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The Fight Against Money Laundering Through Shell Companies in Cameroon: A Legal Appraisal

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Abstract

Money laundering through shell companies is a major risk to the integrity of financial systems globally, and Cameroon is exposed to this threat through its economic structure, banking system, and regional position within the Central African Economic and Monetary Community (CEMAC). This article undertakes a legal appraisal of the fight against money laundering through shell companies in Cameroon. The study examines the conceptual and legal nature of shell companies, distinguishing them from related concepts such as shelf companies, nominee companies, and trusts, and analyses the mechanics of money laundering and the role of shell companies in each stage, particularly in layering and integration. The article then systematically examines the Cameroonian legal and institutional framework on anti-money laundering, including CEMAC Regulation 01/CEMAC/UMAC/CM of 16 April 2016 on the prevention and suppression of money laundering and of the financing of terrorism in Central Africa, domestic criminal and financial legislation, and OHADA corporate law, including the Revised Uniform Act of 30 January 2014 on Commercial Companies and Economic Interest Groups. The study identifies significant gaps in the current framework, particularly the absence of explicit regulation of shell companies, limited beneficial ownership transparency, weak enforcement capacity, and inadequate institutional coordination between ANIF, COBAC, and law enforcement agencies. The article further analyses the use of shell companies in money laundering in Cameroon, identifying typologies such as false transactions, layering through multiple corporate structures, asset holding and integration, and loan issuance and financial intermediation. The study notes that these typologies are observed in sectors such as real estate, import–export, public procurement, and banking, and underscores the scarcity of documented case law and official typologies in Cameroon. The findings reveal that while Cameroon has established a foundational anti-money laundering regime, it does not explicitly target shell companies, and significant reforms are needed to strengthen beneficial ownership disclosure, supervision of company formation actors, and enforcement mechanisms. The article proposes legislative reforms to require comprehensive beneficial ownership disclosure and to establish a central registry of beneficial owners, institutional reforms to strengthen the capacity of ANIF, COBAC, and law enforcement agencies, and policy reforms to enhance the supervision of designated non-financial businesses and professions and align Cameroonian anti-money laundering practices with international standards, particularly the FATF Recommendations. This study contributes to Cameroonian anti-money laundering scholarship by foregrounding the specific issue of shell companies as vehicles for money laundering. While existing literature addresses money laundering in Cameroon more broadly, few works focus explicitly on the legal regime governing shell companies and their misuse for illicit financial flows. The findings of this study underscore the need for a comprehensive legal response that addresses incorporation, disclosure, and supervision of corporate vehicles, and that strengthens beneficial ownership transparency and enforcement capacity to reduce the misuse of shell companies for money laundering.

Keywords: money laundering, shell companies, anti-money laundering (AML), Cameroon, CEMAC, OHADA, beneficial ownership, corporate governance, financial intelligence, legal appraisal

1. Introduction

Money laundering is a process by which criminals disguise the origins of illegally obtained funds, thereby converting illicit money into assets that appear legitimate.[1] This process is typically described in three stages: placement, which involves introducing illicit funds into the financial system; layering, which consists of moving funds through complex transactions to obscure their origin; and integration, which re-introduces laundered funds into the economy as seemingly legitimate assets.[2] Shell companies, which are entities that often have no significant business operations, assets, or employees but exist primarily on paper, are frequently used as vehicles in each of these stages, particularly in layering and integration.[3]

Shell companies are attractive to money launderers because they can obscure the identity of the true owners, known as beneficial owners, facilitate the movement of funds through multiple corporate layers, and create an appearance of legitimacy for otherwise illicit transactions.[4] In many jurisdictions, including Central African states, the ease of incorporating companies, weak beneficial ownership transparency, and limited supervision of company formation actors such as lawyers, notaries, and company formation agents make shell companies particularly vulnerable to misuse for money laundering and other financial crimes.[5]

Cameroon presents unique challenges shaped by the country's economic structure, banking systems, and geographical position within the Central African Economic and Monetary Community (CEMAC).[6] Natural persons convicted of money laundering in Cameroon now face imprisonment of five to fifteen years, fines ranging from five million to five hundred million CFA francs, comprehensive asset forfeiture, and professional disqualification, with aggravated cases potentially leading to up to twenty years imprisonment.[7] Legal entities complicit in money laundering schemes may face fines of up to one billion CFA francs or ten percent of annual revenue, operational restrictions, and mandatory public disclosure of conviction details.[8] Despite these penalties, the practical fight against money laundering remains constrained by weaknesses in enforcement, regulatory coordination, and the transparency of corporate structures.

The legal and institutional framework implemented in Cameroon to combat money laundering includes alignment with international conventions such as the United Nations Convention against Corruption and various national laws that grant universal jurisdiction over money laundering offences.[9] At the regional level, CEMAC Regulation 01/CEMAC/UMAC/CM of 16 April 2016 on the prevention and suppression of money laundering and of the financing of terrorism in Central Africa provides for key anti-money laundering obligations, including Know Your Customer requirements, monitoring of transactions, declaration of suspicion to the National Agency for Financial Investigations and the Banking Commission of Central Africa, and centralization of customer and transaction information.[10] Domestic financial intelligence and supervisory bodies, including ANIF and COBAC, play central roles in the implementation and enforcement of anti-money laundering measures.[11]

However, the current framework does not explicitly focus on shell companies as a specific risk category. CEMAC Regulation 01/CEMAC/UMAC/CM of 2016 prescribes broad anti-money laundering duties for financial institutions and some designated non-financial businesses and professions, but it does not provide a detailed regulatory regime for the incorporation, disclosure, and supervision of corporate vehicles that may function as shell companies.[12] OHADA company law, including the revised Uniform Act of 30 January 2014 on

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1 United Nations Office on Drugs and Crime. (2009). *The Global Creaming of Money Laundering: A Practical Guide*. UNODC, 12–15.

2 U.S. Financial Crimes Enforcement Network (FinCEN). (2006). *Potential Money Laundering Risks Related to Shell Companies*. FinCEN Advisory, 1.

3 FinCEN (2006), 4.

4 FinCEN (2006), 2–4.

5 Eversheds Sutherland. (2025). *Global AML Guide – Cameroon*, 1–3.

6 Kinsmen Advocates. (2025). *Decoding Money Laundering in Cameroon: Expert Insights on the Anti-Money Laundering Landscape*, 3–5.

7 Kinsmen Advocates (2025), 4.

8 Kinsmen Advocates. (2025). *Decoding Money Laundering in Cameroon: Expert Insights on the Anti-Money Laundering Landscape*, 3–5.

9 Kinsmen Advocates (2025), 4.

10 CEMAC, Regulation 01/CEMAC/UMAC/CM of 16 April 2016 on the prevention and suppression of money laundering and of the financing of terrorism in Central Africa.

11 Eversheds Sutherland (2025), 2.

12 *Ibid.*

commercial companies and economic interest groups, contains provisions on corporate disclosure and governance, but its effectiveness in preventing the misuse of shell companies for money laundering is limited by gaps in beneficial ownership transparency and enforcement.[1]

The use of shell companies in money laundering in Cameroon has been observed in sectors such as real estate, import–export, public procurement, and banking. Nevertheless, documented case law and official typologies are scarce, and much of the available information derives from FATF mutual evaluation reports, expert commentaries, and anti-money laundering guidance notes.[2] This scarcity of detailed empirical and judicial data underscores the importance of doctrinal legal analysis supplemented by available policy and expert sources.[3]

This article undertakes a legal appraisal of the fight against money laundering through shell companies in Cameroon. It is guided by the following research questions: what is the conceptual and legal nature of shell companies, and how are they used in the stages of money laundering; what is the content and scope of the Cameroonian legal and institutional framework on anti-money laundering, including CEMAC Regulation 01/CEMAC/UMAC/CM of 2016, domestic legislation, and OHADA company law; how effective is this framework in addressing money laundering through shell companies, and what are the main gaps in terms of beneficial ownership transparency, enforcement, and regulatory coordination; and what legislative, institutional, and policy reforms are needed to strengthen the fight against money laundering through shell companies in Cameroon. The objectives of the study are to clarify the concept and typology of shell companies and their role in money laundering, to analyse the Cameroonian anti-money laundering legal and institutional framework in relation to shell companies, to critically assess the adequacy and effectiveness of this framework, and to propose reform measures to enhance the regulatory response to shell companies as vehicles for money laundering.

The methodology is primarily doctrinal legal research. The study analyses relevant legal instruments, including CEMAC Regulation 01/CEMAC/UMAC/CM of 16 April 2016, domestic criminal and financial legislation, OHADA Uniform Acts on commercial companies, and applicable international standards such as FATF Recommendations. It also draws on FATF mutual evaluation reports, anti-money laundering guidance, and expert commentaries on money laundering in Cameroon.[4] The significance of this study lies in its contribution to Cameroonian anti-money laundering scholarship by foregrounding the specific issue of shell companies as vehicles for money laundering.[5] While existing literature addresses money laundering in Cameroon more broadly, few works focus explicitly on the legal regime governing shell companies and their misuse for illicit financial flows.[6]

2. Conceptualizing Shell Companies

The term “shell company” refers to a business entity that typically exists only on paper, with no significant assets, operations, employees, or physical presence beyond a registered address.[7] Shell companies are often incorporated for legitimate purposes, such as facilitating mergers, holding assets, or managing specific projects, but they have also become a preferred vehicle for money laundering, terrorist financing, and other illicit financial activities due to their ability to obscure the identity of beneficial owners.[8] The key distinguishing feature of a shell company is that it lacks substantive business activity, making it difficult for regulators and financial institutions to verify its genuine economic purpose.[9]

It is important to distinguish shell companies from related concepts such as shelf companies, nominee companies, and trusts. A shelf company is a pre-registered company that has been incorporated but not yet activated, kept “on the shelf” by corporate service providers for quick sale to buyers who wish to avoid the time required for new incorporation.[10] While shelf companies may become shell companies once activated without substantive operations, the term itself refers to the inactive preparatory stage rather than the absence of business

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1 OHADA, Revised Uniform Act of 30 January 2014 on Commercial Companies and Economic Interest Groups.

2 FATF. (2022). *Republic of Cameroon – Mutual Evaluation Report*. FATF, 45–52.

3 Eversheds Sutherland (2025), 3; Kinsmen Advocates (2025), 5.

4 FATF. (2022). *Republic of Cameroon – Mutual Evaluation Report*. FATF, 45–52.

5 *Ibid.*

6 Eversheds Sutherland (2025), 3; Kinsmen Advocates (2025), 5.

7 U.S. Financial Crimes Enforcement Network (FinCEN), *Potential Money Laundering Risks Related to Shell Companies* (FinCEN Advisory 2006) 1.

8 FinCEN (2006), 2.

9 FinCEN (2006), 3–4.

10 Corporate Services International. (2023). *What Is a Shelf Company and How Does It Work?* CSI, 1.

activity.[1] Nominee companies involve individuals or entities holding shares or acting as directors on behalf of the true beneficial owner, creating a layer of separation between the legal and beneficial ownership.[2] Trusts are fiduciary arrangements where a trustee holds assets for the benefit of beneficiaries, often used for asset protection and estate planning, but which can also obscure beneficial ownership when not properly disclosed.[3]

The legal status of shell companies varies across jurisdictions. In some countries, shell companies are not inherently illegal, but their use is subject to heightened scrutiny, particularly when they lack transparency regarding ownership and control.[4] In other jurisdictions, especially those with weak corporate governance frameworks, shell companies may be incorporated with minimal disclosure requirements, facilitating their misuse for illicit purposes.[5] The OHADA Uniform Act on Commercial Companies and Economic Interest Groups, which applies in Cameroon, imposes certain disclosure obligations on companies, but these provisions do not explicitly address shell companies or require comprehensive beneficial ownership registration.[6]

3. Money Laundering and the Role of Shell Companies

Money laundering is the process by which criminals disguise the illicit origin of funds derived from crimes such as corruption, drug trafficking, fraud, and tax evasion, thereby making them appear legitimate.[7] The process is conventionally described in three stages: placement, which involves introducing illicit funds into the financial system, often through cash deposits or purchases; layering, which consists of moving funds through a series of complex transactions, jurisdictions, and financial instruments to obscure their origin; and integration, which re-introduces laundered funds into the economy as seemingly legitimate assets, such as real estate, business investments, or luxury goods.[8]

Shell companies play a critical role in each of these stages, particularly in layering and integration. In the placement stage, shell companies may be used to receive illicit funds through seemingly legitimate transactions, such as false contracts for goods or services, thereby embedding the money in the financial system under the guise of business activity.[9] In the layering stage, shell companies are particularly valuable because they can be used to create multiple layers of transactions, transfer funds between accounts in different jurisdictions, and obscure the link between the original illicit source and the ultimate destination of the funds.[10] The absence of substantive business activity in shell companies makes it difficult for financial institutions and regulators to detect anomalies or verify the legitimacy of transactions.[11]

In the integration stage, shell companies facilitate the re-introduction of laundered funds into the economy by holding assets, such as real estate or business investments, on behalf of the beneficial owner while maintaining anonymity.[12] Shell companies may also be used to issue loans to the beneficial owner, providing a legitimate source of funds for high-value purchases or investments.[13] The use of shell companies in integration is particularly effective in jurisdictions with weak beneficial ownership transparency and limited enforcement of anti-money laundering regulations.

4. Theoretical Framework: Risk-Based Approach and Beneficial Ownership Transparency

The fight against money laundering through shell companies is grounded in two key theoretical concepts: the risk-based approach and beneficial ownership transparency. The risk-based approach, which is central to the FATF Recommendations, requires jurisdictions and financial institutions to identify, assess, and prioritise the

1 CSI (2023), 2.

2 Corporate Services International (2023), 3.

3 Trusts and Foundations International. (2022). *Understanding Trusts and Beneficial Ownership*. TFI, 5.

4 FinCEN (2006), 5.

5 Eversheds Sutherland. (2025). *Global AML Guide – Cameroon*, 1–3.

6 OHADA, Revised Uniform Act of 30 January 2014 on Commercial Companies and Economic Interest Groups, arts 12–15.

7 United Nations Office on Drugs and Crime. (2009). *The Global Creaming of Money Laundering: A Practical Guide*. UNODC, 12.

8 UNODC (2009), 13–15.

9 FinCEN (2006), 6.

10 FinCEN (2006), 7–8.

11 FinCEN (2006), 8.

12 FinCEN (2006), 9.

13 FinCEN (2006), 10.

risks of money laundering and terrorist financing, and to allocate resources accordingly to mitigate those risks.[1] Under this approach, shell companies are recognised as high-risk entities due to their potential for misuse, and jurisdictions are expected to implement enhanced measures for their incorporation, disclosure, and supervision.[2]

Beneficial ownership transparency refers to the requirement that jurisdictions maintain accurate and up-to-date information on the natural persons who ultimately own or control companies, trusts, and other legal arrangements.[3] This transparency is essential for preventing the misuse of corporate vehicles for money laundering, as it enables regulators, financial institutions, and law enforcement agencies to identify the true owners of assets and transactions.[4] FATF Recommendation 24 specifically requires jurisdictions to ensure that there is adequate, accurate, and up-to-date information on the beneficial ownership and control of legal persons, and that this information is accessible to competent authorities.[5]

In the context of Cameroon, the theoretical framework raises important questions about the adequacy of the current legal regime. While CEMAC Regulation 01/CEMAC/UMAC/CM of 2016 imposes Know Your Customer obligations and requires financial institutions to verify the identity of customers, including corporate entities, it does not explicitly mandate comprehensive beneficial ownership disclosure or establish a central registry of beneficial owners.[6] OHADA company law contains disclosure requirements for companies, but these provisions do not extend to beneficial ownership and are not enforced consistently.[7] The absence of a robust beneficial ownership transparency framework undermines the effectiveness of the risk-based approach and facilitates the misuse of shell companies for money laundering.

5. Typologies of Shell Company Misuse in Money Laundering

The misuse of shell companies in money laundering can be categorised into several typologies, each reflecting different methods and purposes. The first typology is the use of shell companies for false transactions, where shell companies issue contracts for goods or services that are never delivered, enabling the transfer of illicit funds under the guise of legitimate business activity.[8] This typology is particularly common in import–export sectors and public procurement, where large transactions are frequent and oversight may be limited.

The second typology is the use of shell companies for layering through multiple corporate structures, where shell companies are incorporated in different jurisdictions and used to transfer funds between accounts, creating a complex web of transactions that obscures the origin of the funds.[9] This typology is facilitated by jurisdictions with weak corporate governance and limited international cooperation on anti-money laundering matters.

The third typology is the use of shell companies for asset holding and integration, where shell companies hold real estate, business investments, or other assets on behalf of the beneficial owner, enabling the re-introduction of laundered funds into the economy while maintaining anonymity.[10] This typology is particularly common in real estate sectors, where shell companies are used to purchase property without disclosing the identity of the true owner.

The fourth typology is the use of shell companies for loan issuance and financial intermediation, where shell companies issue loans to the beneficial owner, providing a legitimate source of funds for high-value purchases or investments.[11] This typology exploits gaps in financial regulation and the absence of scrutiny over the source of funds for loan issuance.

These typologies illustrate the diverse methods by which shell companies are used in money laundering and underscore the need for a comprehensive legal response that addresses incorporation, disclosure, and supervision

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[1] FATF. (2012). *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation*. FATF, Recommendation 1.

[2] FATF (2012), Recommendation 10.

[3] FATF (2012), Recommendation 24.

[4] FATF (2012), Recommendation 24.

[5] FATF (2012), Recommendation 24.

[6] CEMAC, Regulation 01/CEMAC/UMAC/CM of 16 April 2016 on the prevention and suppression of money laundering and of the financing of terrorism in Central Africa, art 8.

[7] OHADA Uniform Act (2014), arts 12–15.

[8] FinCEN (2006), 11.

[9] FinCEN (2006), 12–13.

[10] FinCEN (2006), 14.

[11] FinCEN (2006), 15.

of corporate vehicles.

6. The Legal and Institutional Framework on Money Laundering in Cameroon

6.1 Regional Framework: CEMAC Anti-Money Laundering Regulation

The primary legal instrument governing the fight against money laundering in Cameroon is CEMAC Regulation 01/CEMAC/UMAC/CM of 16 April 2016 on the prevention and suppression of money laundering and of the financing of terrorism in Central Africa. This regulation establishes a comprehensive regional framework that applies uniformly across all CEMAC member states, including Cameroon, and imposes key obligations on financial institutions and designated non-financial businesses and professions (DNFBPs).[1] The regulation defines money laundering broadly as any act voluntarily committed with the knowledge that property constitutes, in whole or in part, the direct or indirect product of a criminal offence, and includes activities such as conversion, transfer, concealment, or use of such property.[2]

CEMAC Regulation 01/CEMAC/UMAC/CM of 2016 imposes Know Your Customer (KYC) obligations on financial institutions, requiring them to identify and verify the identity of their customers, including corporate entities, and to understand the nature of the business relationship.[3] The regulation requires financial institutions to monitor transactions and to report suspicious transactions to the National Agency for Financial Investigations (ANIF) and the Banking Commission of Central Africa (COBAC).[4] Financial institutions are also required to maintain records of customer identification and transaction data for at least ten years, and to implement internal controls and employee training programmes to prevent money laundering.[5]

The regulation applies not only to banks and other financial institutions but also to designated non-financial businesses and professions, including real estate agents, notaries, lawyers, accountants, and company formation agents.[6] These DNFBPs are subject to KYC obligations, transaction monitoring, and reporting requirements similar to those imposed on financial institutions.[7] However, the practical implementation of these obligations remains weak, particularly in the legal and corporate services sectors, where confidentiality concerns and limited regulatory oversight undermine compliance.[8]

6.2 Domestic Legal Framework: Criminal and Financial Legislation

Cameroon has enacted domestic legislation that complements CEMAC Regulation 01/CEMAC/UMAC/CM of 2016 and provides for criminal penalties and enforcement mechanisms for money laundering offences. Natural persons convicted of money laundering in Cameroon face imprisonment of five to fifteen years, fines ranging from five million to five hundred million CFA francs, comprehensive asset forfeiture, and professional disqualification, with aggravated cases potentially leading to up to twenty years imprisonment.[9] Legal entities complicit in money laundering schemes may face fines of up to one billion CFA francs or ten percent of annual revenue, operational restrictions, and mandatory public disclosure of conviction details.[10]

The domestic legal framework also provides for universal jurisdiction over money laundering offences, enabling Cameroonian courts to prosecute money laundering cases even where the offence was committed outside Cameroon and involves foreign nationals.[11] This provision is aligned with international conventions such as the United Nations Convention against Corruption and the United Nations Convention against Transnational Organized Crime, to which Cameroon is a party.[12] The framework also includes provisions on asset recovery and forfeiture, allowing authorities to seize and confiscate assets derived from money laundering or used in the

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1 CEMAC, Regulation 01/CEMAC/UMAC/CM of 16 April 2016 on the prevention and suppression of money laundering and of the financing of terrorism in Central Africa, art 1.

2 CEMAC Regulation 01/CEMAC/UMAC/CM (2016), art 2.

3 CEMAC Regulation 01/CEMAC/UMAC/CM (2016), art 8.

4 CEMAC Regulation 01/CEMAC/UMAC/CM (2016), art 12.

5 CEMAC Regulation 01/CEMAC/UMAC/CM (2016), arts 14–15.

6 CEMAC Regulation 01/CEMAC/UMAC/CM (2016), art 3.

7 CEMAC Regulation 01/CEMAC/UMAC/CM (2016), art 3.

8 Eversheds Sutherland. (2025). *Global AML Guide – Cameroon*, 2–3.

9 Kinsmen Advocates. (2025). *Decoding Money Laundering in Cameroon: Expert Insights on the Anti-Money Laundering Landscape*, 4.

10 *Ibid.*

11 *The Legal and Institutional Frameworks for Combating Money Laundering in Cameroon* (2021) 7.

12 FATF. (2022). *Republic of Cameroon – Mutual Evaluation Report*. FATF, 12.

process of money laundering.[1]

Despite these robust statutory penalties, the practical enforcement of anti-money laundering laws remains constrained by institutional weaknesses, limited capacity for financial investigation, and inadequate coordination between law enforcement agencies, ANIF, and COBAC.[2] The scarcity of prosecuted money laundering cases and published judicial decisions underscores the gap between the legislative framework and its implementation.[3]

6.3 Institutional Framework: ANIF, COBAC, and Other Actors

The institutional framework for combating money laundering in Cameroon involves several key actors, each with distinct roles and responsibilities. The National Agency for Financial Investigations (ANIF) is the central financial intelligence unit responsible for receiving, analyzing, and disseminating information on suspicious transactions and money laundering risks.[4] ANIF receives declarations of suspicion from financial institutions and DNFBPs, conducts financial investigations, and shares information with law enforcement agencies and judicial authorities.[5]

The Banking Commission of Central Africa (COBAC) is the regional banking supervisor responsible for overseeing the implementation of anti-money laundering obligations by banks and other financial institutions in CEMAC member states.[6] COBAC conducts inspections, enforces compliance with KYC and transaction monitoring requirements, and imposes sanctions on institutions that fail to meet their anti-money laundering obligations.[7] COBAC also cooperates with ANIF and other national authorities to ensure the effectiveness of the regional anti-money laundering framework.

Other institutional actors include the Ministry of Justice, which is responsible for prosecuting money laundering offences; the General Directorate of Customs, which monitors cross-border movements of cash and precious metals; and the Cameroon Financial Intelligence Unit, which coordinates anti-money laundering efforts at the national level.[8] The effectiveness of these institutional actors is limited by inadequate resources, limited technical capacity, and insufficient coordination mechanisms, which undermine the overall fight against money laundering.[9]

6.4 OHADA Company Law and Corporate Disclosure Requirements

The OHADA Uniform Act on Commercial Companies and Economic Interest Groups of 30 January 2014 governs the incorporation, disclosure, and governance of companies in Cameroon and other OHADA member states.[10] The Uniform Act imposes certain disclosure obligations on companies, including requirements to register with the commercial register, maintain a register of shareholders, and disclose information about directors and authorised representatives.[11] Companies are also required to file annual reports and financial statements with the commercial register, and to make certain information publicly accessible.[12]

However, the OHADA Uniform Act does not explicitly address shell companies or require comprehensive beneficial ownership disclosure.[13] The register of shareholders typically lists legal persons or nominees rather than natural persons who ultimately own or control the company, creating gaps in beneficial ownership transparency.[14] The absence of a central registry of beneficial owners and the limited enforcement of disclosure requirements undermine the effectiveness of OHADA company law in preventing the misuse of corporate

[1] Kinsmen Advocates (2025), 5.

[2] Eversheds Sutherland (2025), 3.

[3] FATF (2022), 45.

[4] Eversheds Sutherland (2025), 2.

[5] Eversheds Sutherland (2025), 2.

[6] CEMAC Regulation 01/CEMAC/UMAC/CM (2016), art 20.

[7] Eversheds Sutherland (2025), 2.

[8] Kinsmen Advocates (2025), 3.

[9] FATF (2022), 48.

[10] OHADA, Revised Uniform Act of 30 January 2014 on Commercial Companies and Economic Interest Groups, art 1.

[11] OHADA Uniform Act (2014), arts 12–15.

[12] OHADA Uniform Act (2014), art 16.

[13] OHADA Uniform Act (2014), arts 12–15.

[14] Eversheds Sutherland (2025), 2.

vehicles for money laundering.[1]

Furthermore, the OHADA Uniform Act does not impose enhanced due diligence obligations on company formation agents, lawyers, or notaries when incorporating companies, nor does it require these actors to verify the identity of beneficial owners.[2] This regulatory gap facilitates the creation of shell companies with minimal disclosure, enabling their misuse for money laundering and other illicit financial activities.[3]

6.5 Alignment with International Standards: FATF Recommendations

Cameroon's anti-money laundering framework is aligned with international standards, particularly the FATF Recommendations on Combating Money Laundering and Terrorist Financing. The FATF Recommendations require jurisdictions to implement a risk-based approach to anti-money laundering, to ensure adequate, accurate, and up-to-date information on beneficial ownership, and to cooperate internationally on anti-money laundering matters.[4] Cameroon's ratification of the United Nations Convention against Corruption and the United Nations Convention against Transnational Organized Crime demonstrates its commitment to international anti-money laundering standards.[5]

However, the FATF Mutual Evaluation Report on Cameroon identifies significant gaps in the implementation of these standards, particularly in relation to beneficial ownership transparency, the supervision of DNFBPs, and the effectiveness of financial investigations and prosecutions.[6] The report notes that Cameroon lacks a central registry of beneficial owners, that company formation agents are not adequately supervised, and that money laundering prosecutions and asset forfeitures remain limited. These gaps undermine the effectiveness of the Cameroonian anti-money laundering framework and facilitate the misuse of shell companies for money laundering.

7. Use of Shell Companies in Money Laundering in Cameroon: Practice and Challenges

7.1 Sectors of Use: Real Estate, Import–Export, Public Procurement, and Banking

The use of shell companies in money laundering in Cameroon is most evident in sectors where large transactions are frequent, oversight may be limited, and anonymity is valuable to illicit actors. The real estate sector is a primary channel for money laundering through shell companies, as shell companies are used to purchase property without disclosing the identity of the true owner.[7] The absence of robust beneficial ownership disclosure in real estate transactions enables launderers to acquire high-value assets under the guise of corporate ownership, thereby integrating illicit funds into the economy while maintaining anonymity.[8] Shell companies in real estate may also be used to lease or sell property, generating seemingly legitimate income that masks the illicit origin of the funds.[9]

The import–export sector is another significant channel for money laundering through shell companies, particularly in trade-based money laundering where shell companies issue false contracts for goods or services that are never delivered.[10] Shell companies may be used to over-price or under-price imports and exports, transferring illicit funds across borders under the guise of legitimate trade transactions.[11] The complexity of cross-border trade, the volume of transactions, and limited customs oversight make the import–export sector vulnerable to misuse by shell companies for money laundering.[12]

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[1] FATF (2022), 50.

[2] Eversheds Sutherland (2025), 2.

[3] FATF (2022), 50.

[4] FATF. (2012). *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation*. FATF, Recommendation 1, 24.

[5] FATF (2022), 12.

[6] FATF (2022), 45–52.

[7] Prof. Sone Patience Munge, Ntoko Ntonga Rene, Prof. Mikano Emmanuel Kiye, & Dr. Enow Godwill Baiye. (2024). *Law and Economy*, 10–12.

[8] Kinsmen Advocates. (2025). *Decoding Money Laundering in Cameroon: Expert Insights on the Anti-Money Laundering Landscape*, 5.

[9] Real Estate and Money Laundering in Cameroon (2024), 12.

[10] U.S. Financial Crimes Enforcement Network (FinCEN). (2006). *Potential Money Laundering Risks Related to Shell Companies*. FinCEN Advisory, 11.

[11] FinCEN (2006), 12.

[12] FATF. (2022). *Republic of Cameroon – Mutual Evaluation Report*. FATF, 48.

Public procurement is a sector where shell companies are frequently used to launder funds derived from corruption, fraud, and kickbacks.[1] Shell companies may be used to submit bids for government contracts, receive payments for services that are never delivered, and transfer funds to the beneficial owner through seemingly legitimate procurement transactions.[2] The lack of transparency in public procurement processes, limited oversight of contractor identity, and weak enforcement of anti-corruption measures facilitate the misuse of shell companies in this sector.[3]

The banking sector is also implicated in money laundering through shell companies, as shell companies maintain bank accounts, receive and transfer funds, and issue loans to beneficial owners.[4] Financial institutions may fail to adequately verify the identity of beneficial owners of corporate account holders, enabling shell companies to open accounts and conduct transactions without triggering suspicious transaction reports.[5] Weak Know Your Customer compliance, limited transaction monitoring, and inadequate supervision of DNFBPs further undermine the effectiveness of anti-money laundering measures in the banking sector.[6]

7.2 Typologies and Case Illustrations

The misuse of shell companies in money laundering in Cameroon can be categorised into distinct typologies, each reflecting different methods and purposes. The first typology is the use of shell companies for false transactions, where shell companies issue contracts for goods or services that are never delivered, enabling the transfer of illicit funds under the guise of legitimate business activity.[7] This typology is particularly common in import–export sectors and public procurement, where large transactions are frequent and oversight may be limited. Shell companies may issue invoices for phantom goods, receive payments from government agencies or private buyers, and transfer the funds to the beneficial owner through multiple transactions.

The second typology is the use of shell companies for layering through multiple corporate structures, where shell companies are incorporated in different jurisdictions and used to transfer funds between accounts, creating a complex web of transactions that obscures the origin of the funds.[8] This typology is facilitated by jurisdictions with weak corporate governance and limited international cooperation on anti-money laundering matters. Shell companies may be used to transfer funds between accounts in Cameroon, CEMAC member states, and other jurisdictions, creating layers of transactions that make it difficult for regulators and law enforcement to trace the origin of the funds.

The third typology is the use of shell companies for asset holding and integration, where shell companies hold real estate, business investments, or other assets on behalf of the beneficial owner, enabling the re-introduction of laundered funds into the economy while maintaining anonymity.[9] This typology is particularly common in real estate sectors, where shell companies are used to purchase property without disclosing the identity of the true owner. Shell companies may hold property titles, lease or sell property, and generate income that appears legitimate, thereby integrating laundered funds into the economy.

The fourth typology is the use of shell companies for loan issuance and financial intermediation, where shell companies issue loans to the beneficial owner, providing a legitimate source of funds for high-value purchases or investments.[10] This typology exploits gaps in financial regulation and the absence of scrutiny over the source of funds for loan issuance. Shell companies may issue loans to the beneficial owner, who then uses the funds to purchase real estate, invest in businesses, or acquire luxury goods, thereby integrating laundered funds into the economy under the guise of legitimate financing.

While documented case law and official typologies are scarce in Cameroon, expert commentaries and FATF mutual evaluation reports indicate that these typologies are observed in practice.[11] Real estate and money

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[1] Kinsmen Advocates (2025), 5.

[2] FATF (2022), 48.

[3] Eversheds Sutherland. (2025) *Global AML Guide – Cameroon*, 3.

[4] FinCEN (2006), 9.

[5] Eversheds Sutherland (2025), 3.

[6] FATF (2022), 49.

[7] FinCEN (2006), 11.

[8] FinCEN (2006), 12–13.

[9] FinCEN (2006), 14.

[10] FATF (2022), 45–52.

[11] FinCEN (2006), 15.

laundering cases in Cameroon have been documented in academic literature, illustrating the use of shell companies to purchase property and integrate illicit funds.[1] FATF mutual evaluation reports note that money laundering prosecutions and asset forfeitures remain limited, underscoring the gap between the legislative framework and its implementation.[2]

7.3 Compliance Weaknesses: KYC, Beneficial Ownership Transparency, and Enforcement Capacity

The effectiveness of the fight against money laundering through shell companies in Cameroon is undermined by significant compliance weaknesses in Know Your Customer obligations, beneficial ownership transparency, and enforcement capacity. Know Your Customer obligations under CEMAC Regulation 01/CEMAC/UMAC/CM of 2016 require financial institutions to identify and verify the identity of customers, including corporate entities. However, the practical implementation of KYC obligations remains weak, particularly in relation to corporate account holders where beneficial owners are not adequately verified.[3] Financial institutions often rely on the legal identity of the company rather than the natural persons who ultimately own or control it, enabling shell companies to open accounts and conduct transactions without triggering suspicious transaction reports.

Beneficial ownership transparency is a critical weakness in the Cameroonian anti-money laundering framework. The OHADA Uniform Act on Commercial Companies and Economic Interest Groups requires companies to maintain a register of shareholders, but this register typically lists legal persons or nominees rather than natural persons who ultimately own or control the company.[4] There is no central registry of beneficial owners, and the disclosure requirements do not extend to beneficial ownership.[5] This regulatory gap facilitates the creation of shell companies with minimal disclosure, enabling their misuse for money laundering and other illicit financial activities.[6] FATF mutual evaluation reports note that Cameroon lacks a central registry of beneficial owners, and that company formation agents are not adequately supervised, resulting in significant gaps in beneficial ownership transparency.[7]

Enforcement capacity is another significant weakness that undermines the effectiveness of the fight against money laundering through shell companies. ANIF, COBAC, and law enforcement agencies face inadequate resources, limited technical capacity for financial investigation, and insufficient coordination mechanisms.[8] The scarcity of prosecuted money laundering cases and published judicial decisions underscores the gap between the legislative framework and its implementation. FATF mutual evaluation reports note that money laundering prosecutions and asset forfeitures remain limited, and that the effectiveness of financial investigations is constrained by institutional weaknesses.[9]

Weak enforcement is particularly evident in the supervision of DNFBPs, including company formation agents, lawyers, notaries, and accountants. CEMAC Regulation 01/CEMAC/UMAC/CM of 2016 imposes KYC obligations and reporting requirements on DNFBPs, but these obligations are not enforced consistently.[10] Confidentiality concerns and limited regulatory oversight undermine compliance, enabling shell companies to be incorporated with minimal disclosure and reduced scrutiny.[11] The absence of enhanced due diligence obligations for company formation agents and the lack of supervision over their activities facilitate the creation of shell companies for money laundering.

7.4 Regulatory and Institutional Coordination Challenges

The fight against money laundering through shell companies in Cameroon is further undermined by regulatory and institutional coordination challenges. ANIF, COBAC, the Ministry of Justice, and other institutional actors operate with limited coordination mechanisms, resulting in gaps in information sharing, enforcement, and policy

1 Real Estate and Money Laundering in Cameroon (2024), 10–12.

2 FATF (2022), 45.

3 Eversheds Sutherland (2025), 3.

4 OHADA, Revised Uniform Act of 30 January 2014 on Commercial Companies and Economic Interest Groups, arts 12–15.

5 Eversheds Sutherland (2025), 2.

6 FATF (2022), 50.

7 FATF (2022), 50.

8 Eversheds Sutherland (2025), 3.

9 FATF (2022), 45.

10 CEMAC Regulation 01/CEMAC/UMAC/CM (2016), art 3.

11 Eversheds Sutherland (2025), 2.

implementation.[1] ANIF receives declarations of suspicion from financial institutions and DNFBPs, conducts financial investigations, and shares information with law enforcement agencies and judicial authorities, but the effectiveness of this process is limited by inadequate coordination and information sharing.[2]

COBAC is responsible for overseeing the implementation of anti-money laundering obligations by banks and other financial institutions in CEMAC member states, but its enforcement capacity is constrained by limited resources and technical capacity.[3] The coordination between COBAC and ANIF is essential for ensuring the effectiveness of the regional anti-money laundering framework, but gaps in information sharing and enforcement undermine this coordination.[4]

The Ministry of Justice is responsible for prosecuting money laundering offences, but the scarcity of prosecuted money laundering cases and published judicial decisions underscores the gap between the legislative framework and its implementation.[5] The limited capacity for financial investigation, inadequate coordination between law enforcement agencies, and insufficient training on money laundering investigations constrain the effectiveness of prosecutions.[6]

International cooperation is also essential for combating money laundering through shell companies, as shell companies may be incorporated in different jurisdictions and funds may be transferred across borders.[7] Cameroon's alignment with international conventions such as the United Nations Convention against Corruption and the United Nations Convention against Transnational Organized Crime demonstrates its commitment to international anti-money laundering standards, but the practical implementation of international cooperation remains limited.[8] The lack of effective mechanisms for cross-border information sharing, asset recovery, and joint investigations undermines the fight against money laundering through shell companies.

8. Critical Appraisal of the Legal Response and Reform Proposals

8.1 Normative Adequacy: Explicit Treatment of Shell Companies

The current Cameroonian anti-money laundering framework did not explicitly target shell companies as a specific risk category. CEMAC Regulation 01/CEMAC/UMAC/CM of 16 April 2016 prescribes broad anti-money laundering duties for financial institutions and designated non-financial businesses and professions, but it does not provide a detailed regulatory regime for the incorporation, disclosure, and supervision of corporate vehicles that may function as shell companies.[9] The regulation requires Know Your Customer obligations and transaction monitoring, but these provisions are insufficient to address the specific risks posed by shell companies, which often lack substantive business activity and beneficial ownership transparency.

OHADA company law, including the Revised Uniform Act of 30 January 2014 on Commercial Companies and Economic Interest Groups, contains provisions on corporate disclosure and governance, but these provisions do not extend to beneficial ownership and are not enforced consistently.[10] The register of shareholders typically lists legal persons or nominees rather than natural persons who ultimately own or control the company, creating gaps in beneficial ownership transparency.[11] The absence of a central registry of beneficial owners and the limited enforcement of disclosure requirements undermine the effectiveness of OHADA company law in preventing the misuse of corporate vehicles for money laundering.

8.2 Enforcement and Institutional Coordination Problems

The effectiveness of the fight against money laundering through shell companies in Cameroon is undermined by significant enforcement and institutional coordination problems. ANIF, COBAC, the Ministry of Justice, and

1 Kinsmen Advocates (2025), 3.

2 CEMAC, Regulation 01/CEMAC/UMAC/CM of 16 April 2016 on the prevention and suppression of money laundering and of the financing of terrorism in Central Africa, art 8.

3 Eversheds Sutherland (2025), 2.

4 Eversheds Sutherland (2025), 2

5 FATF (2022), 45.

6 Eversheds Sutherland (2025), 3.

7 FATF (2022), 12.

8 FATF (2022), 12.

9 Eversheds Sutherland. (2025). *Global AML Guide – Cameroon*, 2.

10 OHADA, Revised Uniform Act of 30 January 2014 on Commercial Companies and Economic Interest Groups, arts 12–15.

11 Eversheds Sutherland (2025), 2.

other institutional actors operate with limited coordination mechanisms, resulting in gaps in information sharing, enforcement, and policy implementation.[1] ANIF receives declarations of suspicion from financial institutions and DNFBPs, conducts financial investigations, and shares information with law enforcement agencies and judicial authorities, but the effectiveness of this process is limited by inadequate coordination and information sharing.[2]

COBAC is responsible for overseeing the implementation of anti-money laundering obligations by banks and other financial institutions in CEMAC member states, but its enforcement capacity is constrained by limited resources and technical capacity.[3] The coordination between COBAC and ANIF is essential for ensuring the effectiveness of the regional anti-money laundering framework, but gaps in information sharing and enforcement undermine this coordination.[4] The Ministry of Justice is responsible for prosecuting money laundering offences, but the scarcity of prosecuted money laundering cases and published judicial decisions underscores the gap between the legislative framework and its implementation.[5]

Enforcement capacity is further constrained by inadequate resources, limited technical capacity for financial investigation, and insufficient training on money laundering investigations.[6] The FATF Mutual Evaluation Report on Cameroon notes that money laundering prosecutions and asset forfeitures remain limited, and that the effectiveness of financial investigations is constrained by institutional weaknesses.[7]

8.3 Alignment or Gaps vis-à-vis FATF Recommendations

Cameroon's anti-money laundering framework is aligned with international standards, particularly the FATF Recommendations on Combating Money Laundering and Terrorist Financing.[8] The FATF Recommendations require jurisdictions to implement a risk-based approach to anti-money laundering, to ensure adequate, accurate, and up-to-date information on beneficial ownership, and to cooperate internationally on anti-money laundering matters. Cameroon's ratification of the United Nations Convention against Corruption and the United Nations Convention against Transnational Organized Crime demonstrates its commitment to international anti-money laundering standards.[9]

However, the FATF Mutual Evaluation Report on Cameroon identifies significant gaps in the implementation of these standards, particularly in relation to beneficial ownership transparency, the supervision of DNFBPs, and the effectiveness of financial investigations and prosecutions. The report notes that Cameroon lacks a central registry of beneficial owners, that company formation agents are not adequately supervised, and that money laundering prosecutions and asset forfeitures remain limited.[10] These gaps undermine the effectiveness of the Cameroonian anti-money laundering framework and facilitate the misuse of shell companies for money laundering.

8.4 Reform Proposals

To strengthen the fight against money laundering through shell companies in Cameroon, several legislative, institutional, and policy reforms are needed. First, the State should consider adopting a strategic anti-money laundering policy that explicitly addresses shell companies as a high-risk category and clarifies the objectives, scope, and expectations for regulating corporate vehicles. This policy should require enhanced due diligence for the incorporation of companies, including verification of beneficial ownership and assessment of the economic purpose of the company.

Second, legislative interpretative work should be undertaken to clarify the legal status of beneficial ownership obligations within existing frameworks, including CEMAC Regulation 01/CEMAC/UMAC/CM of 2016,

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1 Kinsmen Advocates. (2025). *Decoding Money Laundering in Cameroon: Expert Insights on the Anti-Money Laundering Landscape*, 3.

2 Eversheds Sutherland (2025), 2.

3 Eversheds Sutherland (2025), 2.

4 Eversheds Sutherland (2025), 2.

5 FATF. (2022). *Republic of Cameroon – Mutual Evaluation Report.* FATF, 45.

6 Eversheds Sutherland (2025), 3.

7 FATF (2022), 45.

8 FATF. (2012). *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation*. FATF, Recommendations 1, 24.

9 FATF (2022), 12.

10 FATF (2022), 45–52.

domestic criminal and financial legislation, and OHADA Uniform Acts on commercial companies.[1] OHADA should be amended to require comprehensive beneficial ownership disclosure, including the registration of natural persons who ultimately own or control companies, and to establish a central registry of beneficial owners accessible to competent authorities.[2]

Third, enforcement mechanisms for existing laws and regulations relating to money laundering should be reinforced, and the capacity of ANIF, COBAC, and law enforcement agencies should be strengthened through increased resources, technical training, and improved coordination mechanisms.[3] The FATF Mutual Evaluation Report recommends that Cameroon enhance the effectiveness of financial investigations and prosecutions, and that it improve coordination between institutional actors.[4]

Fourth, the alignment of Cameroonian anti-money laundering practices with international standards, such as the FATF Recommendations, should be strengthened to enhance coherence and credibility.[5] This includes implementing enhanced measures for the supervision of DNFBPs, including company formation agents, lawyers, notaries, and accountants, and requiring these actors to verify the identity of beneficial owners when incorporating companies.[6]

Fifth, the codification of anti-money laundering policies and the introduction of mandatory corporate disclosure requirements for businesses may provide additional mechanisms to encourage and compel enterprises to prioritize transparency and accountability. Mandatory disclosure of beneficial ownership in corporate registries, annual reporting of beneficial ownership information, and public access to beneficial ownership data would enhance transparency and reduce the risk of misuse of shell companies for money laundering.

9. Conclusion

This article has undertaken a legal appraisal of the fight against money laundering through shell companies in Cameroon. The study has demonstrated that while Cameroon has established a foundational anti-money laundering regime, it does not explicitly target shell companies, and significant reforms are needed to strengthen beneficial ownership disclosure, supervision of company formation actors, and enforcement mechanisms. The current framework is constrained by gaps in beneficial ownership transparency, weak enforcement capacity, and inadequate institutional coordination, which facilitate the misuse of shell companies for money laundering.

The study recommends legislative reforms to require comprehensive beneficial ownership disclosure and to establish a central registry of beneficial owners. It also recommends institutional reforms to strengthen the capacity of ANIF, COBAC, and law enforcement agencies, and policy reforms to enhance the supervision of DNFBPs and align Cameroonian anti-money laundering practices with international standards. Through these measures, shell companies can be regulated more effectively, and their misuse for money laundering can be reduced.

This study contributes to Cameroonian anti-money laundering scholarship by foregrounding the specific issue of shell companies as vehicles for money laundering. While existing literature addresses money laundering in Cameroon more broadly, few works focus explicitly on the legal regime governing shell companies and their misuse for illicit financial flows. The findings of this study underscore the need for a comprehensive legal response that addresses incorporation, disclosure, and supervision of corporate vehicles, and that strengthens beneficial ownership transparency and enforcement capacity.

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[1] CEMAC, Regulation 01/CEMAC/UMAC/CM of 16 April 2016 on the prevention and suppression of money laundering and of the financing of terrorism in Central Africa, art 8.

[2] OHADA Uniform Act (2014), arts 12–15.

[3] Eversheds Sutherland (2025), 3.

[4] FATF (2022), 48.

[5] FATF (2022), 12.

[6] FATF (2022), 50.

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