

THE LOST BILLIONS

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Where Did All the Money Go?

The inside story of the hunt--from Lagos to New York to Geneva--for an African dictator's stolen loot

The death of Gen. Sani Abacha was, by any standard, a sordid affair. As president of Nigeria, the oil-rich country that dominates West Africa, Abacha could satisfy his every desire. He could order his critics jailed or executed. He could demand a truckload of money from the Central Bank. Or he could indulge his sexual whims. On June 8, 1998, as he was about to depart on a state visit, the general got an urge. He left his marble stathouse at 4 a.m., and had his driver take him to a nearby villa. The details are murky, but according to authoritative Nigerian sources, the 53-year-old military dictator died there during a Viagra-fueled orgy with three Indian prostitutes.

Abacha was buried the next day--without a state funeral or even an autopsy. But his corpse was hardly in the ground before another grim ritual began: people started wondering what had happened to the billions of dollars the dictator had plundered. When his widow, Maryam, thought she ought to mourn his death by flying to the Muslim holy places in Saudi Arabia a few weeks later, police at Kano airport got suspicious about her 38 pieces of luggage. Upon investigating, they reportedly discovered that the suitcases were stuffed with cash.

So began one of the biggest searches for stolen loot the world has ever known. One of the biggest, because treasure hunts for the swag of fallen despots are becoming common. Indonesia is hunting billions believed stolen by Suharto. The Philippines is still tracking Ferdinand Marcos's billions 10 years after his death. And ordinary folks in the war-ravaged Democratic Republic of Congo have little hope of ever seeing Mobutu Sese Seko's billions, even as his children shuttle between luxury homes on the French Riviera and in Brussels. The list goes on and on.

During the cold war, despots like Mobutu often had the full backing of Washington and other Western capitals. The basic deal: dictators resisted communism, and the developed world condoned their schemes to get rich fast by plundering national treasuries and shipping the money to banks in Europe and the United States. But now the battle against corruption is becoming a priority for Western powers trying to bring stability and prosperity to global markets. In the United States, at least three pieces of legislation--one of them a Clinton administration initiative--have been proposed to make the handling of corrupt money a crime. And the Treasury Department announced another proposal just last week to give the government more power to battle money laundering of all types. "It used to be said that it took an accountant to get Al Capone," says Deputy Treasury Secretary Stuart Eizenstat. "If you want to get the dictators and criminal gangs, who are increasingly sophisticated and international, the best way to get at them is often by tracing the funds."

The struggle to recover Abacha's hidden fortune offers a window on how despots do their dirty business. Nigerian President Olusegun Obasanjo, who was himself imprisoned under Abacha, estimates that the general stole more than \$4 billion in less than five years as head of state. Using a circle of family members, trusted aides

and business associates, Abacha siphoned \$2.3 billion from the Treasury, awarded contracts worth \$1 billion to front companies and took \$1 billion in bribes from foreign contractors, Obasanjo said last month. Abacha even turned Nigeria's democracy movement to his financial advantage by having his national-security adviser "urgently" demand money from the Nigerian Treasury to fight critics overseas. "America has gone berserk and seems to leave no stone unturned in ridiculing this nation," the adviser, Ismaila Gwarzo, wrote in a 1994 memo asking that \$30 million be wired to a Geneva account. Millions more were withdrawn in cash for "covert purposes," and delivered to Abacha and his cronies in Central Bank trucks. According to President Obasanjo, most of the looted money was transferred abroad.

Foreign bankers were slow to sound the alarm. As part of standard guidelines, Citibank's U.S. "relationship manager" for the accounts of Abacha's two sons was supposed to make at least a superficial attempt to determine the source of the funds that Mohammed and Ibrahim Abacha were depositing. But the manager, Alain Ober, told Senate investigators last year that he didn't even know the two men were related to the Nigerian dictator for the first three years he ran the accounts. By 1997, however, Citibank's internal documents all but call the Abacha deposits corrupt. A section of a client profile related to the source of funds for one account reads: "Father of Ibrahim and Mohammed, General Sani Abacha, is the current military ruler of Nigeria, where there is a lot of corruption." (Citibank was one of many reputable institutions to handle Abacha money; it says it has since tightened its policies on "public figure" accounts.)

Private Swiss banks were even less discerning about their clientele. They drummed up business by sending accommodating agents to Nigeria. "There were people who actively helped carry suitcases full of cash," says a legal source in Geneva. The Abacha family apparently liked the service: about \$650 million has been frozen in 140 accounts throughout Switzerland, at the request of the Obasanjo government. "It's obviously abnormal that a bank would take \$200 million from a 26-year-old known to be the son of a dictator," said one Swiss investigator, adding that "they'll claim, I'm sure, they didn't know."

Abacha's sudden death opened a lot of eyes. A military council took over--promising early elections--and quickly recovered \$770 million mainly by insisting that Abacha's associates return purloined cash. The council also confiscated and sold some of the Abacha family's real estate. As the investigation picked up, the dictator's son Mohammed urgently asked to withdraw \$39 million from a Citibank account in London. But the funds were in a time deposit that would not mature for two weeks; Citibank approved an overdraft--without imposing a penalty--and the funds were disbursed to three different accounts.

In fact, the military council was not pursuing overseas funds. But when Obasanjo was elected last year, the generals handed him a detailed dossier on where he might locate foreign money stashes--and a long list of cooperative witnesses. Obasanjo has since won pledges of support from President Clinton and European governments; the FBI is on the case, and sources told NEWSWEEK that the U.S. Attorney's Office has opened an investigation, the details of which are being kept secret. In London, Citibank was about to shut down the Abachas' accounts last year when a judge froze all their British assets pending a civil trial. In the complicated case, a Swiss company is seeking funds from the Abacha estate relating to a \$2.5 billion debt-buyback deal

involving a Nigerian steel plant. Vice President Atiku Abubakar said Nigeria, which joined the suit, has reached a settlement in which it will receive \$147 million.

Obasanjo's national-security adviser spends much of his time these days traveling the world trying to recover other loot. (Most recently, he visited Kuwait and Lebanon.) But the key to finding new accounts may be with Abacha's wife and sons at home. Abacha's son Mohammed is in a maximum-security prison, charged with conspiracy to murder Kudirat Abiola, a leading pro-democracy activist and wife of the apparent winner of an annulled election in 1993; Mohammed denies the charge. "Everybody is pointing at the Abachas--we are thieves, we are murderers--so they can go in peace and do as they please," Maryam Abacha told NEWSWEEK. But the widow has a hard time drumming up sympathy. She lives in a two-story villa decorated with Chinese silk carpets; a dozen Peugeots and Mercedeses are parked outside. She may have lost 38 suitcases of cash, but it seems there's a lot more where that came from.

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Critics say Sani Abacha set a new standard for greed in a nation famous for official corruption. But other dictators also stole huge sums. The hunt for Abacha's plunder is one of many probes around the globe:

Jean-Claude Duvalier

Title: Former president of Haiti

Loot: \$120 million to \$400 million

Update: Duvalier lost much of his fortune in a divorce settlement

Ferdinand Marcos

Title: Former president of the Philippines

Loot: \$5 billion

Update: Philippine government has retrieved \$2 billion in stocks, real estate, cash and jewelry

Suharto

Title: Former Indonesian president

Loot: Up to \$40 billion believed accumulated by his family

Update: Many family firms have been seized by the government

Mobutu Sese Seko

Title: Former president of Zaire

Loot: \$4 billion to over \$10 billion

Update: Only \$4 million in Swiss bank accounts was frozen in 1997. Some property seized.