

Rowan Six

Charterhouse Bank and Related Companies

(A) Introduction

From the information presented to Parliament there would seem to be

(i) an Economic Transgression of a Massive Dimension;

(ii) Monumental Tax Evasion;

(iii) Billions of shillings, in current accounts belonging to unidentifiable owners, disappearing, which implies Money Laundering;

Money laundering is predominantly identified with three subjects:-

Terrorism Funding;

Narcotics; and

Tax Evasion

This also means that this is not purely a domestic or national problem, but money laundering has other implications of international importance.

(B) Information Analysis

From the documents presented to Parliament, analysis reveals:-

(i) There are only 519 current accounts opened on the documents presented to Parliament. This is for a period of six and a half years. Several of the accounts have never been operational and other clients have multiple accounts, e.g.

Creative Innovations Ltd has 4

Brand Group has 6

Kingsway Group has 13

Pegrum Group has 7

John Harun Group has 18

Karuki Muigua & Co has 5

There are other companies and individuals with two accounts, such as Triton, Dalbir, Kitek etc.
Even with so few accounts, for what is a commercial bank, Charterhouse Bank could not provide account opening forms for over 30% of these current accounts. This has serious consequences for the Investigation Team under the chair of KACC, as potential money launderers could not be identified. For all the team knows all these accounts could have belonged to one unknown client.

(ii) For a commercial bank its location is on the sixth floor of a building in Kijabe Street.

Documents claim

COMMENTARY □ ROBERT SHAW

Nagging queries on Charterhouse for minister Kimunya

The minister of Finance, Central Bank and Rose Deetho, filed on behalf of the CBK director of banking supervision Gerald Aritha Nyamwa. Among other things the replying affidavit states:

■ The bank was fined Sh1,000,000 by CBK in 2004 for engaging in malpractices, and more specifically lending to Nakumatt Holdings and Triton Petroleum in excess of the single borrower limit of its core capital; involvement in insider lending without adequate security; inadequate provisions for bad and doubtful debts; failure to submit accurate returns; and the lack of account opening documentation.

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Minister did not tell MPs all that his office knew about the bank

The tabling of documents in Parliament revealing account holders in Charterhouse Bank is causing great excitement.

But as important, are the other documents that were tabled. One of them was the Replying Affidavit by Central Bank of Kenya to a case filed by Charterhouse Bank against the CBK, the minister of Finance and CBK-appointed statutory manager Rose Deetho. Other documents that were also tabled include a letter from the Kenya Anti-Corruption Authority dated December 15, 2004, complaining about the "hurdles" KACC was facing in trying to investigate Charterhouse Bank. The other two were letters from CBK governor Andrew Muli responding to KACC's letter, and another to the minister of Finance outlining what actions CBK took against Charterhouse Bank.

What comes out clearly, are the contradictions between what the Finance minister told Parliament on June 27, 2006, and the Replying Affidavit by CBK of the same date, as well as what did or did not take place in KACC, CBK and KRA during the intervening period.

What also comes out is that Mr Kimunya was very economical with what he told Parliament, to the extent of omitting a number of activities in which Charterhouse Bank had been involved.

Paragraph V of Mr Kimunya's state-

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K SAGA

Nator 8 July 2006

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