

Moi is accused of £2 billion diamond scam
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A KENYAN businessman has shaken the country by alleging that Daniel arap Moi, the former president, was at the heart of a scandal in which up to £2.2 billion was allegedly stolen in the decade before he left office in 2002.

In testimony last week to an inquiry, Kamlesh Pattni, a former car dealer, claimed that in 1991 Moi gave the go-ahead for the racket, which was centred on subsidies paid by the Kenyan government for largely fictitious exports of gold and diamonds.

Pattni claims to have taken its first fruits -£24,000 in Kenya shillings - in a briefcase to Moi at his home in Nairobi soon afterwards. Three further "deliveries" followed, totalling £52,000.

Pattni, a Kenyan Asian who has been arrested on an unrelated murder charge, claimed a delighted Moi, who ruled Kenya for 24 years, laughingly referred to the money by the codeword of "photocopy" and set up a hotline in his office which enabled him to make calls demanding more cash. Moi denies the allegations.

Pattni, with his business partner James Kanyotu, then head of Kenya's Special Branch, set up a company, Goldenberg International, and the Exchange Bank.

Goldenberg was granted a monopoly to export gold and diamond jewellery from Kenya, even though the country has no diamonds and only a tiny amount of gold.

Under the deal with the Kenyan government, Goldenberg was paid 35% on top of the claimed value of its exports. Most of the money was channelled through Exchange and four other commercial banks.

By 1992, when the scheme was at its height, Pattni was claiming "export compensation" for £1.4m worth of gold and diamonds exported each day. The claims were mostly bogus. Pattni alleged in his testimony that much of the money was used to ensure Moi's victory in Kenya's 1992 election.

Moi's lawyers said he "categorically denied the allegations by Kamlesh Pattni that he was a director of the Goldenberg International". "He (Moi) has never attended any meeting or any function of the Goldenberg International," they said.

Last Thursday, Pattni's lawyers produced a list of all those he claims to have bribed but it was quickly impounded by the chairman of the inquiry. A number of prominent Kenyan figures were allegedly involved.

The theft had a devastating impact on Kenya's once-flourishing economy. The country's authorities believe about £820m of the stolen money left the country. The rest has been spent or invested in businesses in Kenya and Britain including, it is understood, big London hotels.

The Kenyan government is expected to ask Britain to seize some of these assets.

Kroll Associates, the security and asset-tracking company, is conducting a global

search to recover what it can.