which a community has sub-contracted logging operations, and not to any company listed as a concession operator.
- References to the Community Rights Law Regulations draw upon the regulations approved in 2011. In January 2017, the FDA approved new regulations that superseded those approved in 2011. However, the violations listed below occurred while the 2011 regulations were in force, and it is thus to those that this brief refers.
- In a January 2017 letter to Global Witness, the FDA stated that all of Liberia's CFMAs have been awarded legally.³⁸

FMC A: ALPHA LOGGING & WOOD PROCESSING INC. (ALPHA)		
Description	Liberian Law Violation	VPA Indicator Violation
Not Pre-Qualified at the time of bidding: In 2008, between the time Alpha received its pre-qualification certificate and the time the company submitted its bid for FMC A the company underwent a material change in ownership. During this period, 60 percent of Alpha's shares were transferred from a South Korean company called Eagon to another company called Woodman. This ownership change invalidated Alpha's pre-qualification certificate and disqualified it from bidding upon, or being awarded, FMC A. ³⁹	FDA Regulation (FDA Reg.) 103-07, sec. 46(b)(4), Schedule I: Material change in ownership following pre-qualification certificate invalidating certificate. Failure to maintain a valid pre-qualification certificate at time of contract award.	2.3: Failure to comply with pre-qualification requirements.
Possible Illegal Bidding Deal: In 2008, companies bidding for FMC A (and FMC B and FMC C) came to an agreement with two FDA officials that the final contract payment terms would be changed so as to reduce the companies' financial obligations to the government by 96 percent. Following their approval by the FDA Board but prior to being signed by President Ellen Johnson Sirleaf, the terms of these FMC contracts were changed in line with this agreement. It is possible that Alpha was one of the companies negotiating this agreement as subsequent changes to financial obligations were made to Alpha's FMC A. Such a deal was illegal as only a committee appointed by the Inter Ministerial Concessions Committee can negotiate a logging contract. ⁴⁰	2005 Public Procurement and Concessions Act (PPCA), sec. 82(1)(e), 118, 132, 138 (Possible Violation): Negotiation of FMC terms with unauthorised government representatives outside of legally-mandated process.	1.3 (Possible Violation): Company barred due to PPCA violations. 2.4 (Possible Violation): Violation of competitive bidding requirements.
Chain of Custody Manipulation: In May 2014, an SGS investigation into Alpha's adherence to the chain of custody system demonstrated that data submitted by Alpha to SGS showed "important discrepancies" and that the company had undertaken "data manipulation." ⁴¹ In a January 2017 letter to Global Witness, the FDA stated that logging companies had not manipulated their data but that large-scale errors were the result of "human errors." ⁴²	National Forestry Reform Law (NFRL), sec. 6.1(g), 13.5, 20.1(b)(xiv), 20.6, 20.7(b): Violation of the chain of custody system through manipulating of data submitted to SGS.	6.2: Logs incorrectly entered into chain of custody system.
PUP Links: In 2011, Atlantic Resources, Forest Venture, Nature Oriented Timber Co., and Southeast Resources Inc, obtained 35 Private Use Permits in violation of Liberian law. Alpha did not obtain any PUPs itself, but Alpha shares management and financial arrangements with all four companies and the international logging company Samling (see Annex III). ⁴³ The FDA states that companies holding PUPs are not, in fact, barred from holding other logging contracts. The law barring PUP companies from the sector – an Executive Order – was "interpreted" by the Ministry of Justice to actually allow PUP companies to hold other contracts, a clearly incorrect reading by the Ministry of the Order. Additionally, in its January 2017 letter the FDA stated that the PUP Executive Order had now expired. However, Liberian law does not require Executive Orders to expire within one year. ⁴⁴	Executive Order No. 44, 4 January 2013: De facto holder of PUPs, barring company from operating any logging contracts.	1.2: Company barred due to de facto PUP company disbarment.
Overdue Payments: As of November 2016, Alpha owed the Liberian government US\$ 1,718,377 in rental fees and arrears from previously-unpaid fees for FMC A. The company has consistently failed to pay its financial obligations since it was first awarded its contract, in 2008. ⁴⁵	NFRL, sec. 6.1(d), 20.1(b)(xvii): Failure to pay legally required fees.	9.3: Failure to pay legally required fees.

FMC B: CONTRACT AWARDED TO EJJ&J INVESTMENT CORP. (EJJ); OPERATED BY MANDRA FORESTRY LIBERIA LTD. (MANDRA)

Description	Liberian Law Violation	VPA Indicator Violation
<p>Possible Illegal Bidding Deal: In 2008, Companies bidding for FMC B (and FMC A and FMC C) came to an agreement with two FDA officials that the final contract payment terms would be changed so as to reduce the companies' financial obligations to the government by 96 percent. Following their approval by the FDA Board but prior to being signed by President Ellen Johnson Sirleaf, the terms of these FMC contracts were changed in line with this agreement. It is possible that EJJ was one of the companies negotiating this agreement as subsequent changes to financial obligations were made to EJJ's FMC B. Such a deal was illegal as only a committee appointed by the Inter Ministerial Concessions Committee can negotiate a logging contract.⁴⁶</p>	<p>2005 PPCA, sec. 82(1)(e), 118, 132, 138 (Possible Violation): Negotiation of FMC terms with unauthorised government representatives outside of legally-mandated process.</p>	<p>1.3 (Possible Violation): Company barred due to PPCA violations.</p> <p>2.4 (Possible Violation): Violation of competitive bidding requirements.</p>
<p>Ignoring LEITI Reporting: In 2015, logging companies were required to provide LEITI with a list of their ultimate, or "beneficial" owners. Both EJJ and Mandra failed to provide such a report to LEITI.⁴⁷</p>	<p>LEITI Regulation (LEITI Reg.) 1/11/09, sec. 2.1(iv): Failure to comply with LEITI reporting requirement.</p>	<p>11.2: Failure to comply with LEITI reporting requirement.</p>
<p>Employment of Wartime Logger (Mandra): In 2013, Global Witness determined that Mandra lists one Tea Siu Sing as a member of its Board of Directors and a shareholder in the company.⁴⁸ According to seven individuals with knowledge of Mandra and OTC operations independently interviewed in 2013, a person named Tea Siu Sing was at that time working as a manager with Mandra. These individuals also identified Sing as formerly being employed as a senior manager with OTC. In May 2013, responding to a request for comment from Global Witness, Mandra denied that Sing had worked for OTC. In December 2016, Global Witness asked Mandra if Sing was still working for the company but received no response. According to Liberia's Truth and Reconciliation Commission OTC "aided or abetted civil instability" during the country's civil war.⁴⁹</p> <p>Companies with "significant individuals" – including owners and those who sit on their Boards – who "aided or abetted civil disturbances" during Liberia's civil war should be barred from holding logging contracts for logging for three years following the creation by the government of a legally-required debarment list. The Liberian government has not yet created this list, but should do so immediately, and then bar Mandra from operating for three years.</p>	<p>Reg. 103-07, sec. 1, 22, 23 (Mandra): Employment of a significant individual who should be barred for three years from holding such a position due to his potential role in the Liberian civil conflict.</p>	<p>1.2: Company should be barred due to employment of significant individual with potential role in civil conflict.</p>
<p>Suspected Bribery in Chain of Custody [Mandra]: In 2014, an SGS investigation discovered that the logging company Atlantic Resources (ARL) had paid money to the company Market Bridge International to assist ARL process its logging chain of custody data. An SGS employee held a key managerial role with Market Bridge, a fact known to ARL. SGS runs Liberia's chain of custody system and ARL believed this SGS employee could help ARL obtain export permits. The investigation also found that an SGS employee was in regular contact with Mandra. The employee undertook methods of communicating with Mandra that raised suspicions with SGS. Under Liberian law, a company acts illegally if it attempts to influence a government action through a bribe. The government action does not need to actually have been taken.⁵⁰ If Mandra had paid the SGS employee in order to obtain help, then such payments would be bribes attempting to manipulate the chain of custody system.</p> <p>Global Witness was presented with the above evidence to Mandra in December 2016 but, as of the date of publication, has received no response. In a January 2017 letter to Global Witness, SGS confirmed that the former-employee had been fired for having inappropriate financial relationship with a logging company but denied that SGS was an agent of the Liberian government.⁵¹</p>	<p>NFRL, sec. 6.1(l) (Mandra, Suspected Violation): Provision of compensation to a SGS employee with aim of securing a government action.</p>	<p>6.2 (Suspected Violation): Attempt to manipulate chain of custody system through corruption.</p>
<p>No Management Plans: According to a review conducted by the VPA Support Unit in August 2016, no final Strategic Forest Management Plan and no valid Five Year Forest Management Plan has been submitted for FMC B.⁵² Until these plans have been approved the FDA should not provide logging certification to EJJ or Mandra, making it illegal to operate in FMC B.</p>	<p>Reg. 105-07, 24(a)(3), part 5; 2009 Guidelines for Forest Management Planning 2009, p. 14: Failure to complete approved Sustainable Forest Management Plan and Five Year Management Plan prior to commencing logging.</p>	<p>4.1: Failure to complete management plans.</p>
<p>PUP Holder (Mandra): In 2010 and 2011, Mandra obtained two Private Use Permits in violation of Liberian law.⁵³ Under Liberian law, all companies that obtained PUPs are prohibited from operating any type of logging contract. The FDA states that companies holding PUPs are not, in fact, barred from holding other logging contracts. The law barring PUP companies from the sector – an Executive Order – was "interpreted" by the Ministry of Justice to actually allow PUP companies to hold other contracts, a clearly incorrect reading by the Ministry of the Order. Additionally, in its January 2017 letter the FDA stated that the PUP Executive Order had now expired. However, Liberian law does not require Executive Orders to expire within one year.⁵⁴</p>	<p>Executive Order No. 44, 4 January 2013: Holder of PUPs, barring company from operating any logging contracts.</p>	<p>1.2: Company barred due to PUP company disbarment.</p>
<p>Overdue Payments: As of November 2016, EJJ owed the Liberian government US\$ 401,738 in rental fees and arrears from previously-unpaid fees for FMC B. The company has consistently failed to pay its financial obligations since it was first awarded its contract, in 2008.⁵⁵</p>	<p>NFRL, sec. 6.1(d), 20.1(b) (xvii): Failure to pay legally required fees.</p>	<p>9.3: Failure to pay legally required fees.</p>

FMC C: CONTRACT AWARDED TO LIBERIA TREE & TRADING COMPANY, INC. (LTTC); OPERATED BY MANDRA FORESTRY LIBERIA LTD. (MANDRA)

Description	Liberian Law Violation	VPA Indicator Violation
<p>Management by Legislator's Family: As of April 2012, Nyunyn Toweh – wife of Representative Ricks Toweh – was Acting President of LTTC, and as of August 2016 remained the company's main point of contact.⁵⁶ As early as 2008 and possibly as late as March 2012 LTTC was headed by Representative Ricks Toweh himself. Representative Toweh took his seat in the Liberian Legislature in January 2012.⁵⁷ LTTC was awarded FMC C in 2008. It is illegal for Liberian Legislators or their family members to hold logging contracts.</p>	<p>NFRL, sec. 5.2(b)-(c): Ownership of company holding logging contract by Liberian Legislator or member of his family.</p>	<p>1.2: Company barred due to ownership by Legislator.</p>
<p>Ignoring LEITI Reporting: In 2015, logging companies were required to provide LEITI with a list of their ultimate, or “beneficial” owners. Both LTTC and Mandra failed to provide such a report to LEITI.⁵⁸</p>	<p>LEITI Reg. 1/11/09, sec. 2.1(iv): Failure to comply with LEITI reporting requirement.</p>	<p>11.2: Failure to comply with LEITI reporting requirement.</p>
<p>Suspected Bribery in Chain of Custody (Mandra): In 2014, an SGS investigation discovered that the logging company Atlantic Resources (ARL) had paid money to the company Market Bridge International to assist ARL process its logging chain of custody data. An SGS employee held a key managerial role with Market Bridge, a fact known to ARL. SGS runs Liberia's chain of custody system and ARL believed this SGS employee could help ARL obtain export permits. The investigation also found that an SGS employee was in regular contact with Mandra. The employee undertook methods of communicating with Mandra that raised suspicions with SGS. Under Liberian law, a company acts illegally if it attempts to influence a government action through a bribe. The government action does not need to actually have been taken.⁵⁹ If Mandra had paid the SGS employee in order to obtain help, then such payments would be bribes attempting to manipulate the chain of custody system.</p> <p>Global Witness was presented with the above evidence to Mandra in December 2016 but, as of the date of publication, has received no response. In a January 2017 letter to Global Witness, SGS confirmed that the former-employee had been fired for having inappropriate financial relationship with a logging company but denied that SGS was an agent of the Liberian government.⁶⁰</p>	<p>NFRL, sec. 6.1(l) (Mandra, Suspected Violation): Provision of compensation to a SGS employee with aim of securing a government action.</p>	<p>6.2 (Suspected Violation): Attempt to manipulate chain of custody system through corruption.</p>
<p>Employment of Wartime Logger (Mandra): In 2013, Global Witness determined that Mandra lists one Tea Siu Sing as a member of its Board of Directors and a shareholder in the company.⁶¹ According to seven individuals with knowledge of Mandra and OTC operations independently interviewed in 2013, a person named Tea Siu Sing was at that time was working as a manager with Mandra. These individuals also identified Sing as formerly being employed as a senior manager with OTC. In May 2013, responding to a request for comment from Global Witness, Mandra denied that Sing had worked for OTC. In December 2016, Global Witness asked Mandra if Sing was still working for the company but received no response. According to Liberia's Truth and Reconciliation Commission OTC “aided or abetted civil instability” during the country's civil war.⁶²</p> <p>Companies with “significant individuals” – including owners and those who sit on their Boards – who “aided or abetted civil disturbances” during Liberia's civil war should be barred from holding logging contracts for logging for three years following the creation by the government of a legally-required debarment list. The Liberian government has not yet created this list, but should do so immediately, and then bar Mandra from operating for three years.</p>	<p>Reg. 103-07, sec. 1, 22, 23 (Mandra): Employment of a significant individual who should be barred for three years from holding such a position due to his potential role in the Liberian civil conflict.</p>	<p>1.2: Company should be barred due to employment of significant individual with potential role in civil conflict.</p>
<p>No Management Plans: According to a review conducted by the VPA Support Unit in August 2016, no final Strategic Forest Management Plan and no valid Five Year Forest Management Plan has been submitted for FMC C.⁶³ Until these plans have been approved the FDA should not provide logging certification to LTTC or Mandra, making it illegal to operate in FMC C.</p>	<p>Reg. 105-07, 24(a)(3), part 5; 2009 Guidelines for Forest Management Planning 2009, p. 14: Failure to complete approved Sustainable Forest Management Plan and Five Year Management Plan prior to commencing logging.</p>	<p>4.1: Failure to complete management plans.</p>
<p>PUP Holder (Mandra): In 2010 and 2011, Mandra obtained two Private Use Permits in violation of Liberian law.⁶⁴ Under Liberian law, all companies that obtained PUPs are prohibited from operating any type of logging contract. The FDA states that companies holding PUPs are not, in fact, barred from holding other logging contracts. The law barring PUP companies from the sector – an Executive Order – was “interpreted” by the Ministry of Justice to actually allow PUP companies to hold other contracts, a clearly incorrect reading by the Ministry of the Order. Additionally, in its January 2017 letter the FDA stated that the PUP Executive Order had now expired. However, Liberian law does not require Executive Orders to expire within one year.⁶⁵</p>	<p>Executive Order No. 44, 4 January 2013: Holder of PUPs, barring company from operating any logging contracts.</p>	<p>1.2: Company barred due to PUP company disbarment.</p>
<p>Overdue Payments: As of November 2016, LTTC owed the Liberian government US\$ 688,660 in rental fees and arrears from previously-unpaid fees for FMC C. The company has consistently failed to pay its financial obligations since it was first awarded its contract, in 2008.⁶⁶</p>	<p>NFRL, sec. 6.1(d), 20.1(b) (xvii): Failure to pay legally required fees.</p>	<p>9.3: Failure to pay legally required fees.</p>

FMC F: EURO-LIBERIA LOGGING CO. (EURO)

Description	Liberian Law Violation	VPA Indicator Violation
Ignoring LEITI Reporting: In 2015, logging companies were required to provide LEITI with a list of their ultimate, or “beneficial” owners. Euro failed to provide such a report to LEITI. ⁶⁷	LEITI Reg. 1/11/09, sec. 2.1(iv): Failure to comply with LEITI reporting requirement.	11.2: Failure to comply with LEITI reporting requirement.
Overdue Payments: As of November 2016, Euro owed the Liberian government US\$ 8,735,802 in rental fees and arrears from previously-unpaid fees for FMC F. The company has consistently failed to pay its financial obligations since it was first awarded its contract, in 2009. ⁶⁸	NFRL, sec. 6.1(d), 20.1(b) (xvii): Failure to pay legally required fees.	9.3: Failure to pay legally required fees.

FMC I: CONTRACT AWARDED TO GEBLO LOGGING INC. (GEBLO); OPERATED BY PLANT POOL LIBERIA INC.

Description	Liberian Law Violation	VPA Indicator Violation
Overdue Payments: As of November 2016, Geblo owed the Liberian government US\$ 4,387,070 in rental fees and arrears from previously-unpaid fees for FMC I. The company has consistently failed to pay its financial obligations since it was first awarded its contract, in 2009. ⁶⁹	NFRL, sec. 6.1(d), 20.1(b) (xvii): Failure to pay legally required fees.	9.3: Failure to pay legally required fees.

FMC K: CONTRACT AWARDED TO INTERNATIONAL CONSULTANT CAPITAL (ICC); OPERATED BY FOREST VENTURE INC. (FV)

Description	Liberian Law Violation	VPA Indicator Violation
Ownership by Legislator: According to ICC’s 2007 Articles of Incorporation, the company is 15 percent owned by Representative Alex Tyler. Representative Tyler was elected to office in 2005 and remains in office today. ICC was awarded FMC K in 2009. It is illegal for Liberian Legislators to hold logging contracts. In a January 2017 letter to Global Witness, ICC denied that Tyler was an ICC shareholder. ⁷⁰	NFRL, sec. 5.2(b)-(c): Ownership of company holding logging contract by Liberian Legislator.	1.2: Company barred due to ownership by Legislator.
Ownership by Legislator: According to ICC’s 2007 Articles of Incorporation, the company is 6 percent owned by Representative Moses Kollie. Representative Kollie was elected to office in 2005 and remains in office today. ICC was awarded FMC K in 2009. It is illegal for Liberian Legislators to hold logging contracts. In a January 2017 letter to Global Witness, ICC denied that Kollie was an ICC shareholder. ⁷¹	NFRL, sec. 5.2(b)-(c): Ownership of company holding logging contract by Liberian Legislator.	1.2: Company barred due to ownership by Legislator.
Misleading LEITI Reporting: In 2015, logging companies were required to provide LEITI with a list of their ultimate, or “beneficial” owners. In failing to report to LEITI that Representative Tyler and Representative Kollie were ICC shareholders, the company failed to provide a report truthfully. ⁷²	LEITI Reg. 1/11/09, sec. 2.1(iv): Failure to comply with LEITI reporting requirement.	11.2: Failure to comply with LEITI reporting requirement.
Not Pre-Qualified at the time of bidding: In 2008, between the time ICC received its pre-qualification certificate and the time the company submitted its bid for FMC K the company underwent a material change in ownership. During this period, ICC’s shares were transferred from former-Assistant Mining Minister Willie Mulbah first to a company called Frontier Investments and later to the companies Liberia Wood Industry and International Consultants Capital. ⁷³ In a January 2017 letter to Global Witness, ICC stated that its ownership had changed following pre-qualification and that this change had been reported to the FDA. ⁷⁴	Reg. 103-07, sec. 46(b)(4), Schedule I: Material change in ownership following pre-qualification certificate invalidating certificate. Failure to maintain a valid pre-qualification certificate at time of contract award.	2.3: Failure to comply with pre-qualification requirements.
Possible Bribery in Chain of Custody (FV): In 2014, an SGS investigation discovered that the logging company Atlantic Resources (ARL) had paid money to the company Market Bridge International to assist ARL process its logging chain of custody data. SGS runs Liberia’s chain of custody system and ARL believed this SGS employee could help ARL obtain export permits. The investigation also found that an SGS employee was in regular contact with FV. SGS investigators believed this contact represented a conflict of interest for the SGS employee. Under Liberian law, a company acts illegally if it attempts to influence a government action through a bribe. The government action does not need to actually have been taken. ⁷⁵ If FV had paid the SGS employee in order to obtain help, then such payments would be bribes attempting to manipulate the chain of custody system. Global Witness was presented with the above evidence to FV in December 2016 but, as of the date of publication, has received no response. In a January 2017 letter to Global Witness, SGS confirmed that the former-employee had been fired for having inappropriate financial relationship with a logging company but denied that SGS was an agent of the Liberian government. ⁷⁶	NFRL, sec. 6.1(l) (FV, Suspected Violation): Provision of compensation to a SGS employee with aim of securing a government action.	6.2 (Suspected Violation): Attempt to manipulate chain of custody system through corruption.

FMC K CONTINUED >		
Description	Liberian Law Violation	VPA Indicator Violation
<p>Employment of Wartime Logger (FV): In 2013, Global Witness determined that FV's Liberian Business Registry document lists one William Hock Kong Yii as the empowered person and registered agent for the company.⁷⁷ According to three individuals with knowledge of FV and OTC operations independently interviewed in 2013, a person named William Yii was employed as a logging manager operating in Liberia, although they did not identify his official corporate role within Forest Ventures. Those interviewed also identified Yii as a former senior manager with OTC.⁷⁸ In December 2016, Global Witness asked FV if Yii was still working for the company but received no response. According to Liberia's Truth and Reconciliation Commission OTC "aided or abetted civil instability" during the country's civil war.⁷⁹</p> <p>Companies with "significant individuals" – including owners and those who sit on their Boards – who "aided or abetted civil disturbances" during Liberia's civil war should be barred from holding logging contracts for logging for three years following the creation by the government of a legally-required debarment list. The Liberian government has not yet created this list, but should do so immediately, and then bar FV from operating for three years.</p>	<p>Reg. 103-07, sec. 1, 22, 23 (FV): Employment of a significant individual who should be barred for three years from holding such a position due to his potential role in the Liberian civil conflict.</p>	<p>1.2: Company should be barred due to employment of significant individual with potential role in civil conflict.</p>
<p>Possible Absence of Management Plan: According to a review conducted by the VPA Support Unit in August 2016, no final Strategic Forest Management Plan (SMFP) has been submitted for FMC K.⁸⁰ In a January 2017 letter to Global Witness, ICC stated that in 2016 it had submitted a SFMP to the FDA.⁸¹ Until this plan has been approved the FDA should not provide logging certification to ICC or Forest Venture, making it illegal to operate in FMC K.</p>	<p>Reg. 105-07, 24(a)(3), part 5; 2009 Guidelines for Forest Management Planning 2009, p. 14 (Possible Violation): Failure to complete approved Sustainable Forest Management Plan and Five Year Management Plan prior to commencing logging.</p>	<p>4.1 (Possible Violation): Failure to complete management plan.</p>
<p>Social Agreement Violations: Evidence obtained in 2014 by the Civil Society Independent Forest Monitoring Team showed that ICC had violated obligations to which it had committed within its Social Agreement with affected communities by failing to build roads, provide employee housing, or protect sacred sites.⁸² In a January 2017 letter to Global Witness, ICC stated it had met all of its obligations under its Social Agreement.⁸³ Violations of Social Agreement terms are also violations of Liberia's forest laws.</p>	<p>Reg. 105-07, sec. 31(b) (1): Failure to adhere to obligations outlined in Social Agreement with affected communities.</p>	<p>3.5: Violation of Social Agreement terms.</p>
<p>PUP Holder (FV): In 2011, FV obtained eight Private Use Permits in violation of Liberian law.⁸⁴ Under Liberian law, all companies that obtained PUPs are prohibited from operating any type of logging contract. The FDA states that companies holding PUPs are not, in fact, barred from holding other logging contracts. The law barring PUP companies from the sector – an Executive Order – was "interpreted" by the Ministry of Justice to actually allow PUP companies to hold other contracts, a clearly incorrect reading by the Ministry of the Order. Additionally, in its January 2017 letter the FDA stated that the PUP Executive Order had now expired. However, Liberian law does not require Executive Orders to expire within one year.⁸⁵</p>	<p>Executive Order No. 44, 4 January 2013 (FV): Holder of PUPs, barring company from operating any logging contracts.</p>	<p>1.2: Company barred due to PUP company disbarment.</p>
<p>Overdue Payments: As of November 2016, ICC owed the Liberian government US\$ 7,049,652 in rental fees and arrears from previously-unpaid fees for FMC K. In a January 2017 letter to Global Witness, ICC state, while it had not paid much of the tax it owed, the company had been allowed an extension on its payment deadlines by the government.⁸⁶ Nonetheless, the company has consistently failed to pay its financial obligations since it was first awarded its contract, in 2009.⁸⁷</p>	<p>NFRL, sec. 6.1(d), 20.1(b) (xvii): Failure to pay legally required fees.</p>	<p>9.3: Failure to pay legally required fees.</p>

FMC P: ATLANTIC RESOURCES LTD. (ARL)

Description	Liberian Law Violation	VPA Indicator Violation
<p>Bidding Collusion: In 2009, ARL colluded with a second company – Southeast Resources, which shares management and finances with ARL – to bid for an FMC contract. Both companies submitted their bids for the contract in the same envelope.⁸⁸ Collusion during bidding is illegal.</p>	<p>Reg. 104-07, sec. 44; 2005 PPCA, sec. 132, 138: Collusion during a competitive contract bid round.</p>	<p>1.3: Company barred due to PPCA violations.</p>
<p>Chain of Custody Manipulation: In 2015, an SGS investigation into ARL adherence to the chain of custody system demonstrated that the company’s data had been “intentionally manipulated”.⁸⁹ In a January 2017 letter to Global Witness, the FDA stated that logging companies had not manipulated their data but that large-scale errors were the result of “human errors.”⁹⁰</p>	<p>NFRL, sec. 6.1(g), 13.5, 20.1(b) (xiv), 20.6, 20.7(b): Violation of the chain of custody system through manipulating of data submitted to SGS.</p>	<p>6.2: Logs incorrectly entered into chain of custody system.</p>
<p>Possible Bribery in Chain of Custody: In 2014, an SGS investigation discovered that the ARL had paid money to the company Market Bridge International to assist ARL process its logging chain of custody data. An SGS employee held a key managerial role with Market Bridge, a fact known to ARL. SGS runs Liberia’s chain of custody system and ARL believed this SGS employee could help ARL obtain export permits. Under Liberian law, a company acts illegally if it attempts to influence a government action through a bribe. The government action does not need to actually have been taken.⁹¹ If ARL had paid the SGS employee in order to obtain help, then such payments would be bribes attempting to manipulate the chain of custody system.</p> <p>Global was Witness presented with the above evidence to ARL in December 2016 but, as of the date of publication, has received no response. In a January 2017 letter to Global Witness, SGS confirmed that the former-employee had been fired for having inappropriate financial relationship with a logging company but denied that SGS was an agent of the Liberian government.⁹²</p>	<p>NFRL, sec. 6.1(l) (Possible Violation): Provision of compensation to a SGS employee with aim of securing a government action.</p>	<p>6.2 (Possible Violation): Attempt to manipulate chain of custody system through corruption.</p>
<p>PUP Holder: In 2010 and 2011, ARL obtained 18 Private Use Permits in violation of Liberian law.⁹³ Under Liberian law, all companies that obtained PUPs are prohibited from operating any type of logging contract. The FDA states that companies holding PUPs are not, in fact, barred from holding other logging contracts. The law barring PUP companies from the sector – an Executive Order – was “interpreted” by the Ministry of Justice to actually allow PUP companies to hold other contracts, a clearly incorrect reading by the Ministry of the Order. Additionally, in its January 2017 letter the FDA stated that the PUP Executive Order had now expired. However, Liberian law does not require Executive Orders to expire within one year.⁹⁴</p>	<p>Executive Order No. 44, 4 January 2013: Holder of PUPs, barring company from operating any logging contracts.</p>	<p>1.2: Company barred due to PUP company disbarment.</p>
<p>Overdue Payments: As of September 2016, ARL owed the Liberian government US\$ 1,257,864 in rental fees and arrears from previously-unpaid fees for FMC P. The company has consistently failed to pay its financial obligations since it was first awarded its contract, in 2009.⁹⁵</p>	<p>NFRL, sec. 6.1(d), 20.1(b)(xvii): Failure to pay legally required fees.</p>	<p>9.3: Failure to pay legally required fees.</p>

CFMA 1: LICENSE AWARDED TO NEEZONNIE-GBAO COMMUNITY; SUB-CONTRACTED TO A&M ENTERPRISES INC. (AM); OPERATED BY LIBERIAN HARDWOOD CORP (LH)

Description	Liberian Law Violation	VPA Indicator Violation
Illegitimate CFMA Signatories: The Community Forestry Management Body (CFMB) did not prepare the CFMA. The CFMA was signed in August 2011, but the CFMB was not created until May 2013, 20 months later. ⁹⁶ A CFMA is invalid if it is not prepared by a CFMB.	2011 CRL Regulation (CRL Reg.), sec. 4(7): The CFMB did not sign the CFMA.	2.9: The contract holder – the CFMB representing the community – did not sign the contract.
Invalid Maps and Socio-Economic Surveys: The processes by which the CFMA's participatory mapping and socio-economic documentation processes were conducted are patently inadequate. The FDA's "Validation Report," which describes the CFMA 1 (Neezonnie-Gbao) mapping process, states that the entire 42,424 ha CFMA was mapped during a five day trip to the region. According to the FDA, during the same period the five-person team also undertook a socioeconomic profile reconnaissance survey. It is not possible that this team undertook participatory mapping and socio-economic documentation processes covering a license with an area of 424 km ² and a perimeter of 127 km in five days, suggesting either that these processes were not conducted adequately or did not occur at all. ⁹⁷ A CFMA is invalid if these processes are not conducted adequately.	2011 CRL Reg., sec. 2(6)-(11), 7(2): Participatory, consultative mapping and socio-economic surveys were not conducted prior to the awarding of a CFMA.	2.6: Failure to conduct participatory mapping and socio-economic documentation process.
Scheme to avoid bidding on contract: AM has obtained sub-contracts for two adjoining CFMAs – CFMA 1 (Neezonnie-Gbao) and CFMA 2 (Blouquia) – to avoid laws requiring that companies bid on licenses greater than 49,999 ha. Separately, Neezonnie-Gbao and Blouquia are 43,794 ha and 42,424 ha in size, and were they to be truly separate licenses, one company would be permitted to operate in both. However, together the CFMAs total 86,218 ha and the two should be treated as one license. The CFMAs border one-another and AM has treated the two CFMAs as one, having the Neezonnie-Gbao and Blouquia communities sign identical MOUs on the same day, 18 May 2011. ⁹⁸ SGS also treats the two CFMAs as one license. ⁹⁹ Obtaining logging rights to an 86,218 ha CFMA license without bidding is illegal.	CRL, sec. 6.3: Company logging in a CFMA larger than 49,999 ha without undergoing bidding process.	2.4: Violation of competitive bidding requirements.
Overdue Payments (LH): As of November 2016, LH owed the Liberian government US\$ 280,836 in rental fees and arrears from previously-unpaid fees for CFMA 1 and CFMA 2 together. ¹⁰⁰	NFRL, sec. 6.1(d), 20.1(b) (xvii): Failure to pay legally required fees.	9.3: Failure to pay legally required fees.

CFMA 2: LICENSE AWARDED TO BLOUQUIA COMMUNITY; SUB-CONTRACTED TO A&M ENTERPRISES INC. (AM); OPERATOR UNCLEAR

Description	Liberian Law Violation	VPA Indicator Violation
Illegitimate CFMA Signatories: The CFMB did not prepare the CFMA. The CFMA was signed in August 2011, but the CFMB was not created until May 2013, 20 months later. ¹⁰¹ A CFMA is invalid if it is not prepared by a CFMB.	2011 CRL Regulation (CRL Reg.), sec. 4(7): The CFMB did not sign the CFMA.	2.9: The contract holder – the CFMB representing the community – did not sign the contract.
Invalid Maps and Socio-Economic Surveys: The processes by which the CFMA's participatory mapping and socio-economic documentation processes were conducted are patently inadequate. The FDA's "Validation Report," which describes the CFMA 2 (Blouquia) mapping process, states that the entire 43,794 ha CFMA was mapped during a five day trip to the region. According to the FDA, during the same period the five-person team also undertook a socioeconomic profile reconnaissance survey. It is not possible that this team undertook participatory mapping and socio-economic documentation processes with an area of 438 km ² and a perimeter of 151 km in five days, suggesting either that these processes were not conducted adequately or did not occur at all. ¹⁰² A CFMA is invalid if these processes are not conducted adequately.	2011 CRL Reg., sec. 2(6)-(11), 7(2): Participatory, consultative mapping and socio-economic surveys were not conducted prior to the awarding of a CFMA.	2.6: Failure to conduct participatory mapping and socio-economic documentation process.
Scheme to avoid bidding on contract: AM has obtained sub-contracts for two adjoining CFMAs – CFMA 1 (Neezonnie-Gbao) and CFMA 2 (Blouquia) – to avoid laws requiring that companies bid on licenses greater than 49,999 ha. Separately, Neezonnie-Gbao and Blouquia are 43,794 ha and 42,424 ha in size, and were they to be truly separate licenses, one company would be permitted to operate in both. However, together the CFMAs total 86,218 ha and the two should be treated as one license. The CFMAs border one-another and AM has treated the two CFMAs as one, having the Neezonnie-Gbao and Blouquia communities sign identical MOUs on the same day, 18 May 2011. ¹⁰³ SGS also treats the two CFMAs as one license. ¹⁰⁴ Obtaining logging rights to an 86,218 ha CFMA license without bidding is illegal. Until December 2016, CFMA 2 was operated by LH. However, following complaints by the Blouquia Community that LH was not fulfilling its obligations to the community in December 2016 the FDA informed LH that it would no longer mediate disputes between the two parties. It is currently unclear whether LH is continuing to operate in CFMA 2. ¹⁰⁵	CRL, sec. 6.3: Company logging in a CFMA larger than 49,999 ha without undergoing bidding process.	2.4: Violation of competitive bidding requirements.
Overdue Payments (LH): As of September 2016, LH owed the Liberian government US\$ 280,836 in rental fees and arrears from previously-unpaid fees for CFMA 1 and CFMA 2 together. ¹⁰⁶	NFRL, sec. 6.1(d), 20.1(b) (xvii): Failure to pay legally required fees.	9.3: Failure to pay legally required fees.

CFMA 3: LICENSE AWARDED TO BLUYEAMA COMMUNITY; SUB-CONTRACTED TO SING AFRICA PLANTATIONS LIBERIA INC. (SING)

Description	Liberian Law Violation	VPA Indicator Violation
Illegitimate CFMA Signatories: The CFMB did not prepare the CFMA. The CFMA was signed in January 2012, but the CFMB was not created until March 2012, two months later. ¹⁰⁷ A CFMA is invalid if it is not prepared by a CFMB.	2011 CRL Regulation (CRL Reg.), sec. 4(7): The CFMB did not sign the CFMA.	2.9: The contract holder – the CFMB representing the community – did not sign the contract.
Invalid Maps and Socio-Economic Surveys: The processes by which the CFMA's participatory mapping and socio-economic documentation processes were conducted are patently inadequate. The FDA's "Validation Report," which describes the CFMA 3 (Bluyeama) mapping process, states that the entire 49,444 ha CFMA was mapped during an eight day trip to the region. According to the FDA, during the same period the five-person team also undertook a socioeconomic profile reconnaissance survey. It is not possible that this team undertook participatory mapping and socio-economic documentation processes covering an area of 494 km ² and with a perimeter of 109 km in eight days, suggesting either that these processes were not conducted adequately or did not occur at all. ¹⁰⁸ A CFMA is invalid if these processes are not conducted adequately.	2011 CRL Reg., sec. 2(6)-(11), 7(2): Participatory, consultative mapping and socio-economic surveys were not conducted prior to the awarding of a CFMA.	2.6: Failure to conduct participatory mapping and socio-economic documentation process.
No FPIC: Fundamental decisions relating to CFMA were not made with the free, prior, and informed consent of the community. In June 2013, the CS-IFM Team found that many community members were unaware of the activities of the then-logging operator Ecowood. ¹⁰⁹ Logging activities being undertaken and agreements signed without the free, prior, and informed consent of communities are illegal.	CRL, sec. 2.2(c): Decisions and activities affecting community resources were not made with the free, prior, and informed consent of the community.	2.1: Failure to obtain informed consent of affected communities.

CFMA 4: LICENSE AWARDED TO GBI COMMUNITY SUB-CONTRACTED TO LIBERIA TREE & TRADING COMPANY, INC. (LTTC)

Description	Liberian Law Violation	VPA Indicator Violation
Management by Legislator's Family: As of April 2012, Nyunyn Toweh – wife of Representative Ricks Toweh – was Acting President of LTTC, and she remains the company's main point of contact for the company today. ¹¹⁰ As early as 2008 and possibly as late as March 2012 LTTC was headed by Representative Ricks Toweh himself. Representative Toweh took his seat in the Liberian Legislature in January 2012. ¹¹¹ LTTC obtained CFMA 4 in 2011. It is illegal for Liberian Legislators or their family members to hold logging contracts.	NFRL, sec. 5.2(b)-(c): Ownership of company holding logging contract by Liberian Legislator or member of his family.	1.2: Company barred due to ownership by Legislator.
Ignoring LEITI Reporting: In 2015, logging companies were required to provide LEITI with a list of their ultimate, or "beneficial" owners. LTTC failed to provide such a report to LEITI. ¹¹²	LEITI Reg. 1/11/09, sec. 2.1(iv): Failure to comply with LEITI reporting requirement.	11.2: Failure to comply with LEITI reporting requirement.
Invalid Maps and Socio-Economic Surveys: The processes by which the participatory mapping and socio-economic documentation processes were conducted for CFMA 4 (Gbi) are patently inadequate. The FDA's "Validation Report," which describes the CFMA 4 (Gbi) mapping process, states that the entire 31,155 ha CFMA was mapped during a nine day trip to the region. According to the FDA, during the same period the five-person team also undertook a socioeconomic profile reconnaissance survey. It is not possible that this team undertook participatory mapping and socio-economic documentation processes covering an area of 312 km ² and with a perimeter of 90 km in nine days, suggesting either that these processes were not conducted adequately or did not occur at all. ¹¹³ A CFMA is invalid if these processes are not conducted adequately.	2011 CRL Reg., sec. 2(6)-(11), 7(2): Participatory, consultative mapping and socio-economic surveys were not conducted prior to the awarding of a CFMA.	2.6: Failure to conduct participatory mapping and socio-economic documentation process.
No FPIC: Fundamental decisions relating to CFMA 4 (Gbi) were not made with the free, prior, and informed consent of the community. In 2013 interviews conducted by Global Witness with Gbi community members stated that their leaders were rushed into signing agreements with LTTC. No community members interviewed either possessed copies of the CFMA or were aware of the terms of agreements with the logging company. ¹¹⁴ Logging agreements signed without the free, prior, and informed consent of communities are illegal.	CRL, sec. 2.2(c): Decisions and activities affecting community resources were not made with the free, prior, and informed consent of the community.	2.1: Failure to obtain informed consent of affected communities.
Scheme to avoid bidding on contract: LTTC has obtained sub-contracts for two CFMAs – CFMA 4 and CFMA Doru – to avoid laws requiring that companies bid on licenses greater than 49,999 ha. Separately, Gbi and Doru are 31,155 ha and 36,913 ha in size, and were they to be truly separate licenses, one company would be permitted to operate in both. However, together the CFMAs total 68,068 ha and the two should be treated as one license. The CFMAs are located very close to one-another, and were both awarded in July 2011 following a request from LTTC that the FDA map the two CFMA areas at the same time. ¹¹⁵ Obtaining logging rights to a 68,068 ha CFMA license without bidding is illegal.	CRL, sec. 6.3: Company logging in a CFMA larger than 49,999 ha without undergoing bidding process.	2.4: Violation of competitive bidding requirements.
Overdue Payments: As of September 2016, LTTC owed the Liberian government US\$ 239,663 in rental fees for CFMA 4. ¹¹⁶	NFRL, sec. 6.1(d), 20.1(b) (xvii): Failure to pay legally required fees.	9.3: Failure to pay legally required fees.

CFMA DORU LICENSE AWARDED TO DORU COMMUNITY; SUB-CONTRACTED TO LIBERIA TREE & TRADING COMPANY, INC. (LTTC)^e

Description	Liberian Law Violation	VPA Indicator Violation
Management by Legislator's Family: As of April 2012, Nyunyn Toweh – wife of Representative Ricks Toweh – was Acting President of LTTC, and she remains the company's main point of contact for the company today. ¹¹⁷ As early as 2008 and possibly as late as March 2012 LTTC was headed by Representative Ricks Toweh himself. Representative Toweh took his seat in the Liberian Legislature in January 2012. ¹¹⁸ LTTC obtained CFMA 4 in 2011. It is illegal for Liberian Legislators or their family members to hold logging contracts.	NFRL, sec. 5.2(b)-(c): Ownership of company holding logging contract by Liberian Legislator or member of his family.	1.2: Company barred due to ownership by Legislator.
Ignoring LEITI Reporting: In 2015, logging companies were required to provide LEITI with a list of their ultimate, or "beneficial" owners. LTTC failed to provide such a report to LEITI. ¹¹⁹	LEITI Reg. 1/11/09, sec. 2.1(iv): Failure to comply with LEITI reporting requirement.	11.2: Failure to comply with LEITI reporting requirement.
Illegitimate CFMA Signatories: The Doru CFMA did not prepare the Doru CFMA. The CFMA was signed in 2011 by three individuals who are not CFMA members. ¹²⁰ A CFMA is invalid if it is not prepared by a CFMA.	CRL, sec. 6.4; 2011 CRL Reg., sec. 3, 4(7), 7(2), 7(5): The CFMA did not sign the CFMA.	2.9: The contract holder – the CFMA representing the community – did not sign the contract.
Invalid Maps and Socio-Economic Surveys: The processes by which the participatory mapping and socio-economic documentation processes were conducted for CFMA Doru are patently inadequate. The FDA's "Validation Report," which describes the CFMA Doru mapping process, states that the entire 36,193 ha CFMA was mapped during an nine day trip to the region. According to the FDA, during the same period the five-person team also undertook a socioeconomic profile reconnaissance survey. It is not possible that this team undertook participatory mapping and socio-economic documentation processes covering an area of 372 km ² and with a perimeter of 118 km in nine days, suggesting either that these processes were not conducted adequately or did not occur at all. ¹²¹ A CFMA is invalid if these processes are not conducted adequately.	2011 CRL Reg., sec. 2(6)-(11), 7(2): Participatory, consultative mapping and socio-economic surveys were not conducted prior to the awarding of a CFMA.	2.6: Failure to conduct participatory mapping and socio-economic documentation process.
No FPIC: Fundamental decisions relating to CFMA Doru were not made with the free, prior, and informed consent of the community. In 2013 interviews conducted by Global Witness Doru community members stated that their leaders were rushed into signing agreements with LTTC. No community members interviewed either possessed copies of the CFMA or were aware of the terms of agreements with the logging company. ¹²² Logging agreements signed without the free, prior, and informed consent of communities are illegal.	CRL, sec. 2.2(c): Decisions and activities affecting community resources were not made with the free, prior, and informed consent of the community.	2.1: Failure to obtain informed consent of affected communities.
Scheme to avoid bidding on contract: LTTC has obtained sub-contracts for two CFMAs – CFMA 4 and CFMA Doru – to avoid laws requiring that companies bid on licenses greater than 49,999 ha. Separately, Gbi and Doru are 31,155 ha and 36,913 ha in size, and were they to be truly separate licenses, one company would be permitted to operate in both. However, together the CFMAs total 68,068 ha and the two should be treated as one license. The CFMAs are located very close to one-another, and were both awarded in July 2011 following a request from LTTC that the FDA map the two CFMA areas at the same time. ¹²³ Obtaining logging rights to a 68,068 ha CFMA license without bidding is illegal.	CRL, sec. 6.3: Company logging in a CFMA larger than 49,999 ha without undergoing bidding process.	2.4: Violation of competitive bidding requirements.
Overdue Payments: As of September 2016, LTTC owed the Liberian government US\$ 277,447 in rental fees for CFMA Doru. ¹²⁴	NFRL, sec. 6.1(d), 20.1(b) (xvii): Failure to pay legally required fees.	9.3: Failure to pay legally required fees.

^eNote: It is unclear from Liberian government documents the official CFMA number attached to this CFMA. As such, it is referred to here as CFMA Doru.

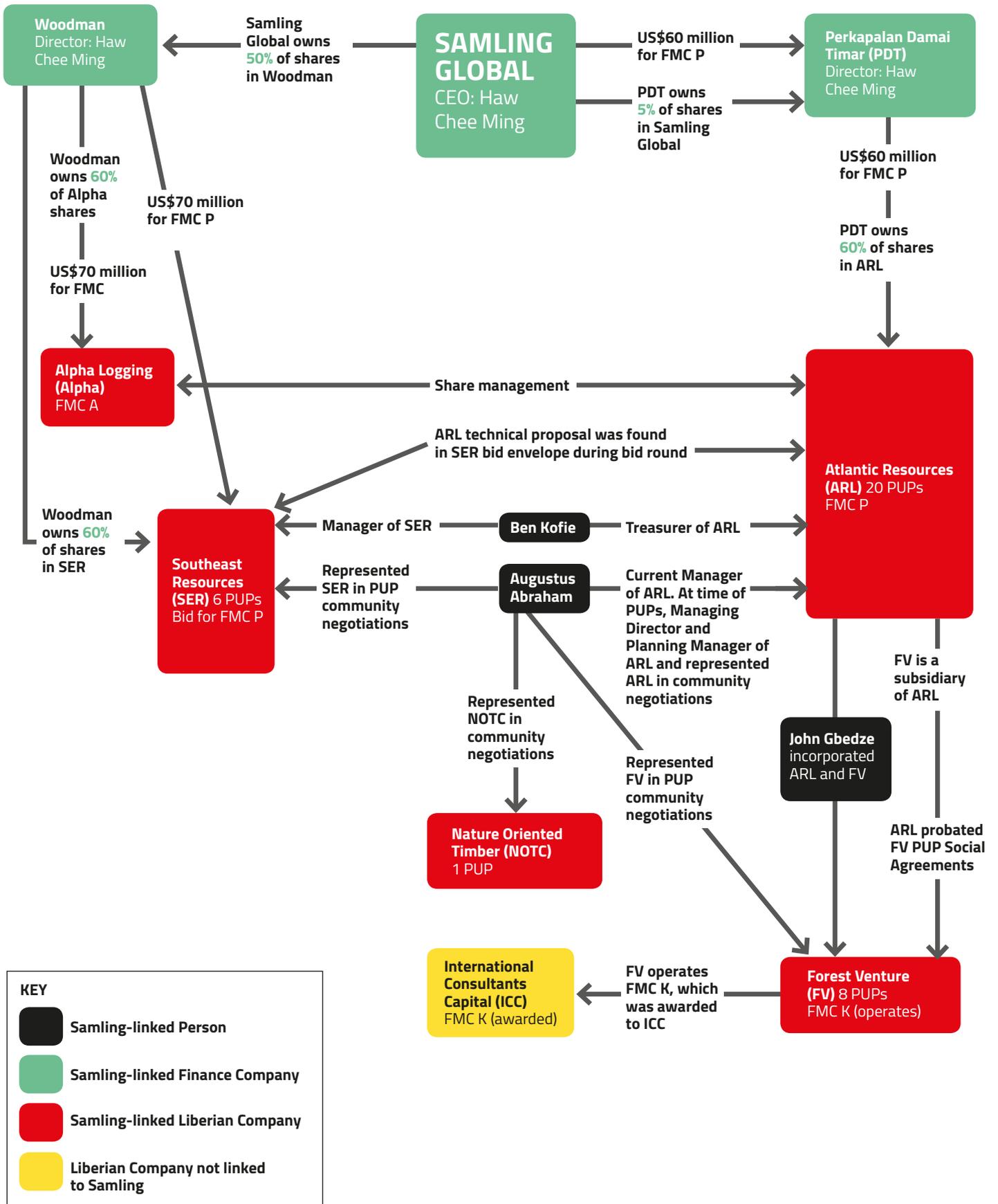
CFMA 5: LICENSE AWARDED TO NUMOPOH COMMUNITY; SUB-CONTRACTED TO DELTA TIMBER CORP. (DELTA)

Description	Liberian Law Violation	VPA Indicator Violation
Employment of Wartime Logger: In a May 2016 Memorandum of Understanding signed by Delta and the Numopoh Community, one Gabriel Doe was listed as the "General Manager" for Delta. ¹²⁵ During Liberia's civil war, one Gabriel Doe (also spelled Gabrielle Doe) was the "owner and operator" of the logging company Cavalla Timber ¹²⁶ and was also placed on the UN Travel Ban list because he was an "Adviser" to former-President Charles Taylor. ¹²⁷ Companies with "significant individuals" – including owners and those who sit on their Boards – who "aided or abetted civil disturbances" during Liberia's civil war should be barred from holding logging contracts for logging for three years following the creation by the government of a legally-required debarment list. The Liberian government has not yet created this list, but should do so immediately, and then bar Delta from operating for three years.	Reg. 103-07, sec. 1, 22, 23: Ownership by a significant individual who should be barred for three years from holding such a position due to his potential role in the Liberian civil conflict.	1.2: Company should be barred due to employment of significant individual with potential role in civil conflict.

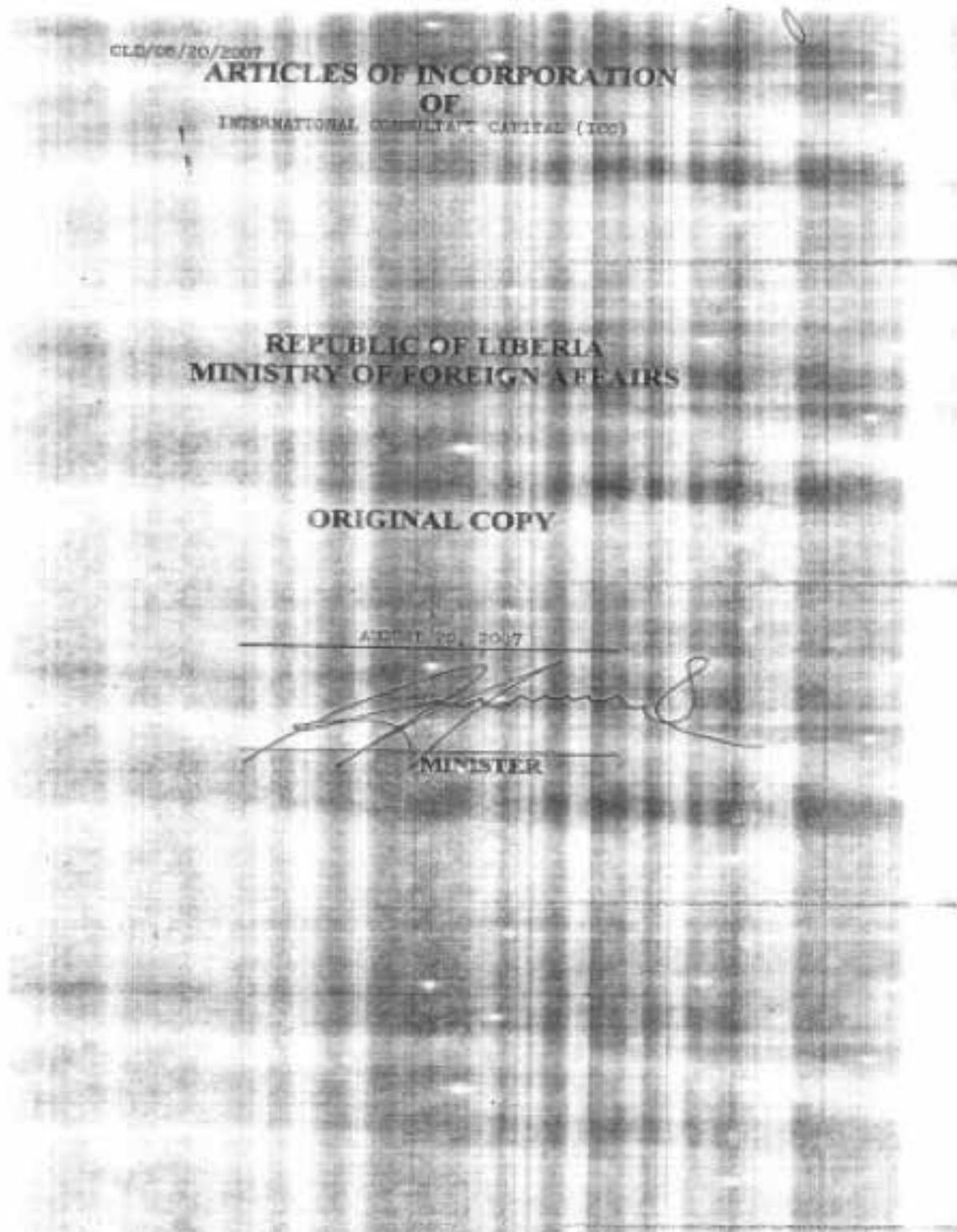
ANNEX II: RELEVANT VPA PRINCIPLES AND INDICATORS

PRINCIPLE	INDICATOR NUMBER	INDICATOR REQUIREMENT
1. The forest contract or permit holder is a legally recognized business, community or an individual eligible to operate in the forestry sector.	1.2	The current owner(s) or shareholders of a contract or permit holder do not include the current President and the Vice President of Liberia, Members of the Legislature, Members of the cabinet, Directors and Managers of FDA, current county Superintendents or any other person specifically prohibited from owning a forest contractor or an interest in a forest contract.
	1.3	The Contract holder is not barred from bidding or applying for a forest license or any other government contract/concession because of violations of the Public Procurement and Concessions Act (PPCA).
2. The Forest Use Rights covered by the contract was awarded pursuant to the National Forestry Reform Law and the Community Rights Law.	2.1	All communities within 3.0 kilometres of the proposed concession area (called “affected communities”) have been consulted by FDA and have given their informed consent to the proposed concession.
	2.3	The Contract holder did comply with statutory prequalification requirements and was duly qualified by FDA to (i) operate in the forestry sector, and in the case of TSC and FMC, (ii) bid for the contract.
	2.4	The forest contract was tendered in accordance with the competitive bidding process and rules established by the Public Procurement and Concessions Act and the Regulations issued by the FDA.
	2.6	In consultation with stakeholders and based on its socio-economic survey report, the FDA has prepared an integrated map showing the contract area and adjacent land areas such as other concessions, protected forest areas and private land.
	2.9	The forest contract has been signed by the contract holder and the FDA and, where applicable, duly ratified in keeping with the law.
3. Contract holder is in compliance with the social obligations and benefit sharing requirements established by law.	3.5	The stipulated fees owed to the communities by the contract holder under the social agreement are paid by the contract holder (i) within the prescribed time periods and (ii) into an escrow account opened by the contract holder for this purpose.
4. Forest management operations and harvesting complies with all applicable laws.	4.1	The contract or permit holder has completed an annual operational plan and where applicable, a forest management plan.
6. The Contract or permit holder or timber processor meets all of its obligations required by law for the transportation and traceability of timber and/or timber products.	6.2	All logs are properly marked and entered in the chain of custody system in accordance with standard operating procedures of the FDA.
9. The contract holder or timber processor is current in its compliance with all fiscal obligations including payment of taxes and fees.	9.3	The contract or permit holder has been cleared by the Ministry of Finance upon paying all taxes and fees required of it by law and in keeping with the terms of its contract.
11. Transparency and general disclosure	11.2	The contract or permit holder is currently participating in the Liberia Extractive Industries Transparency Initiative (LEITI).

ANNEX III: LIBERIA'S SAMLING-LINKED COMPANIES¹²⁸



**ANNEX IV:
ARTICLES OF INCORPORATION,
INTERNATIONAL CONSULTANTS CAPITAL**





OFFICE OF STATE
WASHINGTOWN COUNTY

Office of The Notary Public
Monrovia, Liberia

NOTARY CERTIFICATE

Personally appeared before Me, ALETHA W. SIMPSON
A Duty Qualified Notary Public For The County of Montserrato, Republic
of Liberia aforesaid The Parties To The Attached

ARTICLES OF INCORPORATION OF INTERNATIONAL CONSULTANT CAPITAL (ICC)

did in my presence and in the presence of each other execute and sign
their genuine signature on the said instrument to be the person(s) they
represent and that the same was made in my presence and declared by
each of them to be their voluntary acts and in their own handwriting.

The said ALETHA W. SIMPSON, Notary Public aforesaid have
affixed my Official Signature and Notary Seal to avert when and where
necessary.

Given officially with order of said office of

this 20th day of August

A.D. 2007

Seal


Notary Public, Montserrato County, R.L.



\$2.49 Revenue Stamp.

REPUBLIC OF LIBERIA
MONTSERRADO COUNTY]

**ARTICLES OF INCORPORATION
OF
INTERNATIONAL CONSULTANT CAPITAL (ICC)**

We, the undersigned, for the purpose of forming a Corporation, pursuant to the Liberian Corporation Law of 1976 hereby make, subscribe, acknowledge and file into the office of the Minister of Foreign Affairs of the Republic of Liberia, these Articles of Incorporation and in so doing certify as follows:

ARTICLE I: NAME

The name of the Corporation (hereinafter referred to as the "CORPORATION") shall be: **INTERNATIONAL CONSULTANT CAPITAL (ICC).**

ARTICLE II: PURPOSES/OBJECTIVES

The general nature of business to be undertaken and performed by the Corporation and the purposes for which this corporation is formed are as follows:

1. To engage in general logging, forest, forestry, lumber, and timber business pursuant thereto, to purchase, lease, take by draft, conveyance, concession or other, and to own, hold, use and operate forest, forest products, and by products and to manufacture, plant, develop, out fell, contract, kiln, mill, sell, or otherwise dispose of any and all timbers, logs, lumber, tress, and other forest products, including wood and wood products, in a processed and unprocessed state and of every kind and description and the by products thereof work on, in and with such forest, forest areas and the products and by product thereof, and to do any and all of the foregoing as principal, agents, commissions merchants or consignees;
2. Generally to engage in all aspects of construction;
3. To engage in the importation and exportation of general merchandise;
4. To engage in alluvial mining and buying and selling of gold and diamonds;
5. To engage in fisheries and general agriculture;
6. To engage in the operation of schools and hospitals;
7. To engage in the operation of security guard services;
8. To engage in the importation of petroleum products for sale;
9. To engage in the importation of new and used vehicles and car rental services;
10. To establish and operate travel agency;
11. To engage in all aspects of real estate business;
12. To export and import general merchandise into the Republic of Liberia from any and all foreign countries, as principal or agent, merchandise of any kind and nature for exportation, and importation into the Republic of Liberia from all foreign countries thereto, and to purchase and sell domestic merchandise in foreign merchandise in foreign markets and to a general foreign and domestic exporting and importing business;
13. To do any and all such other acts and activities, engage in any and all other businesses and perform any all other functions as a corporation in Liberia legally and lawfully do and perform;

ARTICLE III: DURATION

The Corporation shall have perpetual existence and successions.

ARTICLE IV: SHAREHOLDERS

The maximum number of shares of stock that the Corporation is authorized to issue and have outstanding at any time is 100 (One Hundred) shares of common stock of no par value. The subscribers to the Corporation shares are as follows:

<u>NAME</u>	<u>NO. OF SHARES %</u>
1. MacDonald A. Wento	24%
2. Alex Tyler, Jr.	15%
3. Willie Mulbah	6%
4. Moses Y. Kollie	6%
Outstanding	49%

ARTICLE V: BOARD OF DIRECTORS

The number of the Board of Directors, who subject to the provisions of these Articles of Incorporation, shall hold office for their life time of the Corporation's existence. The Directors shall not be less than three (3).

ARTICLE VI: REGISTERED AGENT

The Post Office address of the Corporation shall be P. O. Box 2019, Warren Street & Camp Johnson Road, Monrovia, Republic of Liberia and its Registered Agent shall be Lee E. Yu-ward.

ARTICLE VII: INCORPORATORS

The names and Post Office Address of the Incorporators of the Corporation are as follows:

<u>NAME</u>	<u>ADDRESS</u>
1. MacDonald A. Wento	P. O. Box 2019 Warren Street & Camp Johnson Road Monrovia, Republic of Liberia
2. Alex Tyler, Jr.	" "
3. Willie Mulbah	" "
4. Moses Y. Kollie	" "

ARTICLE VIII: POWER

The Corporation has the rights to sue and be sued.

ARTICLE IX: INDEMNITY

The Corporation shall not indemnify any of its Directors or any person who may have served at its request unless the acts of Directors, Officers and persons were in performance of corporate business and authorized by the Corporation.

ARTICLE X: AMENDMENT

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation, in the manner now or hereafter prescribed by the Liberian Corporation Laws and rights conferred upon shareholders herein are granted subject to this reservation.

ARTICLE XI: CORPORATE EXISTENCE

The Corporation's existence shall begin upon filing of these Articles of Incorporation with the Ministry of Foreign Affairs of the Republic of Liberia as of the date stated in these Articles.

IN WITNESS WHEREOF, we the undersigned have made, subscribed and acknowledged this instrument this 20th Day of August A. D. 2007.

IN THE PRESENCE OF:

INCORPORATORS:

~~Signature~~

Macdonald A. Wento
MacDonald A. Wento

Signature

Alex Tyler, Jr.
Alex Tyler, Jr.

Sam S. Fernald

Willie Mulbah
Willie Mulbah

Moses Y. Kollie
Moses Y. Kollie

\$12.00 Revenue Stamp affixed on the Original.

ENDNOTES

- 1 Liberia's Ministry of Foreign Affairs, the official repository for companies' Articles of Incorporation, has on file an Articles for ICC dated 20 August 2007 that includes Tyler and Kollie as shareholders. A copy of these Articles is attached as Annex IV. In a January 2017 letter to Global Witness, ICC cites an "Articles of Incorporation" as evidence that Tyler is not an ICC owner although the company did not provide a document to substantiate its claim. International Consultant Capital, Letter to Global Witness, 6 January 2017. Available at globalwitness.org/holdtheline. Global Witness has separately obtained a second "Articles of Incorporation" for ICC that contains different shareholder information and does not include Tyler and Kollie as shareholders. However, unlike the August 2007 document, this second document was not filed with the Ministry of Foreign Affairs, as required by Liberia's 1977 Associations Law, sec. 4.6, and its providence is unclear. As the Ministry of Foreign Affairs only has on record one Articles of Incorporation for ICC, that dated August 2007, it can be assumed that the information in this document is legally accurate.
- 2 Civil Society Independent Forest Monitoring Team, Briefing 3: Partners in Progress or Illegality, December 2014. Available at <http://loggingoff.info/document/liberia-independent-forest-monitors-briefing-3-partners-in-progress-or-illegality/>. Managing Director Harrison Karnwea, Letter to Sampson Zammie, 5 December 2016. On file with Global Witness. Managing Director Harrison Karnwea, Letter to Jihad Akkari, 5 December 2016.
- 3 Government of Liberia, ToR for process to establish the legality of Liberia forest sector, including complementary review of forest concessions, obtained 31 January 2017. Available at <http://www.fda.gov.lr/information/documents/liberia-concession-review-tor-07dec16-2/>.
- 4 Darlington Tugaben, Letter to Global Witness, 8 January 2017. Available at globalwitness.org/holdtheline.
- 5 For additional information on LEITI, see www.leiti.org.lr.
- 6 Government of Liberia, An Act Establishing the Liberia Extractive Industries Transparency Initiative, 13 July 2009. Available at <http://www.leiti.org.lr/uploads/2/1/5/6/21569928/act.pdf>.
- 7 LEITI, Regulation I 001/11/09, sec. 2.1(iv). Available at http://www.leiti.org.lr/uploads/2/1/5/6/21569928/msg_regulation_of_2009..pdf. LEITI, Strategic Work plan, 1 July 2013 - 30 June 2014, 2013. Available at http://www.leiti.org.lr/uploads/2/1/5/6/21569928/leiti_work_plan_2013-14.pdf.
- 8 LEITI, Beneficial Ownership Report, December 2015. Available at http://www.leiti.org.lr/uploads/2/1/5/6/21569928/leiti_beneficial_ownership_appendices_final_december__2015.pdf.
- 9 LEITI, Beneficial Ownership Report, December 2015. Available at http://www.leiti.org.lr/uploads/2/1/5/6/21569928/leiti_beneficial_ownership_appendices_final_december__2015.pdf.
- 10 For additional information on EITI, see <https://eiti.org/>.
- 11 EITI Standard 2016, sec. 2.5, February 2016. Available at <https://eiti.org/node/4922>.
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