TYPOLOGIES OF MONEY LAUNDERING THROUGH KIDNAPPING FOR RANSOM IN NIGERIA

MARCH 2025

Table of Contents

Table of Figures

A publication of the Nigerian Financial Intelligence Unit

The Nigerian Financial Intelligence Unit (NFIU) is the central national agency responsible for the receipt of disclosures from reporting organizations, the analysis of these disclosures and the production of intelligence for dissemination to competent authorities. The NFIU is an autonomous unit, domiciled within the Central Bank of Nigeria and the central coordinating body for the country's Anti-Money Laundering, Counter-Terrorist Financing and Counter-Proliferation Financing (AML/CFT/CPF) framework.

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ACKNOWLEDGEMENT

We extend our profound gratitude to all those who contributed to the successful completion of this report on assessment of money laundering typologies through kidnapping for ransom in Nigeria. We would like to express our heartfelt appreciation to the following agencies for their tremendous support and contributions towards the completion of this project:

1. Defence Intelligence Agency
2. Department of State Service
3. Nigerian Communication Commission
4. Nigerian Police Force
5. The International Criminal Police Organization – National Central Bureau
6. The Office of National Security Adviser

This collaborative effort between government agencies is crucial in comprehending the intricate dynamics of money laundering through kidnapping for ransom, especially in the context of emerging technologies. The recognition of the high threat posed by money laundering through kidnapping for ransom, as identified in Nigeria's national inherent risk assessment of money laundering in Nigeria 2022, underscores the urgency and importance of this study.

The outcomes of this research are poised to elevate our collective understanding and response to the ever-evolving challenges posed by kidnapping activities. This report will serve as a vital resource for reporting entities and competent authorities, equipping them with the knowledge required to detect and combat kidnapping for Ransom cases effectively.

Finally, we would like to express our gratitude to all of the Nigerian Financial Intelligence Unit (NFIU) team members whose persistent work and commitment made this study possible. We appreciate their efforts to this project and their excellent dedication to professionalism and quality.

Thank you all for your support and contributions to this report on money laundering typologies through Kidnapping for ransom in Nigeria.

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LIST OF ACRONYMS

AML	Anti-Money Laundering
CBN	Central Bank of Nigeria
CFT	Counter Financing of Terrorism
CPF	Counter Proliferation Financing
ML/TF	Money Laundering/ Terrorism Financing
DIA	Defence Intelligence Agency
DSS	Department of State Services
EFCC	Economic and Financial Crimes Commission
INTERPOL-NCB	International Criminal Police Organisation National Central Bureau
ISWAP	Islamic State of West African province
KFR	Kidnapping for Ransom
NFIU	Nigerian Financial Intelligence Unit
NIA	National Intelligence Agency
NCC	Nigerian Communication Commission
NPF	Nigeria Police Force
NSDC	Nigerian Civil Defence Corps
ONSA	Office of National Security Adviser
SCUML	Special Control Unit against Money Laundering
SEC	Securities and Exchange Commission
STR	Suspicious Transaction Report
CPF	Counter Proliferation Financing
EFCC	Economic and Financial Crimes Commission
UNODC	United Nations Office on Drugs and Crimes
LEA	Law Enforcement Agencies

Executive Summary

Introduction

The growing problem of Kidnapping for Ransom (KFR) in Nigeria poses a significant threat to national security and economic stability. KFR is defined as the unlawful abduction of individuals with the intent to demand a ransom. This crime is intricately connected to other serious organized criminal activities and money laundering, which undermine the integrity of financial systems. This report utilizes a triangulated research method that combines qualitative and quantitative data along with a comprehensive descriptive analysis of KFR in Nigeria. It covers various aspects, including the legal framework, geographical hotspots, demographics, financial implications, and recommendations for effective countermeasures.

Problem Statement

KFR has become a pervasive problem in Nigeria, impacting various societal sectors and leading to substantial financial losses. Key issues include:

1. Rising Incidents: Since 2019, there have been over 735 mass abductions, with significant ransom payments reported.
2. The cash-based economy and use of informal channels complicate the tracing of illicit financial flows.
3. Complex Criminal Networks: The involvement of organized crime such as terrorist financing, human trafficking, illicit drug trafficking and the exploitation of weak regulatory frameworks exacerbate the problem.

Solutions

To combat KFR and its associated money laundering activities effectively, the following but not limited to below multifaceted strategies are recommended:

1. Government and Policy Makers:
    - Develop a comprehensive national strategy integrating law enforcement, financial regulation, and community involvement.
    - Allocate resources for KFR-related operations and establish specialized AML courts for financial crime cases.
2. Reporting Entities
    - Strengthen Know-Your-Customer (KYC) procedures and enhance suspicious transaction reporting to improve detection of ransom-related financial activities.
    - Invest in AI-based monitoring tools to identify patterns indicative of KFR.
3. Telecom and ICT
    - Enforce SIM card registration and monitor digital platforms to reduce anonymity in criminal communications.
    - Collaborate with law enforcement to provide call records and geolocation data for investigations.
4. Law Enforcement
    - Enhance intelligence gathering using technology and improve interagency cooperation to facilitate prosecutions.
    - Combat corruption and ensure accountability within law enforcement agencies.

5. Regulatory Bodies
    - Implement risk-based AML/CFT regulations and conduct periodic inspections of financial institutions to ensure compliance with standards.
6. Civil Society Organizations
    - Launch community awareness campaigns to educate the public about the dangers of ransom payments and encourage reporting of suspicious activities.
7. International Cooperation
    - Strengthen regional partnerships and engage with international entities for intelligence-sharing and joint operations against cross-border KFR activities.

Conclusion

Addressing KFR in Nigeria requires an urgent, coordinated response that involves multiple stakeholders across various sectors. By implementing the proposed recommendations contained in the report, stakeholders can significantly reduce the impact of KFR, enhance the resilience of financial systems, and protect vulnerable populations. Continuous training, technological investment, and community engagement are essential to building an effective framework for combating KFR and associated money laundering activities.

1.0 BACKGROUND

Article 1 of the Hostages Convention states that any person who seizes or detains another person (referred to as the "hostage") and threatens to kill, injure, or continue to detain that person in order to compel a third party—such as a state, an international intergovernmental organization, a natural or legal person, or a group of people—to take or refrain from taking any action as a condition for the hostage's release, commits the offense of hostage-taking[1].

In the same light, Kidnapping for Ransom (KFR) is the unlawful seizure, detention, or confinement of a person with the intent to demand payment or other benefits for their release. This act constitutes a serious offense under both national and international legal frameworks and is recognized as a predicate crime to money laundering because it generates substantial illicit proceeds that perpetrators often seek to disguise or integrate into legitimate financial systems[2].

The United Nations Office on Drugs and Crime (UNODC) defines kidnapping for ransom as a criminal act where victims are abducted and held against their will to compel a third party to provide money or other concessions in exchange for their release. In Nigeria, kidnapping for ransom is criminalized under various laws, including the Terrorism (Prevention and Prevention) Act 2022 which addresses acts linked to organized crime and terrorism[3].

The trends and dynamics of kidnapping in Nigeria have escalated significantly, affecting a wide range of victims, from high-profile individuals such as politicians and business people to low-income individuals. Geographic distribution shows that kidnapping is particularly common in the In the Northwest and North-Central geopolitical regions. The actors involved in these kidnappings include criminal gangs, armed groups, and insurgent organizations like Boko Haram and ISWAP[4].

The roots of kidnapping for ransom in Nigeria can be traced back to the 1990s, with the emergence of militant groups in the Niger Delta region[5]. These groups used kidnapping as a tactic to pressure the government for resource control and economic development. This crime has become a pervasive security challenge in Nigeria, undermining national stability and economic growth. KFR, perpetrated by organized criminal groups, terrorist organizations, and opportunistic individuals, generates substantial illicit proceeds that often require laundering to integrate into the legitimate economy.

The 2022 National Inherent Risk Assessment of money laundering (ML) in Nigeria classified KFR as a HIGH-risk predicate crime for money laundering. This rating was based on the sophistication of criminal actors involved, the substantial proceeds generated from the crime,

[1] https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/organised%20maritime%20piracy%20and%20related%20kidnapping%20for%20ransom.pdf
[2] Financial Action Task Force (FATF). International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation (The FATF Recommendations).
[3] United Nations Office on Drugs and Crime (UNODC). Manual on Kidnapping and Organized Crime.
[4] https://www.unodc.org/conig/uploads/documents/NOCTA_Web_Version_25.09.2023.pdf
[5] https://jssidoi.org/ird/uploads/articles/16/Agbaje_Toward_querying_the_national_peril_of_kidnapping_in_Nigeria.pdf

and its extensive scope. Furthermore, a residual risk assessment conducted in 2023 rated KFR as MEDIUM, taking into account the controls implemented to mitigate the crime.

To further understand the ML trends of KFR, this report provides an understanding of the main typologies, of laundering proceeds derived from the offence. Recommendations for combating these interconnected crimes are also outlined.

1.1 Objectives

The objectives of the study are as follows;

i. To identify financial flows through tracing the movement of funds generated through kidnapping for ransom and understanding how they are laundered through various system. This involves identifying channels, mechanisms, and actors hiding or cleaning the illicit proceeds.

ii. To gain a better understanding of the tactics used by kidnappers and affiliated groups (criminal or terrorist) to collect ransom, use middlemen, or exploit weak points in the financial system. Exploring the connection between kidnapping for ransom and other criminal activities.

iii. To identify the vulnerable channels in Nigeria's financial and non-financial systems that allow for the laundering of ransom payments.

iv. To improve the understanding of law enforcement, financial institutions, and regulators to the patterns of ML/TF related to kidnapping for ransom to better detect and disrupt these financial activities.

v. To provide insights and understanding to policymakers and regulatory bodies on areas that need stronger controls and interventions based on current findings.

vi. To raise the awareness of financial institutions, government agencies, and the public about the methods used by criminals to launder ransom payments and the risks associated with the financing of terrorism through the crime.

1.2 Methodology

To effectively identify the various types of money laundering associated with kidnapping for ransom in Nigeria, a working group was established and inaugurated by the management of the Nigerian Financial Intelligence Unit (NFIU). This group comprised experts from security, law enforcement, and intelligence agencies. The report utilized a triangulation research method, which combined qualitative and quantitative data from multiple datasets, including credible reports and expert opinions to meet its goals and objectives. A purposive sampling technique was employed to gather expert insights from various agencies to ensure the highest quality of information.

A structured survey questionnaire was distributed among the working group members, returned validly by all respondents, and analysed using a descriptive analysis method. The scope of datasets used in this report is from 2019 to 2024.

The working group consisted of experts from the National Central Bureau of International Criminal Police Organization (INTERPOL-NCB), the Nigerian Financial Intelligence Unit (NFIU), Department of State Service (DSS), Nigerian Police force (NPF) Nigerian Communication Commission (NCC), Office of National Security Adviser (ONSA), and Department of Intelligence Agency.

In 2014, Boko Haram seized more than 270 girls from a school in Chibok, north-east Nigeria, triggering global outcry.

2.0 Nigeria's Legal and Institutional frame work for Combatting Kidnapping for Ransom

The legal framework for addressing kidnapping for ransom in Nigeria is established through various laws and regulations at the federal and state levels, aimed at both deterring and prosecuting the crime. This framework includes constitutional provisions, criminal laws, counter-terrorism statutes, and state-specific laws.

2.1 Constitution of the Federal Republic of Nigeria (1999)

While the Constitution does not specifically mention kidnapping, it guarantees the right to life (Section 33) and the right to personal liberty (Section 35). Kidnapping violates these constitutional rights, making the crime prosecutable under broader human rights provisions.

2.2 Criminal Code Act (South) and Penal Code (North)

Criminal Code Act (Sections 364–371): In Southern Nigeria and the Federal Capital Territory Abuja, kidnapping is treated as a felony under the Criminal Code. It defines kidnapping and prescribes severe penalties, which may include life imprisonment or even the death penalty in some cases.

Penal Code (Northern Nigeria): The Penal Code similarly prohibits kidnapping and unlawful detention which are covered under sections related to abduction and wrongful confinement (sections 272-275). The penalties for kidnapping vary but can include long-term imprisonment.

2.3 Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Laws

Nigeria's AML/CFT framework, spearheaded by agencies like the Economic and Financial Crimes Commission (EFCC) and the Nigerian Financial Intelligence Unit (NFIU), applies to ransom payments as these payments are often laundered through financial institutions or used to fund terrorism. Relevant laws include:

I. Money Laundering (Prohibition and Prevention) Act, 2022: This Act criminalizes the laundering of proceeds from crimes, including kidnapping for ransom.

II. Terrorism (Prevention and Prohibition) Act, 2022: Kidnapping for ransom is often linked to terrorism financing in Nigeria, particularly in regions affected by insurgency. The Act is a key legal instrument used to prosecute acts of terrorism, including kidnapping where ransom money is used to finance terrorist activities.

    Under the Act (Sections 24), persons involved in kidnapping for ransom, particularly when linked to terrorist organizations, can be prosecuted for terrorism-related offenses. Sections 79-81) of the law allows for the freezing of bank accounts, seizure of properties, and other penalties associated with the laundering of ransom money.

2.4 Cybercrimes (Prohibition, Prevention, etc.) Act, 2015

Given that ransom demands often involve electronic communications, the Cybercrimes Act plays a role in combating kidnapping for ransom. The Act criminalizes the use of digital platforms for extortion or threats of violence, which often overlap with kidnapping activities.

2.5 State-Specific Anti-Kidnapping Laws

Many Nigerian states have enacted their own specific anti-kidnapping laws to complement federal laws. Some of these laws are more stringent, imposing harsher penalties such as the death penalty or life imprisonment. For instance:

I. Lagos State Kidnapping Prohibition Law, 2017: This law prescribes the death penalty for kidnappers whose victims die in captivity and life imprisonment for kidnappers who receive ransom without causing the victim's death.

II. Anambra State Anti-Kidnapping Law: Anambra imposes stiff penalties, including the demolition of properties used for harbouring kidnapped persons.

III. Rivers State Kidnapping (Prohibition) Amendment Law, 2015: Similar to Lagos, Rivers State imposes capital punishment for kidnappers whose actions result in death.

2.6-Armed Robbery and Firearms (Special Provisions) Act, 2004

Where firearms are involved in the commission of kidnapping, the Armed Robbery and Firearms (Special Provisions) Act can be applied. This Act prescribes severe penalties, including the death penalty, for armed robbery and associated crimes, which may include kidnapping.

2.7 Extradition Treaties and International Cooperation

Nigeria has signed various extradition treaties and participates in international cooperation to combat cross-border kidnapping. Since kidnapping rings sometimes operate across borders, international collaboration is essential, particularly when the proceeds of ransom payments are moved through international financial systems.

2.8 Enforcement and Agencies Involved:

1. Nigeria Police Force (NPF): The NPF plays a leading role in investigating and apprehending kidnappers.
2. Department of State Services (DSS): The DSS is often involved in high-profile kidnapping cases, particularly those with national security implications.
3. Economic and Financial Crimes Commission (EFCC): The EFCC is key in investigating ransom payments linked to money laundering and terrorist financing.
4. Nigerian Armed Forces: In areas affected by insurgency, the military is often deployed to rescue kidnapped victims, particularly in northern Nigeria.

Nigeria has strong laws at both federal and state levels, along with counter-terrorism and money laundering regulations, to address the issue of kidnapping for ransom. However, despite this, the practice continues to thrive in the country. Since 2019, there have been 735 mass abductions in Nigeria, with 3,620 people abducted in 582 kidnapping cases between July 2022 and June 2023. It is estimated that about 5 billion naira ($3,878,390) was paid in ransoms during this period[6]. To effectively combat this issue, it is essential to track the financial transactions of those involved in these activities. This requires a coordinated effort involving financial regulators, other financial institutions, non-financial businesses, security agencies, intelligence agencies, law enforcement, and the judiciary to ensure the detection, investigation, and conviction of the individuals responsible for these crimes.

[6] https://www.aljazeera.com/features/2024/4/3/why-mass-kidnappings-still-plague-nigeria-a-decade-after-chibok-abductions#:~:text=Since%202019%2C%20there%20have%20been,(%243%2C878%2C390)%20paid%20in%20ransoms

On March 28, 2022, gunmen attacked the crucial rail link between the capital, Abuja, and the northern city of Kaduna. The assault occurred in the evening, causing a train carrying 362 passengers to halt. At least nine passengers were reported dead as a result of the attack, and the state rail company indicated that approximately 168 people were missing afterward.[7]

[7] https://www.bbc.com/news/world-africa-61250213

3.0 Geographical Heatmap for Kidnapping and Hostage Keeping in Nigeria

According to the DIA respondent, the most vulnerable states for kidnapping for ransom are classified into Northern and Southern regions. States identified in the Northern region include Kaduna, Zamfara, Katsina, Niger, Kogi, and Borno, while states in the Southern part are Ondo, Rivers, Delta, Imo, and Edo.

The respondent also identified the most abused routes for kidnapping for ransom in and out of Nigeria according to regions: Northern Region (Zamfara, Sokoto, Gusau road, Katsina-Birnin Kebbi road, Kaduna-Abuja Road, Niger-Abuja, Abuja-Lokoja highway) and Southern states (Benin-Lagos highway, Port Harcourt-Owerri Road, Enugu-Onitsha, Ibadan-Lagos, Ibadan-Ilorin highway).

Based on DIA experiences, the modes of transporting hostages for kidnapping for ransom in and out of Nigeria are the use of motorcycles through densely forested areas and the use of vehicles through forested areas that provide cover and concealment. Additionally, the modes and techniques of hiding hostages include the use of isolated houses within a village or community, isolated motels, built-up areas at night for safekeeping, and criminal caves that are difficult to penetrate.

According to the Nigerian police force respondents, Niger, Imo, Kaduna, Anambra, FCT, Kogi, Katsina, Zamfara, Rivers, Delta, Borno, and Yobe are the most vulnerable states for kidnapping for ransom.

The modes of transporting hostages for kidnapping for ransom in and out of Nigeria, based on NPF experiences, are via illegal porous land borders. The modes and techniques of hiding hostages identified include deeply forested regions, especially abandoned forest reserves.

Respondents from NFIU stated that Kaduna, Niger, Kano, Zamfara, Sokoto, Kebbi, Nasarawa, Plateau, and Taraba are the most vulnerable states for kidnapping for ransom. The most abused routes, according to NFIU, are Abuja-Kaduna, Zaria to Funtua, Abuja-Mina, Zamfara-Sokoto Okene/Benin, Kaduna/Abuja, Kaduna/BirninGwari, Makurdi/Katsina-Ala/Jalingo, Lagos/Benin, Katsina/Jibya/Kaura Namoda, Funtua/Gusau/Sokoto, Owerri/Port-Harcourt, Enugu/Okigwe/Aba/Port-Harcourt, Minna/Zungeru/Kontagora highways.

Based on NFIU experiences, the modes of transporting hostages for kidnapping for ransom in and out of Nigeria are motorcycles and by foot. NFIU respondents also stated that most of the techniques and modes that kidnappers use for their hideouts for hiding hostages are villages far from town or on mountains in some places.

To buttress above responses, the organized crime in Nigeria: a threat assessment report 2023 reported that In December 2020, 344 schoolboys were kidnapped in Kankara, Katsina State and in a similar incident in February 2021, 277 schoolgirls were abducted from a boarding school in Jangebe, Zamfara State. Similarly, a series of further attacks occurred in schools across Kaduna, Katsina, Kebbi, Niger, and Zamfara States[8].

[8] https://www.unodc.org/conig/uploads/documents/NOCTA_Web_Version_25.09.2023.pdf

Geographical Heatmap for Kidnapping and Hostage in Nigeria

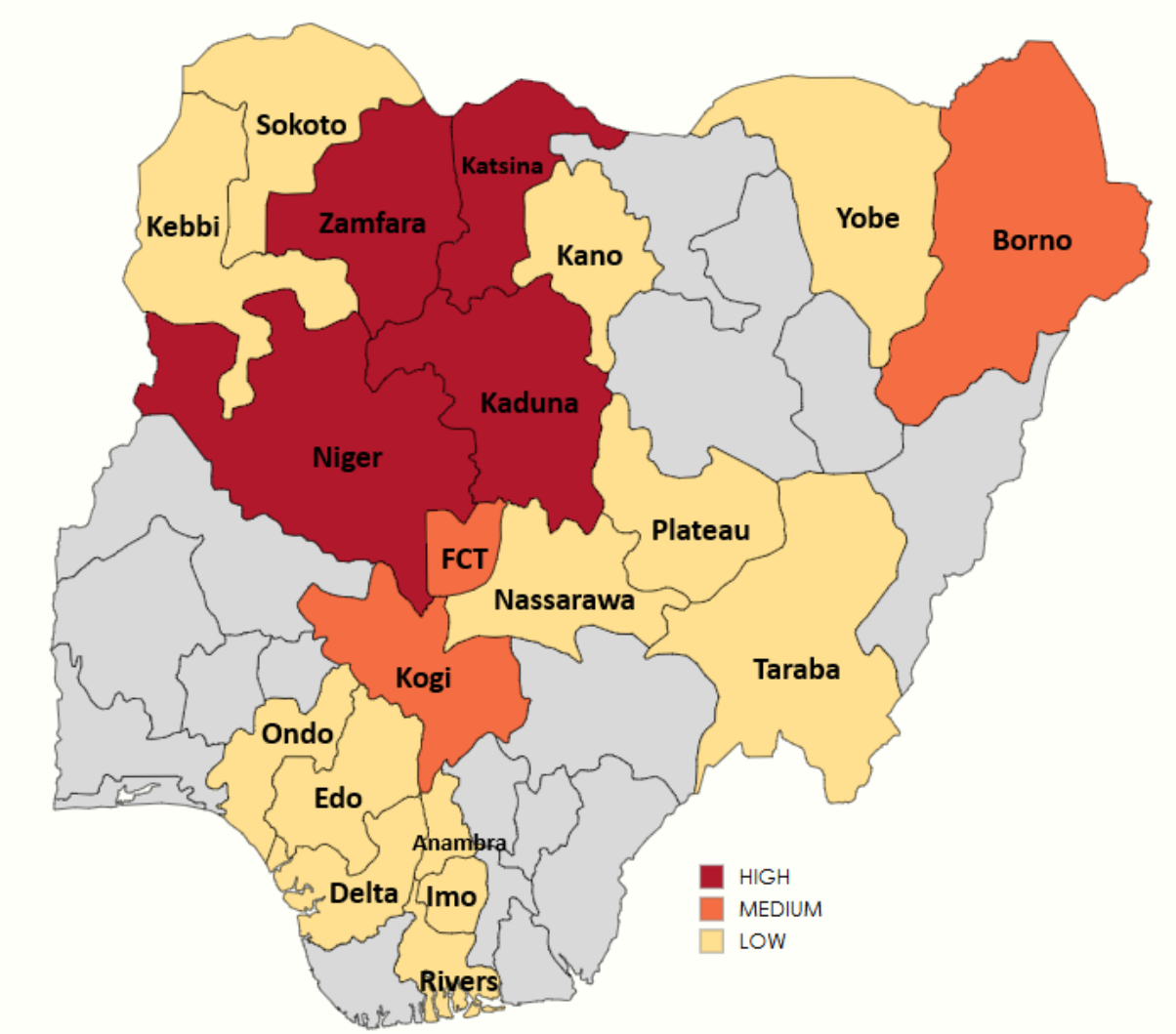

Figure 1: Geographical Heatmap for Kidnapping and Hostage in Nigeria

4.0 Typologies of Money Laundering through Kidnapping for Ransom

4.1 The Use of Betting Platforms to Move Proceeds of Kidnapping for Ransom (KFR)

Case Study 1

A betting platform, Platform X, filed a Suspicious Transaction Report (STR) with the Nigerian Financial Intelligence Unit (NFIU) concerning a customer identified as Customer A. Customer A is a 24-year-old male residing in Bwari, Abuja. He received a sum of N351,000 in his betting wallet, which was ransom money paid by the families of a kidnap victim. The payment was instructed to be deposited into the betting wallet.

After receiving the funds, Customer A attempted to transfer the money to his bank account at Bank A, but the platform declined the transaction. The NFIU reviewed the STR and forwarded the intelligence report to a law enforcement agency for further investigation.

Indicators

- Large, one-time deposits into a betting wallet that are inconsistent with the customer's usual behavior or financial profile.
- Funds deposited into a betting wallet without any apparent intention to gamble or place bets.
- Funds originating from unidentified or suspicious sources, such as direct instructions to deposit ransom payments into a betting wallet.
- Attempts to move large sums out of a betting wallet shortly after receipt, particularly when the transaction is declined due to suspicious activity.
- Residency in high-risk areas known for KFR activities.
- Young individuals with limited financial resources receiving large sums of money without plausible explanations

Source: NFIU

4.2 The Use of Fintech Platforms to Move Proceeds of Kidnapping for Ransom (KFR)

Case Study 2

A Law Enforcement Agency made a request for information to the Nigerian Financial Intelligence Unit (NFIU) on a subject herein referred to Mr. A, who is said to have received Ransom on a kidnap victim via his account on a Fintech platform A. NFIU Analysis revealed that, upon receiving the funds in his Fintech account, Mr. A went ahead to transfer the funds of the kidnapped individual's ransom to some number of individuals through conventional bank accounts in smaller tranches.

The NFIU analysed the request and disseminated the intelligence report to the requesting LEA for further investigation.

Indicators/techniques/methods

- Large sums deposited into a fintech account followed by rapid transfers to multiple recipients.
- Breaking down large sums into smaller transactions to avoid detection thresholds.
- Fintech platforms with weak Know-Your-Customer (KYC) processes that fail to verify the source of funds or the identities of beneficiaries.
- Residency or operation in high-risk areas associated with KFR activities.
- Sudden deviations from typical financial behavior, such as infrequent users suddenly receiving large sums
- Combining fintech platforms with traditional banking systems to move illicit funds.

Source: NFIU

Case Study 3

A Law Enforcement Agency (LEA) requested information from NFIU regarding Point of Sale (POS) transactions linked to a kidnap for ransom case. A victim was kidnapped, and a ransom of N200,000 was paid into his account. The kidnappers withdrew the funds via POS terminals in smaller tranches to multiple fintech accounts. The victim was killed after the ransom payment. NFIU flagged the transactions and placed Post No Debit (PND) restrictions on the accounts receiving suspicious payments.

Indicators

- Funds moved in smaller tranches to multiple fintech wallets to avoid detection and circumvent reporting thresholds implies structured funds.
- Frequent withdrawals through POS terminals in locations with no prior transaction history.

- Multiple transactions in small amounts over a short time frame to bypass monitoring systems.
- POS agents facilitating transactions with no clear commercial justification.

Source: Law Enforcement agency

4.3 The use of Wire Transfer and Crypto Exchange to Move the Proceeds from KFR

Case Study 4

The NFIU received a request from a local law enforcement agency (LEA) investigating the kidnap of a subject, Mr. X, a Nigerian in which a ransom was demanded to be paid into the account of Miss UX in an Asian Country. The LEA requested the NFIU to reach out to its counterpart FIU in the Asian country for further information.

The FIU in the Asian country reported that the total ransom amount sent from Nigeria was withdrawn in cash. Notably, before this transaction occurred, the account holder who received the ransom had previously engaged in transactions with individuals identifying as having Nigerian names.

The NFIU checked these names in its database and found positive matches. Further analysis revealed that the identified individual had received funds nearing the ransom amount from a cryptocurrency exchanger three days after the ransom was initially sent from Nigeria.

The NFIU forwarded these findings to the LEA for further investigation.

Indicators

- Large sums of money transferred internationally, particularly to accounts held by individuals with no apparent connection to the sender.
- Immediate withdrawal of wire-transferred funds in cash, often in amounts close to reporting thresholds.
- Transactions between the recipient of the ransom and individuals with links to the source country (e.g., Nigerian names).
- Movement of funds through cryptocurrency exchanges shortly after receiving ransom payments.
- Sudden inflows followed by rapid outflows within a short timeframe.
- Use of foreign jurisdictions with weaker AML/CFT regulations as laundering hubs.

Source: NFIU

4.4 The use of Cash in moving the proceeds of KFR

Case Study 5

On May 20, 2024, at around 12:00 PM, a team of operatives from the FID-STS arrested two suspects based on credible intelligence regarding the activities of notorious kidnapping gangs operating in the Charanchi/Kankiya Local Government Area of Katsina State.

During the investigation, the suspects confessed that their gang members had taken their operational weapons. They also admitted to receiving a total of three million naira and seven million naira in cash before the suspects were released. The case is currently under prosecution at the Federal High Court in Kano State

Indicators

- Receipt of large sums of money in cash, particularly when associated with high-risk activities like KFR.
- Preference for cash transactions to avoid detection by financial institutions or regulatory bodies.
- Operations in regions known for high levels of KFR activity.
- Absence of documented evidence linking the cash to legitimate sources.
- Admission of involvement in KFR activities during investigations.
- Possession of weapons used in criminal activities.

Source: NPF

Case Study 6

On May 25, 2024, at approximately 1:00 PM, the FID-STS acted on credible intelligence regarding the activities of notorious kidnappers operating in the Gwarzo and Tsanyawa Local Government Areas of Kano State. Four suspects were arrested.

During the investigation, the suspects confessed to carrying out a series of kidnappings and rapes of female hostages in the Gwarzo and Tsanyawa LGAs and surrounding areas. They also admitted to using the ransom money to purchase arms, ammunition, and cattle. The case is currently under prosecution at the Federal High Court in Kano.

Indicators

- Receipt of large sums of money in cash, particularly when associated with high-risk activities like KFR.
- Preference for cash transactions to avoid detection by financial institutions or regulatory bodies.
- Operations in regions known for high levels of KFR activity.
- Absence of documented evidence linking the cash to legitimate sources.

- Admission of involvement in KFR activities during investigations.
- Diversion of ransom proceeds to purchase arms, ammunition, and cattle.
- Involvement in additional criminal activities (e.g., rape) alongside KFR.

Source: NPF

Case Study 7

On April 7, 2024, at approximately 10:00 AM, a team of operatives from FID-STS arrested a suspect named based on credible intelligence about a kidnapping gang operating in Taraba State. During the investigation, the following items were recovered: one AK-47 rifle, one magazine, and three rounds of 7.62mm live ammunition.

The suspect admitted to his involvement in kidnapping and gun running. He also confessed to having collected a ransom of one million five hundred thousand naira in cash from the relatives of the victims, which he used to purchase firearms, ammunition, and cattle. The case file has been forwarded to the legal section for advice and prosecution.

Indicators

- Receipt of large sums of money in cash, particularly when associated with high-risk activities like KFR.
- Preference for cash transactions to avoid detection by financial institutions or regulatory bodies.
- Operations in regions known for high levels of KFR activity.
- Absence of documented evidence linking the cash to legitimate sources.
- Admission of involvement in KFR activities during investigations.
- Diversion of ransom proceeds to purchase arms, ammunition, and cattle.
- Involvement in multiple criminal enterprises (e.g., kidnapping and gun running).

Source: NPF

Case Study 8

On April 29, 2024, there was a kidnapping for ransom in the MK community, where two individuals were abducted. The kidnappers demanded a ransom of 40 million naira. However, the families of the victims were only able to provide 7.2 million and 2.4 million naira, respectively in cash. Unfortunately, while delivering the money using a motorcycle into a forest in the KC Local Government Area, the person tasked with this delivery was also abducted.

Indicators

- Motorcycles are often used to deliver ransoms due to their agility and ability to access remote locations.
- Delivery of ransoms to secluded or forested areas where law enforcement presence is minimal.
- Abducting the person delivering the ransom may indicate further exploitation of the victim's family or an attempt to extract additional payments.
- Acceptance of partial payments despite demanding a higher amount suggests flexibility in negotiation tactics.
- Operations in regions known for high levels of KFR activity.
- Families of victims attempted to deliver the ransom without adequate security arrangements.

Source: NPF

4.5 The Use of the Bank Accounts to Move the Proceeds of Kidnapping for Ransom

Case Study 9

The Bureau received a message from NCB Yaoundé, Cameroon, indicating that the Cameroonian authorities are investigating a kidnapping for ransom case. It was alleged that in April 2021, the Nigerian authorities were notified of a kidnapping incident involving a Cameroonian, Mr. EK.

Mr. EK He was reportedly trafficked by a kidnap syndicate in Nigeria and held in custody by an organization based in Kano. During his captivity, the abductors demanded a ransom for his release. They communicated with the victim using a number of a major telecom operator, while a bank in Nigeria was used to receive the ransom proceeds.

Indicators

- Involvement of foreign nationals or organizations in KFR activities.
- Receipt of ransom payments into a bank account, often without proper verification of the source of funds.
- Use of telecom operators to communicate ransom demands.
- Operations in regions known for high levels of KFR activity.
- Absence of documented evidence linking the bank account to legitimate sources of income.
- Involvement of organized criminal groups in planning and executing KFR operations.

Source: NPF(INTERPOL)

Case Study 10

A case of boko haram support logistics network operating within a State in Nigeria where five (5) suspects were apprehended. Forensic analysis of their phone revealed 215-million-naira transaction across multiple bank accounts. Fund was traced in collaboration with NFIU and linked to suspicious transactions and uncovering fund flows.

Indicators

- High-value transactions exceeding normal thresholds.
- Use of multiple accounts to fragment and obscure the origin of funds.
- Unusual inflows/outflows, rapid transfers, or structuring techniques to avoid reporting thresholds.
- Association with known criminal or terrorist groups.
- Operations in regions known for high levels of KFR activity or insurgency.
- Digital trails left on devices used by suspects.
- Coordination between kidnapping syndicates and receiving entities to launder proceeds.

Source: DIA

Case Study 11

A group of unknown armed men invaded a residence and forcefully kidnapped a man along with three of his co-tenants. They also attacked neighbouring residents, abducting an additional ten victims and taking them to an unknown location. Following the kidnappings, the perpetrators demanded an exorbitant ransom for the victims' release.

Upon receiving the case, investigators from the NPF traced an Android handset belonging to one of the suspects, which was recovered. The analysis of the phone revealed an account number XXXXXXXXX domiciled at a Micro-Finance Bank was used to send money for the purchase of arms and ammunition for the gang. This account number was forwarded to the NFIU for analysis and reporting.

In collaboration with local vigilantes, the investigation team arrested some of the suspects. Ongoing investigations are continuing to gather more information on the case.

Indicators

- A bank account was used to facilitate the purchase of arms and ammunition for the kidnapping syndicate.
- High-value ransom demands are typical in KFR cases and often result in significant cash inflows into bank accounts.
- Forensic analysis of the suspect’s phone revealed critical evidence linking the bank account to criminal activities.
- Operations in regions known for high levels of KFR activity.

- Collaboration between kidnapping gangs and receiving entities to launder proceeds.
- Weak Know-Your-Customer (KYC) processes at micro-finance institutions may have allowed the account to be used for illicit purposes.

Source: NPF

Case Study 12

A British-Nigerian citizen was kidnapped, and while in custody, he transferred £2,000 to his wife's foreign account. The wife, Mrs. A, subsequently transferred the naira equivalent to the victim's Nigerian bank account to meet the kidnappers' ransom demand. The kidnappers then moved the funds through multiple fintech accounts and corporate entities. The Nigerian Financial Intelligence Unit (NFIU) flagged the transactions and disseminated intelligence to relevant authorities, leading to enforcement actions, including placing Post No Debit (PND) restrictions on the involved accounts.

Indicators

- Multiple high-value transfers between unrelated parties in a short period.
- Use of fintech accounts with no apparent commercial activity receiving large inflows.
- Conversion of foreign currency to naira to pay for ransom.
- Use of corporate entities' account to move funds.
- Repeated small transactions to avoid regulatory thresholds (structuring).

Source: Law Enforcement agency

4.6 Laundering Proceeds from Kidnapping for Ransom through Livestock

Case Study 13

On September 12, 2023, at approximately 00:13 hours, a group of about twenty armed men, all equipped with AK-47 rifles and dressed in military camouflage and police uniforms, stormed LE Estate. They forcefully broke into House NNN and kidnapped the wife and four daughters of the resident. The armed men later released the wife to return home due to her breast-feeding baby. They also broke into another house, where they kidnapped the landlord and about four tenants in the compound. Additionally, the gang forcefully entered the residence of a retired individual and kidnapped him as well.

Upon receiving the report, a team of detectives led by the Officer in Charge of the Anti-Kidnapping Unit visited the scene for an on-the-spot analysis. Subsequently, a combined team of police and vigilante groups was assembled to rescue the hostages. Their strategies included blocking the access routes for the bandits at Kweiri Forest to facilitate the safe

return of the hostages. Increased pressure from the team eventually led the bandits to release the hostages on December 14, 2024, unhurt, while the retired captain managed to escape from their custody.

Acting on intelligence, on March 11, 2024, at about 10:00 hours, one suspect was arrested at Suleja General Hospital. His statement was recorded freely under caution, and he confessed to being a cattle rustler and kidnapper affiliated with a group alongside his elder brother, who escaped from Kuje Prison in 2022. The team then visited Jibi Village via Zuba to locate the suspect's accomplice at large, where they recovered about ninety-one cattle and four sheep, which were taken to Zuba for safekeeping.

On March 24, 2024, the team returned to LE Estate in Zuba to gather details on how the attack was carried out, and they recorded statements from some of the victims and complainants. Most confessions indicated that the suspects were purchasing the rustled cattle with cash obtained from ransom payments. The individuals involved in receiving the rustled cattle, supplying logistics, and providing information to the gang were also apprehended. The investigation is currently ongoing.

Indicators

- Purchase of cattle and sheep using cash obtained from ransom payments.
- Recovery of 91 cattle and four sheep linked to the gang.
- Use of cash to acquire livestock, avoiding formal banking systems.
- Operations in regions known for high levels of KFR and cattle rustling.
- Collaboration between kidnapping gangs, cattle rustlers, and buyers to facilitate the laundering process.
- One suspect had escaped from Kuje Prison in 2022, suggesting prior criminal experience.
- Statements from victims confirming the use of ransom money to purchase livestock.

Source: NPF

4.7 Use of formal and informal sectors to move the proceeds of KFR (Joint investigation)

Case Study 14

Following a recent kidnapping incident involving several individuals, the Commissioner of Police ordered a joint special operation. This operation included the Anti-Kidnapping Unit, collaborating with the Brigade of Guards from the Nigerian Army, the Department of State Services (DSS), and local vigilantes. They targeted the kidnappers' hideouts in Gidan Dogo

Forest and Kweri Forest in Kaduna State, as well as Gauraka Hills in Niger State, successfully dislodging the bandit camps.

During the operation, intelligence gathering led to the arrest of several suspects, including bandits, informants, and logistics suppliers at their hideouts and residences. The team dismantled all bandit camps in Gidan Dogo Forest, Kweri Forest, and Gauraka Hills, recovering various exhibits including police and military camouflage, three jungle hats, 14 cows, and three Point of sale (POS machines).

Acting on intelligence, the team arrested two suspects along the Gida Dogon route while they were enroute to supply foodstuffs to the bandits. They also apprehended a wanted informant and logistics supplier for the bandits, recovering N810,000 in cash.

Additionally, the team conducted operations in Guto Village in the Bwari Area Council, Mpape Daji Village via Kagarko in Kaduna State, and Tafa Daji Village in Niger State, resulting in the arrest of three more suspects. Investigation efforts extended to Sabon Gari Bwari, leading to the apprehension of two additional suspects for supplying dangerous drugs and food to the bandits.

A raid at the Market resulted in the arrest of eight male suspects believed to be connected to the bandits. The team also conducted searches in various houses and hideouts linked to the suspected bandits to apprehend them. The joint team is maintaining active patrols along identified routes and hideouts, implementing proactive measures to address the threat, and continuing rescue operations to locate and free hostages in custody

Indicators

- Recovery of Point of Sale (POS) machines suggests the use of formal financial systems to launder or transfer ransom proceeds.
- Recovery of 14 cows indicates the use of livestock as a laundering mechanism for KFR proceeds.
- Arrest of informants and logistics suppliers reveals a network supporting the movement of goods and funds for the bandits.
- Seizure of N810,000 in cash suggests the use of cash-based transactions to avoid detection by formal banking systems.
- Operations in regions known for high levels of KFR activity.
- Collaboration between bandits, informants, and suppliers demonstrates a sophisticated criminal network.
- Arrests at the market suggest the use of commercial hubs to legitimize proceeds from KFR activities.

Source: NPF

4.8 Laundering of Proceeds from Kidnap Hostages into Spare Parts Business

Case Study 15

A coordinated intelligence-led operation dismantled a kidnapping for ransom (KFR) syndicate operating in the North-West and North-Central regions of Nigeria. The syndicate, affiliated with a terrorist group, abducted travellers, demanded ransom, and executed victims upon collection of payments. The proceeds were laundered through the spare parts market, which also facilitated the movement of weapons. The operation led to the arrest of 16 individuals, the recovery of various weapons, the confiscation of N3,421,000, and conviction of five members of the group.

Indicators

- Unusual cash deposits into spare parts businesses without clear sources of revenue.
- Frequent transactions involving large sums of money with no corresponding inventory movement.
- Connections between individuals in the spare parts business and known criminal entities.
- Purchase of weapons with proceeds of crime
- The use of weapons to perpetrate further criminal activities.

Source: Law Enforcement Agency

A photo of rescued children from Mata-Mulki village of Batsari Local Government Area in Katsina State. The six children were rescued by Operation Puff Adder in Batsari.[9]

[9] https://www.channelstv.com/2020/01/02/police-rescue-six-kidnap-victims-in-katsina/

5.0 Generic Money Laundering Trends Associated with Kidnapping for Ransom

Below are generic some common money laundering trends of kidnapping for ransom in Nigeria:

- Returning the cash collected from ransom through POS operators
- Structuring Payments, Trade-Based Money Laundering, Offshore Accounts, Cryptocurrencies, Using Money Mules and Using Shell Companies.
- The use of filling stations
- The purchase of cows and mineral resources
- The use of real estate and purchase of asset
- The use of front accounts and shell companies
- The use of intermediaries or third parties
- Purchase and demand of domestic animals
- Purchase and demand of hard drugs
- Purchase and demand of food items
- Purchase and demand of logistics such as motorcycles
- Purchase of arms and ammunition
- Demand and Conversion of the ransom to cryptocurrency
- Loan-Sharking
- Demand for ransom in cash

5.1 Other crimes linked to KFR in Nigeria

The respondents stated a link between KFR and the following predicate offences in Nigeria:

1. Armed robbery
2. Drug trafficking
3. Proliferation of small and light arms
4. Money laundering
5. Terrorism

6. Terrorism Financing

7. Human Trafficking

5.2 Vulnerable Group Analysis

5.2.1 Age

When asked about the most vulnerable age, the respondents mentioned that age plays a significant role in vulnerability to kidnapping for ransom. 40% of the respondents reported that ages 40-60 are the most vulnerable ages. Below is a graphical representation of the response:

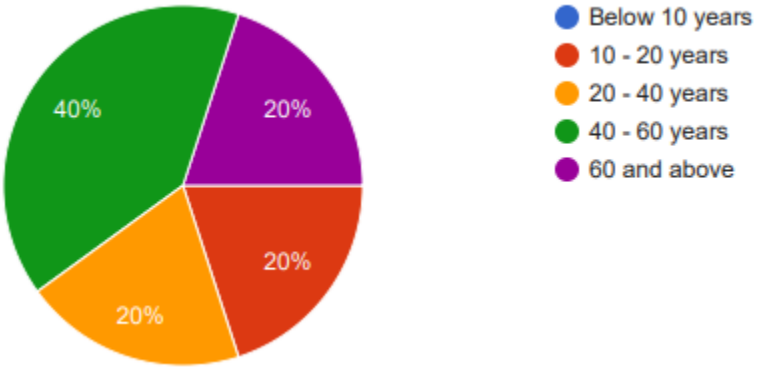

Figure 2: Vulnerable age Analysis Deduced from Survey Response

5.2.2 Vulnerable Group

In Nigeria, kidnapping for ransom has become a pervasive security issue, with certain groups being disproportionately targeted due to their vulnerabilities. The main groups affected include:

1. Schoolchildren and Students: Particularly in northern Nigeria, children have been abducted in mass numbers from schools. Kidnappers often target students because of the pressure such crimes place on the government and the potential for large ransom payments. Incidents such as the 2014 Chibok abduction and subsequent kidnappings of students in places like Katsina and Zamfara highlight this trend[10]. Girls are especially targeted due to the perception that they can fetch higher ransoms[11].

2. Women: Women, especially in rural areas, are frequent victims, often taken in mass abductions. These incidents are linked to both financial motives and ideological factors when carried out by extremist groups like Boko Haram or ISWAP. Women are sometimes used as bargaining tools to exchange for imprisoned members of these groups[12].

[10] https://globalinitiative.net/analysis/mass-abductions-kidnappings-nigeria/
[11] Nigeria: Who's behind the kidnappings and what do they want? – DW – 05/27/2024
[12] https://www.dw.com/en/nigeria-kidnappings-whos-behind-them-and-what-do-they-want/a-68472852

3. Farmers and Rural Dwellers: In the northwestern regions, armed bandits often abduct farmers, forcing communities to pay levies to ensure their safety. This trend has escalated due to conflicts over land and resources, such as gold mining[13].

4. Travelers: Highways in Nigeria are hotspots for kidnappings. Bandits often stop vehicles, abduct passengers, and demand ransoms. This has affected both local and international travellers, making certain routes dangerous[14].

5. Wealthy Individuals and Professionals: Affluent individuals, businesspeople, and professionals, including expatriates, are often targeted due to their perceived ability to pay high ransoms. However, as wealthy individuals have increasingly relocated to safer areas, this demographic has become less prevalent in recent incidents[15].

5.3 Proceeds of Crime from KFR in Nigeria

The proceeds of crime refer to any property, asset, benefit, or financial gain obtained directly or indirectly through illegal or criminal activities. This includes money, goods, or any other material benefits derived from crimes such as KFR. The proceeds of crime derived from kidnapping for ransom often follow specific patterns a that allow criminals to profit and avoid detection.

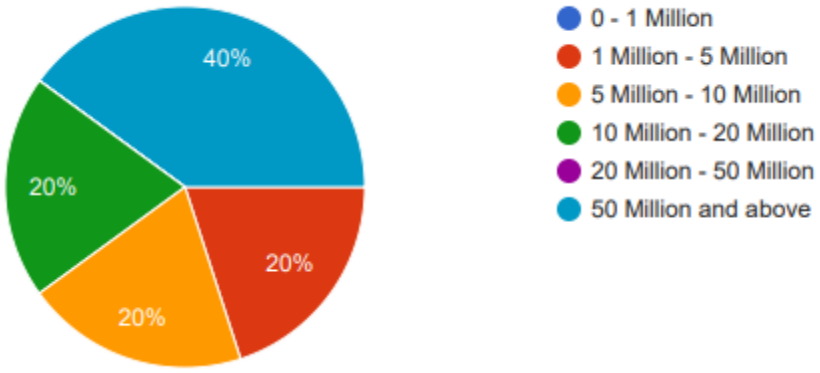

Figure 3: Proceeds of Crime from KFR in Nigeria Deduced from Survey Response

5.4 Mode of Ransom Payment

Although cash remains the primary method of ransom payment in Nigeria, the respondents noted a growing sophistication in criminal activities and technology, which includes various new tactics.

1. Cryptocurrency

2. Bureau De Change (BDCs)

[13]https://www.academia.edu/65337496/THE_DYNAMICS_AND_NATURE_OF_RURAL_BANDITRY_IN_NORTHWEST_NIGERIA
[14] https://pmc.ncbi.nlm.nih.gov/articles/PMC10551549/
[15]Nigeria Bureau of Statistics (NBS). Reports on crime trends and economic impacts

3. Commodities

4. Betting wallets

From 2021 to 2023, Abuja faced nearly 50 kidnapping cases involving over 200 individuals, with 40 recorded incidents affecting a staggering 236 victims. Between October and December 2023 alone, there were 13 reported kidnapping incidents, with 80 victims involved.

These incidents took place in areas such as Gbau, Kuje, Gauge, Pegi, Abaji, Keti, and Kwali, seemingly without intervention from security agencies. Additionally, these kidnappings have led to significant economic losses, with confirmed ransom payments totaling N653.7 million between 2021 and 2022.[16]

[16] https://www.premiumtimesng.com/news/more-news/657812-15-persons-kidnapped-in-2024-as-abuja-grapples-with-rising-crime-rate.html

6.0 Nigeria's effort in mitigating KFR in Nigeria Based on the Survey Findings

Nigeria is grappling with a critical crisis of kidnapping for ransom that has persisted, particularly since 2014, when the world was shocked by the abduction of 276 schoolgirls in Chibok by Boko Haram. This issue has escalated, affecting schools, communities, travellers, and urban settings. In response to this dire situation, Nigeria is taking decisive measures to combat and reduce the incidence of kidnapping for ransom. According to the survey response, below are some initiatives used by the Nigerian Government to mitigate KFR:

6.1 Military and Police Operations

The Nigerian military and police have significantly enhanced security operations, particularly in high-risk regions such as the northwest and central areas. Initiatives such as Operation Puff Adder, led by the police, along with various joint military operations, are designed to in addition to combatting other crimes dismantle kidnapping networks, rescue hostages, and conduct patrols in vulnerable zones.

Additionally, the government has expanded the Special Anti-Kidnapping Squad within the Nigerian Police Force, which operates across several states. This squad prioritizes intelligence gathering and timely responses to reported abductions. The respondent from INTERPOL highlighted the implementation of proactive crime prevention patrols and public awareness campaigns, including the "When You See It, Say Something" initiative.

6.2 Anti-Kidnapping Legislation

Several states have enacted stricter penalties for kidnapping, including the death penalty and life imprisonment for those convicted of the crime. Notable states such as Lagos, Ogun, and Kaduna have adopted these stringent laws as deterrents.

In 2022, President Muhammadu Buhari signed the Terrorism Prevention (Amendment) Act, which prohibits ransom payments and imposes penalties on those involved in kidnapping. At the same time, the law has generated some controversy, aimed to diminish the financial incentives available to kidnappers.

6.3 Community and Intelligence Collaboration

There has been a notable focus on improving intelligence gathering, with federal and state governments investing in technology and fostering collaboration with local communities and informants. Feedback from respondents indicates a strong commitment to information sharing, with 60% agreeing to extensive collaboration with other agencies. Furthermore, 40% refer kidnapping-for-ransom cases to other agencies, while 80% affirmed their willingness to respond positively to requests and respond to information to support criminal investigations from national and international stakeholders.

Respondents cited several benefits arising from this collaboration, including the dismantling of numerous kidnapper dens, the arrest and prosecution of kidnappers, the successful rescue of hostages, and the recovery of funds and ammunition. A respondent from the Nigerian Financial Intelligence Unit (NFIU) confirmed that the unit collaborates closely with key agencies,

producing intelligence reports based on the analysis of suspicious transactions filed by financial institutions, which are subsequently provided to law enforcement agencies for investigation and prosecution.

Additionally, respondents from the Nigerian Police Force (NPF) and INTERPOL noted that local vigilante groups have been established to monitor and report suspicious activities in communities. Cooperation with the Department of State Services (DSS) on intelligence gathering and with the NFIU on tracing the proceeds of kidnapping for ransom in Nigeria has also been emphasized.

A respondent from the Nigerian Communications Commission (NCC) indicated that between January 2020 and July 2024, the NCC received 13,087 requests from the NPF and other law enforcement agencies on telecommunications operators for information related to calls implicated in investigations of kidnapping, abductions, and suspected kidnapping cases.

Furthermore, collaboration between federal and local security agencies has intensified, with community-based security groups playing an essential role in monitoring and deterring kidnapping activities.

6.4 School Safety Initiatives

Following the escalation of school kidnappings, the Nigerian government launched the Safe Schools Initiative in collaboration with international organizations. This program focuses on building fences, installing surveillance equipment, and employing additional security staff in schools.

School facilities in high-risk regions have been temporarily closed, and some students are relocated to safer areas to prevent abductions.

6.5 Technology and Surveillance

Nigeria has invested in technology to track kidnappers and boost response times. Security forces use drones, advanced surveillance, and tracking systems to monitor areas with a high incidence of kidnappings and target suspected kidnappers.

Efforts to strengthen telecommunications infrastructure to improve emergency response capabilities, particularly in rural and remote areas, are also ongoing.

6.6 Public Awareness and Reporting Mechanisms

The government has launched public awareness campaigns urging communities to report kidnappings and suspicious activities. They have also set up hotlines and emergency numbers for the public to reach law enforcement quickly.

7.0 Challenges in Combatting Money Laundering through KFR in Nigeria

Tackling kidnapping for ransom in Nigeria presents a complex set of challenges, spanning complexities in ransom tracing to weak reporting mechanisms, technological limitations, insufficient expertise and inter-agency issues, the responders stated. Below are detailed challenges:

1. Financial Flows and Ransom Payments

- Cash-Intensive Economy and other informal channels: All the respondents reported the use of cash and other unregulated channels as a challenge in mitigating KFR because Nigeria's economy is predominantly cash-based, making it difficult to trace the flow of funds used for ransom payments and subsequent money laundering. The perpetrators also often use informal systems, such as cash or other underground remittance channels, to move or store illicit proceeds.
- Cryptocurrency Misuse: Increasing adoption of cryptocurrencies by criminal groups as reported by the respondents creates further challenges in tracing and intercepting illicit financial flows.

2. Difficulty in Identifying Beneficiaries

- The respondents reported the use of complex structures in layering transactions by creating shell entities to obfuscate the ultimate beneficiaries of the funds.
- Cross-Border Transactions: Bottlenecks in tackling cross boarder kidnapping cases hinders the movement and tracing of funds thereby complicating AML/CFT efforts.

3. Weak Reporting Mechanisms

- Underreporting: Many kidnapping incidents go unreported due to fear of retaliation or lack of trust in law enforcement.
- Limited Suspicious Activity and Suspicious Transactions Reports on KFR-Linked Activities: Financial institutions may fail to recognize or report suspicious activity tied to ransom payments due to limited awareness of KFR-specific typologies.

4. The respondents reported the following technological limitations

- Limited Access to Analytics Tools: Many law enforcement agencies lack access to advanced tools for analysing financial transactions and detecting patterns associated with KFR.
- Some of the respondents mentioned the lack of surveillance and intelligence tools to properly detect and mitigate kidnapping for ransom in Nigeria.
- Low Digital Traceability in Rural Areas: Perpetrators often operate in remote areas where financial infrastructure is sparse, reducing traceability.

- Kidnappers often use unregistered SIM cards and encrypted communication to demand and coordinate ransom payments.

5. Inadequate Interagency Collaboration

- Fragmented Efforts: Some respondents reported weak coordination among law enforcement, financial institutions, and regulatory bodies which hampers comprehensive investigations.
- Data Silos: Poor information-sharing frameworks prevent timely dissemination of actionable intelligence between agencies.

8.0 Conclusion

Kidnapping for Ransom in Nigeria is a complex issue that affects both the financial and non-financial sectors of the country, requiring coordinated and innovative responses. Addressing this crime necessitates ongoing training and awareness in AML/CFT. It is crucial to understand the devastating effects of KFR across the country, including loss of lives, displacement of people, and the significant amounts of ransom money that often fuel terrorism and other violent crimes. As highlighted in the report, KFR is linked to various predicate crimes associated with money laundering and terrorism financing.

Understanding the typologies of KFR is essential for stakeholders, as they provide valuable insights into the issue. By fostering this understanding, stakeholders can develop effective multi-stakeholder strategies aimed at preventing KFR and addressing organized crime. These strategies will focus on protecting those affected by these groups, promoting partnerships and cooperation, and safeguarding victims. Additionally, it is essential to enhance societal resilience against this persistent threat. By prioritizing collaboration across sectors, embracing continuous innovation, and maintaining a strong commitment to justice and human rights, we can significantly reduce the impact of KFR and create a safer, more secure environment in Nigeria.

While it is commendable that the Nigerian government has taken significant steps to combat crime, there is still room for improvement, particularly in allocating the budget for AML/CFT training. Enhancing these training programs will empower investigators to effectively trace ransom payments, foster greater collaboration and trust among law enforcement and security agencies, and promote investments in data and technology to better combat crime.

Moreover, NFIU in collaboration with key stakeholders is dedicated to increasing our understanding of emerging threats, trends, and patterns related to KFR in Nigeria. By continuing to build our knowledge and response.

9.0 International Best Practice for Combatting KFR

To effectively combat crime, it is important to examine other jurisdictions that have successfully implemented measures to mitigate or address the crime. Below are some jurisdictions that have made progress in combating KFR:

1	Colombia	Columbia is known for its success in reducing kidnappings through the establishment of specialized anti-kidnapping units (GAULA) and robust legal frameworks that criminalize ransom payments while focusing on victim rescue.[17] In 2024, the Gaula (Anti-Extortion and Anti-Kidnapping Group) of the Military Forces has rescued 69 people who had been kidnapped. There have in the same way been 180 arrests related to kidnapping[18].
2	Mexico	Mexico utilized technological advancements and intelligence-driven policing to tackle organized crime groups involved in kidnappings[19]. The country has also made significant reforms to strengthen its judiciary, focusing on fostering trials and imposing stricter punishments for those involved in kidnapping cases.[20]
3	United States	The States enforces strong anti-money laundering measures through the FBI's Hostage Recovery Fusion Cell and stringent asset seizure laws targeting ransom proceeds.[21] The fusion cell consists of the Federal Bureau of Investigation (FBI), the U.S. Department of Defense, the U.S. Department of State, and other agencies whose full-time job and single focus is bringing hostages home safely and sharing information with their families. A critical part of that effort is the Family Engagement Team, established at the same time as the fusion cell to provide feedback and comfort the families of the hostages[22].

[17] *GAULA (2022), "Anti-Kidnapping Strategies in Colombia"*
[18] https://www.cgfm.mil.co/en/multimedia/noticias/military-gaula-rescued-university-student-who-had-been-kidnapped-cucuta
[19] *FATF (2021), "Combating Terrorism Financing and Kidnapping"*
[20] https://howsafeismexico.com/kidnappings-in-mexico/#:~:text=The%20creation%20of%20specialized%20anti-kidnapping%20units%20aims%20to,training%20and%20intelligence-sharing%20to%20combat%20kidnappings%20more%20effectively.
[21] *FBI (2023), "Hostage Recovery Best Practices"*
[22] https://www.fbi.gov/news/stories/hostage-recovery-fusion-cell-062918

4	Philippines	Combines military operations and negotiations to combat terrorist-linked kidnappings, supported by legislative actions against terrorist financing.[23]

[23] *UNODC (2023), "Case Studies on Kidnapping and Money Laundering."*

10.0 Recommendation for mitigating kidnapping for Ransom in Nigeria

To effectively address kidnapping for ransom (KFR) and its financial implications, sector-specific strategies must be implemented across various critical industries and institutions. Below are tailored recommendations for key sectors:

1. Government and Policy Makers

- Comprehensive National Strategy: Develop a unified national policy to combat KFR, integrating law enforcement, financial regulation, and community involvement.
- Socioeconomic Development: Address poverty and unemployment in hotspots through targeted social programs.
- Funding and Resources: Allocate sufficient resources to security agencies and regulatory bodies for KFR-related operations.
- Create specialized AML courts for financial crime cases to facilitate prosecution and convictions of criminals.

2. Reporting Entities

- Strengthen Know-Your-Customer (KYC) Procedures: Ensure robust KYC protocols to identify and monitor high-risk customers and transactions.
- Enhanced Suspicious Transaction Reporting (STRs): Train bank staff to recognize red flags, such as unusual cash deposits or structured transactions linked to known hotspots.
- Transaction Monitoring: Invest in AI-based monitoring tools to detect patterns associated with ransom payments, such as frequent large cash withdrawals or deposits.
- Engagement with FIUs: Foster regular communication with the Financial Intelligence Unit (FIU) for insights on KFR typologies and real-time alerts.
- Incorporate tec technological solutions such as blockchain for crypto tracking and Artificial Intelligence for transaction monitoring.

3. Telecom and Information and Communications Technology

- Enforce SIM Card Registration: Strengthen enforcement of SIM card registration regulations to reduce anonymity in criminal communications.
- Monitor Digital Platforms: Work with internet service providers (ISPs) to identify suspicious online activity linked to ransom demands, such as specific cryptocurrency wallets.

- Expand collaboration with offshore digital platforms to enable the government access the pattern and activities of certain participants and enforcement of takedown requests by the Nigerian Government.
- Support Law Enforcement: Collaborate with authorities to provide call records, geolocation data, and evidence in KFR investigations while respecting privacy laws.
- Streamline the law enforcement access to call data records and information to ensure the appropriateness of such requests and sustain the hygiene and integrity of the provided data.

4. Law Enforcement

- Improved Intelligence Gathering: Use technology such as drones, GPS tracking, and financial transaction analysis to monitor and locate kidnappers.
- Improve interagency cooperation and collaboration to share information and facilitate the prosecution of the perpetrators.
- Combat Corruption: Introduce strict oversight mechanisms and accountability measures to reduce internal collusion.
- Engage in public-private partnerships with fintech firms to flag suspicious transactions in real-time.
- Need for continuous training on financial investigations and asset recovery.
- Need to initiate Parallel financial Investigation for all cases of K4R.

5. Regulatory and Supervisory Bodies

- Implement Risk-Based AML/CFT Regulations: Develop sector-specific AML guidelines to address vulnerabilities in high-risk areas like cash handling, real estate, and informal financial systems.
- Strengthen Sanctions Framework: Impose penalties on institutions or individuals complicit in laundering ransom proceeds.
- Periodic Inspections: Conduct routine audits of financial institutions and high-risk businesses to ensure compliance with AML/CFT standards.

6. Civil society organizations

- Community Awareness Campaigns: Educate communities to trust authorities and safely report suspicious activities and the dangers of ransom payments.
- Collaboration with Authorities: Establish anonymous reporting mechanisms to build trust and encourage cooperation.

- Empower Vigilante Groups: Support legitimate vigilante or community-based organizations to provide localized security under legal frameworks.

7. International cooperation

- Regional Partnerships: Strengthen collaboration with ECOWAS and other neighbouring countries to track and intercept cross-border financial flows.
- Information Sharing: Engage with international FIUs, INTERPOL, and other global entities for intelligence-sharing and joint operations.
- Capacity Building: Partner with international organizations for training and resource development in AML/CFT enforcement.
- Utilize formal international cooperation channels such as Mutual Legal Assistance & Extradition) for cases with cross border elements.