



global witness

“INTERNATIONAL THIEF THIEF”



HOW **BRITISH BANKS** ARE COMPLICIT
IN **NIGERIAN CORRUPTION**

Global Witness is a UK-based non-governmental organisation which investigates the role of natural resources in funding conflict and corruption around the world.

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Global Witness Limited
Buchanan House
30 Holborn
London
United Kingdom
EC1N 2HS

Email: mail@globalwitness.org

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SUMMARY

British banks have accepted millions of pounds from corrupt Nigerian politicians, raising serious questions about their commitment to tackling financial crime. Our high street banks are quick to penalise everyday customers who become overdrawn, or to block credit cards at any hint of unusual activity. But Global Witness's research suggests that the same banks are much less concerned about large amounts of corrupt money passing through their accounts.

Without access to the international financial system it would be much harder for corrupt politicians from the developing world to loot their national treasuries or accept bribes. By taking money from such customers, British banks are fuelling corruption, entrenching poverty and undermining international development assistance.

Global Witness has found that Barclays, HSBC, RBS, NatWest and UBS held accounts for two former Nigerian state governors, Diepreye Alamieseyigha of Bayelsa State and Joshua Dariye of Plateau State. These men funnelled dirty money into the UK, spending their ill-gotten gains on sustaining a luxury lifestyle, in stark contrast to the poverty of ordinary Nigerians.

The Nigerian government took the governors to court in London to recover their illicit assets. The cases were successful and British judges ordered their UK assets to be returned. Drawing on court documents, this report examines for the first time in detail the roles played by the British banks which took money from these two corrupt politicians.

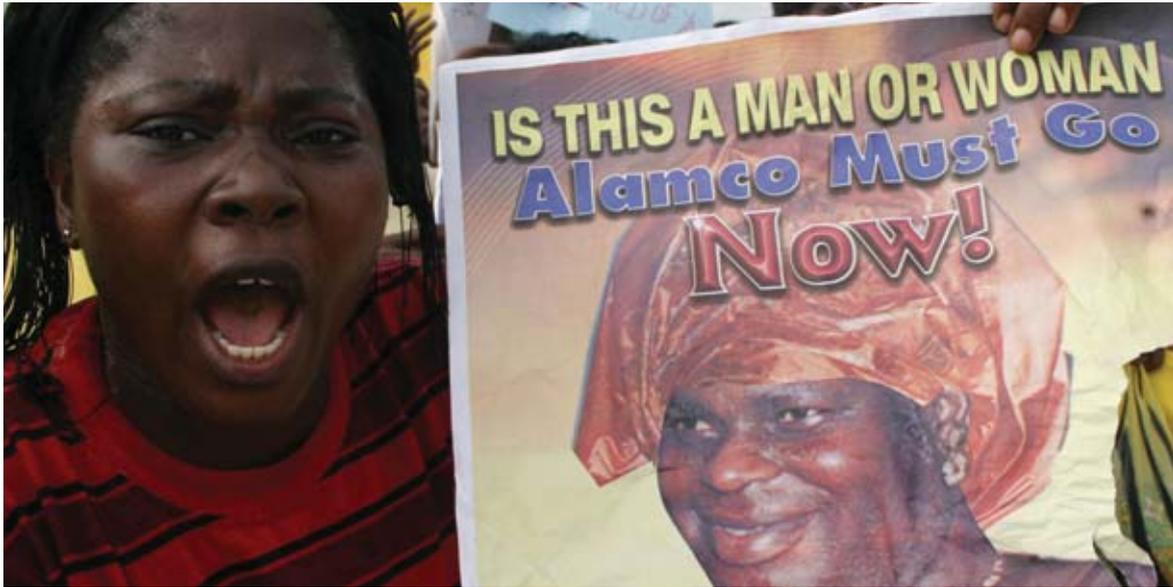
A particularly disturbing aspect of this story is that Barclays, NatWest, UBS, and HSBC reportedly took money from the former Nigerian dictator, Sani Abacha, during the late 1990s. They are supposed to have tightened up their procedures since then but our investigation suggests they have not done enough.

The UK regulator, the Financial Services Authority (FSA) needs to do much more to prevent banks from facilitating corruption. As yet no British bank has been publically fined, or even named, by the regulator for taking corrupt funds, whether willingly or through negligence. This is in stark contrast to the U.S., where banks have been fined hundreds of millions of dollars for handling dirty money.

The FSA is due to be abolished next year. Whichever organisation takes over regulating the banking sector must take corruption seriously. Banks that accept corrupt funds should be named, and if it is found that they acted negligently, heavily fined. Banks also needed to be provided with more information about how to spot corrupt money.

The UK's aid to poor countries has been ring fenced against budget cuts. Meanwhile, banks - themselves propped up by taxpayer's money - are getting away with practices that fundamentally undermine the effect of aid. This is not just illogical, it is immoral; our financial system is morally complicit in Nigerian corruption. The government must send a clear signal to the financial sector: corrupt money is not welcome. And the banks themselves must demonstrate much more clearly the steps they are taking to stop dirty money entering the financial system.

SECTION 1: INTRODUCTION



In November 2005 Alamiyeseigha, a Nigerian state governor, escaped from the UK, reportedly dressed as a woman. He was fleeing charges of laundering £1.8 million of corruptly-acquired funds. At the same time, sixty-five percent of Nigerians were living on less than \$1.25 a day.
Credit: REUTERS/George Esiri

On the third weekend of November 2005 Diepreye Alamiyeseigha skipped bail, allegedly fleeing the United Kingdom dressed as a woman. He had been charged with laundering £1.8 million of corruptly acquired funds. Two months previously, in September, Alamiyeseigha had been arrested at Heathrow airport on money laundering charges following investigations by the Nigerian Economic and Financial Crimes Commission (EFCC) and the UK Metropolitan Police's Proceeds of Corruption Unit. Almost £1 million in cash was subsequently found at a West End penthouse he owned.¹ At the same time as Alamiyeseigha was arrested and found with piles of cash in his luxury flat, 64 per cent of Nigerians were living on less than \$1.25 a day.²

Alamiyeseigha was the governor of Bayelsa State in Nigeria's oil-rich, and famously corrupt, Delta region. Arriving back in his home village after his

escape, Alamiyeseigha reportedly declared, "today I am back at my desk, forever committed to serve the people of Bayelsa and Nigeria. I thank the almighty God for his protection"³ That protection did not last long. On 9 December, just weeks after fleeing the UK, Alamiyeseigha was impeached by the Bayelsa State Assembly which stripped him of the immunity from prosecution that he had enjoyed as governor. In July 2007, he was convicted by a Nigerian court of thirty-three counts of money laundering, corruption and false declaration of assets.⁴

Alamiyeseigha had been able to amass a personal fortune by abusing his elected position and soliciting millions of pounds of bribes, despite earning a government salary of only £16,000 to £17,000.⁵ Contrary to the Nigerian constitution's code of conduct for public officials he received payments from government contractors and held bank accounts outside of Nigeria.⁶



The branch of HSBC in Edgware used by Alamiyeseigha. High street banks, including HSBC, Barclays and the now majority government owned RBS, handled millions of pounds of corrupt funds.

Credit: Global Witness

However, he would not have been able to do this without the help of UK-based, and in one case now government-owned, banks willing to take his dirty money. Corruption on the scale of that committed by Alamiyeseigha requires a financial institution to move such large sums of money around. The governor controlled accounts with RBS, HSBC, Barclays, and NatWest.

Another Nigerian politician, Joshua Dariye, the former governor of Plateau State, brought millions of pounds of suspect funds into the UK through accounts he controlled with Barclays and NatWest.

Like Alamiyeseigha, Dariye was arrested in London in 2004 before reportedly skipping bail back to Nigeria, where the Plateau State Assembly

started impeachment hearings against him. However, in November 2006 Dariye simply disappeared again. According to the Nigerian newspaper *Punch* the governor gave security officials the slip while attending a service at the State House's chapel. While still in hiding, Dariye made broadcasts reassuring his supporters that he was still in charge of the state and would soon return to the capital, Jos. He deployed his substantial financial resources to fight his impeachment and was re-instated as governor, shortly before his term of office ended. Dariye is currently awaiting trial in Nigeria on fourteen money laundering and corruption charges.⁷

The escapades of former governors Alamiyeseigha and Dariye have been well documented by the media, both in Nigeria and in the UK, but the disturbing role of the British high street banks that facilitated his corrupt behaviour has gone largely unnoticed.

We are able to tell these stories because information on the role of these banks emerged in court proceedings in London taken by the Nigerian government to recover the assets controlled by the governors in the UK. We are telling it now because it raises serious concerns about British banks which have done business with corrupt politicians.

The regulations may have evolved since then, but there are still gaps in the system. By law banks are required to carry out 'due diligence' on their customers.⁸ This has two stages. The first is that banks should know who their customer is and then assess how high a money laundering risk they pose. For example, senior foreign politicians – known as 'politically exposed persons' or PEPs – are deemed to be higher risk. This is not because all politicians are corrupt. It is simply because their control over state revenues and contracts gives them greater opportunity for corruption. Secondly, banks have to monitor their customers' accounts for suspicious activity. If they are concerned that a

customer may be engaging in money laundering, the bank has to file a 'suspicious activity report' (SAR). In the UK these are currently sent to the Serious Organised Crime Agency (SOCA) and the bank must wait a certain period for consent to proceed with the transaction.

At first glance it may appear that the system worked, at least in part. At least one of the banks seems to have filed a SAR, and the money was returned to Nigeria. However, dig a little deeper and a worrying picture starts to emerge. The cases of Dariye and Alamiyeseigha demonstrate the vulnerability of the UK's financial system to dirty money. With alarming ease the two men opened numerous bank accounts, brought millions of suspect pounds into the country and lived lives of luxury. Global Witness wrote to all the banks named in this report prior to publication. While some of them replied with general comments on their approach to fighting financial crimes, none of them would answer specific questions about their role in taking money from Alamiyeseigha and Dariye.

This story is particularly concerning given the storm created by the revelation in 2001 that 23 banks in London had taken £900 million of suspect funds from the former Nigerian dictator Sani Abacha between 1996 and 2000. The FSA did not identify the banks involved. However, court documents seen by the *Financial Times* listed Barclays, NatWest, UBS, and HSBC among those that had held Abacha-related accounts (the banks themselves did not confirm this). These are the same banks that this report will expose as having done business with Dariye and Alamiyeseigha, in most cases years after the Abacha scandal.⁹ While the FSA says it demanded changes from the banks it investigated in 2001, including in the way they monitored their customers' accounts, none of them have been fined or publically rebuked.

Many of the resource-rich countries that Global Witness investigates have been looted by the very

politicians who have been entrusted with developing those economies. According to the World Bank, corruption is one of the greatest obstacles to reducing poverty. It undermines development by distorting the rule of law and denies money for public services.¹⁰ As well as the direct loss of government revenue, corruption distorts markets and exacerbates political instability making it more difficult, more expensive and more risky for companies and banks to operate in corruption hot spots.



Between 1996 and 2000, 23 banks in London took £900 million of suspect funds linked to the former Nigerian dictator Sani Abacha. None of these banks have been fined or publically rebuked by the FSA.

Credit: Issouf Sanogo
Getty/AFP

BOX 1: CORRUPTION IN NIGERIA

Nigeria sits on some of the largest oil reserves in the world, which have been fuelling corruption since independence. Between 2000 and 2008 alone, it earned roughly US \$370 billion in oil and gas exports, yet in 2007 the average life expectancy was only 48 years and over half of all Nigerians are still without access to clean water.¹¹

In 2008 Nigeria received \$1.3 billion (£900 million) of overseas aid, making it one of the largest recipients of aid from Western countries.¹² Interestingly this is the same amount as Abacha's suspect funds that had flowed through London banks before 2001. The UK's bilateral aid to Nigeria is £110.5 million, a significant proportion of this figure.¹³ Yet the overall aid figure represents only a small fraction of Nigeria's economy, at less than one percent of GDP. Petrodollars add up to 97.5% of export profits and 81% of total government revenues.¹⁴

Nigeria has been dogged by political instability and corruption scandals. In the decades following independence the combination of a burgeoning

natural resources industry and internal conflict has created a fertile ground for malpractice. In the 1990s President Sani Abacha infamously diverted over £2 billion from state funds into his family's personal accounts, via banks in the UK, Jersey, Switzerland, Luxembourg, Liechtenstein, Austria and the US. Despite foot-dragging from some governments, most notably the UK, Nigeria has been able to recover some of these funds.¹⁵

Following the Abacha scandal, Nigeria stepped up its anti-corruption efforts, partly due to pressure from the Financial Action Task Force (FATF), the inter-governmental group that sets the global anti-money laundering standards. In 2001 Nigeria was placed on the FATF's list of 'non-cooperative jurisdictions', ie those whose anti-money laundering regulations were not up to scratch. The list was intended to put political and economic pressure on recalcitrant countries to strengthen the fight against financial crime.¹⁶

In 2003 the Economic and Financial Crimes Commission (EFCC) was created by the Nigerian government with a particular focus on tackling corruption. The EFCC had some notable successes, such as the investigations into Alamiyeseigha, and it was part of a package of measures that led to Nigeria being removed from the FATF non-cooperative list in 2006.¹⁷ However, in 2007, the EFCC's controversial chairman Nuhu Ribadu was sacked only months after arresting James Ibori, a powerful ally of the recently deceased Nigerian President Yar'Adua.¹⁸ This appeared to suggest that some Nigerian politicians might be more interested in having an anti-corruption commission that exposes the misdeeds of their predecessors than one which roots out corruption in the current government.

Despite other recent initiatives, including participation in the Extractive Industry Transparency Initiative (EITI) which is meant to improve transparency over payments of oil revenues to the government, progress in tackling corruption and increasing transparency is still slow.¹⁹ The most recent Transparency International survey ranks Nigeria 130th on the Corruption Perception Index and the effectiveness of the EFCC is still hotly contested.²⁰



Despite the country's oil wealth, the majority of Nigerians live a life of poverty.

Credit: AP/Sunday Alamba

Most forms of corruption require a bank to hold accounts for those involved and to process the corrupt payments. In order to clamp down on corruption, it is essential to limit the access that corrupt officials and politicians have to financial services. This should make it harder to misappropriate funds, or accept a bribe, in the first place. But it should also make it harder for modern day kleptocrats to enjoy their ill-gotten gains. After all, you cannot buy a luxury West End penthouse without the involvement of a British bank.

The participation of RBS, which also owns NatWest, is particularly concerning given that it is now 84 % owned by the British government, which has made much of its commitment to ending global poverty.²¹ Given this, RBS should be setting an example as the bank that refuses to take money from corrupt politicians who entrench poverty by looting state revenues that could be used for development.

The fact that Nigeria was able to recover these funds is a testament to the close cooperation between the Nigerian authorities and the Metropolitan Police anti-corruption unit, which is funded by the Department for International Development (DfID). However, where was the UK regulator, the FSA? None of the banks discussed in this report were subject to a public inquiry or sanction for taking Dariye and Alamieyeseigha's money and it is unclear whether the FSA investigated these banks, as the regulator has made no public statement. Perhaps all the banks acted in accordance with the regulations and there is nothing to punish (in which case, the regulations are not fit for purpose). The FSA told Global Witness that it can neither confirm nor deny whether it has taken enforcement action against the banks discussed in this report.²² The FSA needs to send a clear public message that taking corrupt funds is unacceptable. Only then will banks really take notice.

BOX 2: HOW CIVIL ASSET RECOVERY WORKS

In 2007 the federal government of Nigeria won a series of civil asset recovery cases against Alamieyeseigha and Dariye at the High Court in London.²³ Nigeria was able to claim that the governors' assets were the proceeds of corruption and therefore the rightful property of the Nigerian government. Following successful judgments, over £12 million of the two governors' assets were ordered to be returned to Nigeria.

Nigeria used a legal tool called civil asset recovery, which relies on a lower burden of proof than criminal-based asset forfeiture. This is useful because in some situations there may be insufficient evidence to prove beyond a reasonable doubt – the level of proof to get a criminal conviction – that corruption has taken place.

However, it may still be possible to show on the balance of probabilities – the level of proof required in civil courts – that the assets are derived from illegal sources. This eases the burden on

governments and means that asset recovery can take place, even if a criminal conviction is not possible.

This type of recovering looted assets is also useful when corrupt politicians have stashed assets outside of their own countries. In these cases it may be very hard to pursue assets via a criminal conviction due to the difficulties of countries recognising each other's legal systems and problems with the exchange of information between countries.

Although relatively few countries allow civil asset recovery at present, there is growing support for the process because it is producing results. The United Nations Convention Against Corruption encourages signatory states to allow the use of civil asset recovery, especially where a criminal asset recovery case would be difficult or impossible, for example in cases of death, flight or other cases. Countries that allow civil asset recovery include the United States, the United Kingdom and Switzerland.²⁴

SECTION 2: DIEPREYE PETER SOLOMON ALAMIEYESEIGHA

Alamieyeseigha (in the baseball cap) was able to receive millions of pounds of bribes from government contractors with the help of British banks. His assets have since been returned to the Nigerian government.

Credit: Michael Kamber/New York Times/Eyevine



RBS, HSBC and UBS allowed Diepreye Alamieyeseigha, former governor of Bayelsa State, to receive payments and property from contractors that were working for Bayelsa State. As part of Nigeria's civil asset recovery actions in the UK, the High Court ruled that a number of the transactions through HSBC and RBS were bribes. The judge ordered that all of Alamieyeseigha's assets with the two banks be returned to Nigeria. His UBS assets have also been returned to Nigeria following an out of court settlement between UBS and the Nigerian government.²⁵

Alamieyeseigha was elected governor of Bayelsa State in 1999 as a member of the ruling People's

Democratic Party of President Obasanjo, following fifteen years of military and transitional rule in Nigeria. He was re-elected in 2003 amid accusations of vote rigging and violence. *The New York Times* described how in one Bayelsa district the official results showed that Alamieyeseigha's party won 133,000 votes in an area with just 127,000 registered voters.²⁶

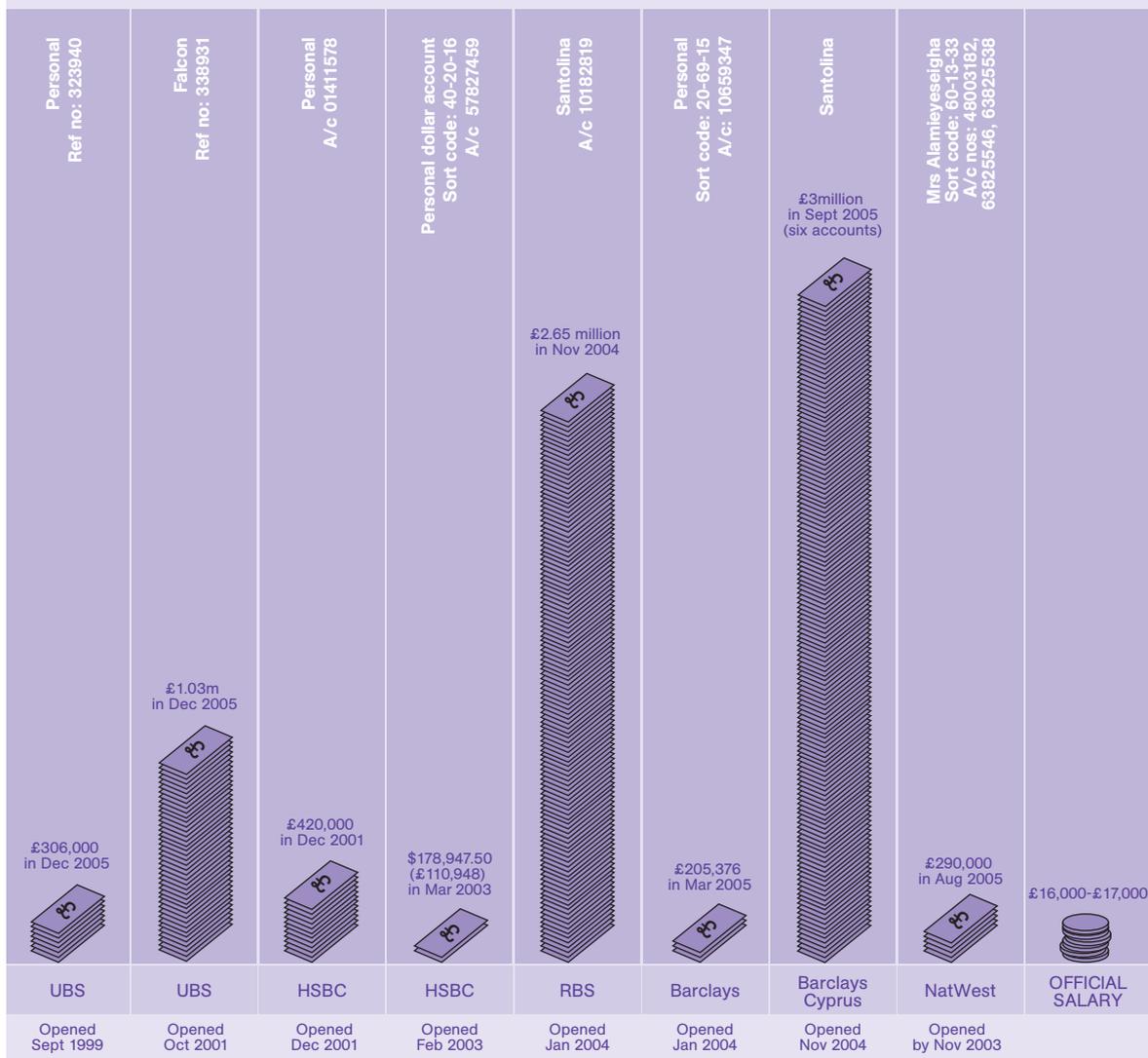
Despite providing the Nigerian government with a statement of his assets, known as an asset declaration, in 1999 and twice in 2003, Alamieyeseigha did not reveal that he controlled numerous accounts in London with millions of pounds of deposits. The governor also failed to admit that contractors to Bayelsa State had

bought him at least three London properties while he was in office. These properties were held in the name of Alamiyeseigha's front company Solomon and Peters (a name inspired by his two middle names), which was registered in a British tax haven, the British Virgin Islands.²⁷

The Constitution of Nigeria bans governors from accepting gifts of any kind from government contractors; the Constitution is also explicit that governors cannot maintain bank accounts outside

of Nigeria.²⁸ Alamiyeseigha broke both of these provisions and he was able to do so because banks in London were willing to do business with him. Currently, there is no regulation in the UK requiring banks to know whether a country such as Nigeria bans its PEPs from holding accounts abroad. However, banks should ask serious questions about why one of their clients might want to break the law in their own country and such behaviour should raise a serious red flag for the bank.

Some of the bank accounts controlled by Alamiyeseigha, despite declaring that he had no cash in accounts outside of Nigeria



In early 2003 the Nigerian Independent Corrupt Practices and Other Related Offences Commission (ICPC) started an investigation into Alamiyeseigha for maintaining and operating foreign bank accounts outside of Nigeria, as well as other corruption offences. This case seems to have petered out in the run up to his re-election in April 2003, partly due to Alamiyeseigha's assertion of his legal immunity as a governor.²⁹ However, the allegations were prominently reported and from at least January 2003 there were numerous press reports and online articles raising questions about Alamiyeseigha's probity, including accusations that he and his wife held accounts with NatWest and HSBC in London.³⁰

By law, banks are required to 'know their customer'; they should be on the look out for information in the public domain that might suggest that a PEP customer is involved in corruption. Given the news reports on the investigation into Alamiyeseigha a quick Google search should have alerted the banks to the potential corruption risk he posed.

Following Alamiyeseigha's arrest in London and flight back home, the Nigerian government began proceedings in early 2006 in the English High Court to try and recover his overseas assets. Nigeria applied for summary judgment, a motion asking the court to decide the case on the pleadings and evidence submitted without a trial. Mr Justice Lewison declined the application and ordered a full trial, but he noted that Alamiyeseigha "had a lot of explaining to do".³¹ In July 2007 Alamiyeseigha pleaded guilty in Nigeria to numerous charges of money laundering and corruption, some of them related to his British assets. Following this conviction Nigeria successfully sought a second summary judgment and Alamiyeseigha's assets were ordered to be returned to Nigeria.³² Sadly there have been recent press reports that these returned funds have themselves gone missing.³³

BOX 3: ALAMIEYESEIGHA TIMELINE

May 1999: Elected governor of Bayelsa State; first asset declaration

Early 2003: Alamiyeseigha investigated by an ethics tribunal for failing to declare bank accounts outside of Nigeria

April 2003: Re-elected governor; second asset declaration

December 2003: third asset declaration

15 September 2005: Arrested at Heathrow by the Metropolitan Police

November 2005: Skipped bail and returned to Nigeria

9 December 2005: Bayelsa State assembly impeaches Alamiyeseigha by a two thirds majority

December 2005: Worldwide asset freeze by London High Court

17 January 2006: Federal government of Nigeria launches civil asset recovery case against Alamiyeseigha in the London High Court

March 2007: Mr Justice Lewison denies Nigeria's request for summary judgment, ruling that the case will go forward for a full trial

26 July 2007: Alamiyeseigha pleads guilty in Nigeria to money laundering and making false declarations of assets and sentenced to two years in jail.

27 July 2007: Alamiyeseigha is released as he had already served his jail term while waiting for the trial

3 December 2007: Mr Justice Morgan agrees to Nigeria's second request for summary judgment following Alamiyeseigha's guilty plea.

UBS: AN OFFSHORE TRUST, AND A \$1.5 MILLION PAYMENT FROM A CONTRACTOR

Upon being elected governor in May 1999 Alamiyeseigha declared total assets of approximately £286,000 and an annual income of £6,000. On top of that in his May 1999 asset declaration, and in two further ones submitted in 2003, Alamiyeseigha made it very clear that he had no cash in bank accounts outside of Nigeria.³⁴

However, in September 1999, three months after taking office as governor, Alamiyeseigha opened an account with UBS at its Mayfair offices on Curzon Street. This account would go on to receive \$1.5 million from a contractor for Bayelsa State, Aliyu Abubakar, referred to in the court documents as Mr Aliyu. A British High Court judge has found that Aliyu bribed Alamiyeseigha on at least two other occasions, however, there has been no ruling on the payments through UBS, as the bank settled the asset recovery action brought by Nigeria out of court.³⁵ Global Witness wrote to UBS asking about these payments, however, the bank would not answer specific questions about its client Alamiyeseigha. Global Witness has attempted to contact Mr Aliyu for comment, but without success.

Michael Peel, a journalist with the *Financial Times*, has provided a wealth of detail about Alamiyeseigha's relationship with UBS in his book, *A Swamp Full of Dollars*. Shortly after opening his account, Alamiyeseigha told UBS staff that he anticipated a sharp rise in his deposits from \$35,000 to \$1.5 million. An "Approval Form" for "Public Functionaries" filled in by UBS staff on 2 December 1999 noted that Alamiyeseigha was a financier and fertilizer magnate whose wealth "predates his election and is clearly unrelated to his political



Alamiyeseigha used his UBS account to accept \$1.5 million from a state contractor. What checks did UBS carry out to ensure that these funds were not the proceeds of corruption?

Credit: REUTERS/Arnd Wiegmann

activities". According to the form, Alamiyeseigha had "never before held accounts with banks outside Nigeria, but because of the high social tension currently prevailing in the area, he is eager to find a solution which will safeguard his substantial wealth from potential aggressors".³⁶ This comment shows that UBS was aware that Alamiyeseigha was a recently-elected governor and therefore politically exposed. It also demonstrates that the bank's staff had carried out at least a cursory investigation into Alamiyeseigha's source of wealth.

From the documents in Global Witness' position it does not appear that UBS ever saw any of Alamiyeseigha's asset declarations, or even knew that he was required by the Nigerian constitution to file them. Asset declarations should be a central part of any bank's PEP due diligence as they can provide vital information about a client's, or potential client's, source of funds. For example, there was a substantial difference between the relatively modest income declared by Alamiyeseigha and the significantly larger amounts that he was planning to deposit with UBS shortly after assuming public office. If the bank had seen Alamiyeseigha's declarations it could have questioned him about these discrepancies.



Bayelsa's governor's lodge under construction in 2005. The £19 million contract was awarded to Aliyu, who paid millions in bribes to the then state governor, Alameiyeseigha.

Credit: Michael Kamber/New York Times/Eyevine

In the spring of 2001 Aliyu paid \$1.5 million into Alameiyeseigha's UBS account. Aliyu was a contractor with Bayelsa State and has been described by Alameiyeseigha as a "close friend".³⁷ One of Aliyu's companies, A Group Property, had been awarded a contract worth approximately £19 million to construct the Bayelsa governor's and deputy governor's lodges and their perimeter fences. There is some confusion over when this contract was actually awarded, with Aliyu saying it was not until 2002. However, according to Mr Justice Lewison, who heard Nigeria's first application for summary judgment, there are documents to suggest that Aliyu's company received a payment equivalent to £3 million in August 2001 under an already awarded contract.³⁸

On 25 April 2001 Aliyu deposited the first tranche of \$1 million into Alameiyeseigha's account with UBS. The following week Aliyu transferred a further \$500,000 into the UBS account. A few days later these funds were used to buy bonds that were added to Alameiyeseigha's portfolio. These payments were

made at about the same time that Aliyu was busy making arrangements to buy Alameiyeseigha a £1.4 million house in Kilburn, north London (see HSBC case).³⁹

Discussing the UBS payments, Mr Justice Lewison, the High Court judge who heard Nigeria's first application for summary judgment, before UBS settled out of court, set out the argument of the lawyer representing Nigeria:

Mr Davies says that since Mr Alameiyeseigha has not explained the source of the funds passing into this account except in the very vaguest terms, and since the amount of the payments in far exceed Mr Alameiyeseigha's declared assets, it can only be concluded that these are illegitimate funds and represent the fruits of corruption.⁴⁰

By the time of the first Aliyu transaction, UBS had signed up to the Wolfsberg Principles, an initiative by eleven of the world's largest private banks to develop anti-money laundering principles and policies. UBS has told Global Witness that at the time of the transactions its internal standards reflected the Principles. The Principles state that banks will "endeavor to accept only those clients whose source of wealth and funds can be reasonably established to be legitimate".⁴¹ The recommendations are clear that "individuals who have or have had positions of public trust such as government officials [and] politicians ... require heightened scrutiny". UBS was aware that Alameiyeseigha was an elected governor of a Nigerian state and therefore in a position of public trust. According to the principles it had signed up to it should have subjected him to enhanced scrutiny.⁴²

According to the Financial Times journalist Michael Peel and court documents, a UBS employee, Nasim Ahmed, prepared a report explaining how he had "politely" asked the governor about the source of these payments. Alameiyeseigha's response to UBS was that he had sold a palace in Abuja to Aliyu, a contractor for Bayelsa state, who Alameiyeseigha

described as an “oil businessman”, and that the governor was expecting a further \$1 million in relation to this deal. According to Alamiyeseigha, further deals could lead to \$2 million to \$3 million being deposited with UBS. However, no Abuja property was disclosed in Alamiyeseigha’s 1999 asset declaration and the total value of his declared properties was just £210,000, significantly less than Alamiyeseigha was planning to put into his UBS account.⁴³

This shows how important it is for banks to try and independently verify the information that they receive from their clients, especially when dealing with senior PEPs in highly corrupt environments such as Nigeria. It seems from the available documents that in this case UBS took Alamiyeseigha’s statements about the source of the \$1.5 million at face value.

Ahmed’s response to the information that Alamiyeseigha planned to deposit further funds with UBS was to make a sales pitch. “I tried to talk him into setting up a trust as these funds were meant as a nest egg”. Alamiyeseigha agreed and UBS’ office in the Bahamas created a trust called Salo, which in turn owned a company called Falcon Flights Inc. In January 2002 the bonds bought with the \$1.5 million from Aliyu were transferred to an account set up for Falcon at UBS in London.⁴⁴

Ahmed’s sales pitch demonstrates the inherent tension within banks between the desire to make sales, and therefore profits, and the regulatory requirements to investigate the source of a client’s funds and possibly, in consequence, turn down a sale. Global Witness has spoken to a number of people within the industry who talked about these competing pressures. The anti-money laundering functions within banks may often be under-resourced and can lack clout within the institution. Even if all the systems are in place, compliance with financial crime regulations can often turn into a box-ticking exercise rather than a serious attempt to turn down undesirable business.⁴⁵



In his defence during the civil asset recovery process, Alamiyeseigha claimed that the money in Falcon’s accounts was “contributions from friends and Political associates towards the education of my children”. He makes no specific mention of the \$1.5 million paid in by his “close friend” Aliyu.⁴⁶

Explaining its customer due diligence approach to Global Witness, UBS said that its challenge is “to gain sufficient level of comfort regarding the economic source from which the client’s wealth was generated and to ensure that the transaction activity we are seeing ... is plausible in the light of what we know about them”. UBS concluded that “we are however, aware that every system and set of controls have their weaknesses and are not perfect or foolproof”.⁴⁷

By holding an account with UBS, Alamiyeseigha was violating the constitutional ban on public officials holding bank accounts outside of Nigeria. From at least 2003, UBS was aware of the possibility of this.

In a May 2003 email exchange UBS employees discussed Nigerian news reports that Alamiyeseigha was being investigated by an ethics tribunal for holding accounts outside of Nigeria. One of the

While Alamiyeseigha was setting up a ‘nest egg’ worth \$1.5 million for his children at UBS, most Bayelsa children were living in poverty.
Credit: Corbis/Ed Kashi

UBS staff was sceptical about the reports, noting that the articles were “not hard facts and should always be read between the lines”. It is unclear whether UBS asked its client, Alamieyeseigha, about these reports.⁴⁸

Despite having heard that its client may have committed a crime in his own country by having an account with the bank, UBS continued to do business with the governor. Later the same month Alamieyeseigha tried to use the Falcon account at UBS to buy a luxury flat in one of the most desirable locations in London – 247 The Water Gardens, in the West End – for £1.75 million. This time UBS appear to have had serious concerns about the source of his funds, which Alamieyeseigha initially claimed were “remittances from Nigeria”.⁴⁹

Ahmed pushed him, asking him to “put down in black and white with supporting documentation [sic] proof of the genuineness and sources of these funds”. From the court documents, it appears that this is the first time that UBS staff were categorical in their demand for information about the source of Alamieyeseigha’s funds. Despite saying that he would come back with a “plausible explanation”, Alamieyeseigha never did and found another way to buy The Water Gardens flat. UBS kept Falcon’s account open after this exchange.⁵⁰

By December 2005 the Falcon account at UBS had a balance of \$1.8 million, while Alamieyeseigha’s personal account had \$535,000. This was despite his declaring assets in late 2003 of only £480,400 and an expected income of £22,680.⁵¹

UBS reached a confidential out of court settlement with the Nigerian government in the UK following Nigeria’s first applications for summary judgment. The funds in Alamieyeseigha’s personal and Falcon accounts were returned to the Nigerian government.⁵²

It is unclear whether the FSA investigated this case. The UK regulator only goes public after it has concluded an investigation and issued a penalty notice. The FSA has not issued any penalty notice in relation to UBS and Alamieyeseigha. The FSA told Global Witness that it was aware of the High Court judgments against Alamieyeseigha. However, the regulator refused either to confirm or deny whether it was investigating the banks involved, citing the potential of undermining any possible investigation, or harming the commercial interests of the banks.⁵³

As well as paying \$1.5 million into Alamieyeseigha’s UBS account, Aliyu bought the former governor a London house worth £1.4 million. This transaction was processed by HSBC.

In 2003 Alamieyeseigha bought a £1.75 million flat in the prestigious Water Gardens development in London’s West End.

Credit: Steve Cadman/Flickr



HSBC: A GOVERNMENT CONTRACTOR BUYS A HOUSE FOR A POLITICIAN

Government contractors bribed Alamiyeseigha by buying him three houses in London worth a total of £3.15 million. One of these transactions was processed by HSBC. The bank was well aware that its client, Aliyu, was willing to pay for a house on behalf of someone he referred to as “Chief Alamiyeseigha”. HSBC did not answer Global Witness’s detailed questions about this transaction. It made some general points about its anti-money laundering policies and said it recognised “the contribution we can and should play in the fight against financial crime including corruption”.⁵⁴

In the spring of 2001 Aliyu became concerned about the state of his friend Alamiyeseigha’s London residence, as he felt that it was too small. Aliyu proceeded to spend £1.4 million to buy 14 Mapesbury Road, in Kilburn in north west London, for Alamiyeseigha. The house was bought in the name of a British Virgin Islands’ shell company called Solomon and Peters which was wholly owned by Alamiyeseigha. As part of Nigeria’s asset recovery action against Alamiyeseigha, the High Court in London concluded that the funds used to buy 14 Mapesbury Road were bribes, “obtained by or on behalf of Mr. Alamiyeseigha from a State contractor”.⁵⁵

According to documents seen by the High Court, on 14 May 2001 a Mr Patel of HSBC, who appears to have been Aliyu’s banker, wrote to Simon Lazarus, the solicitor acting for Solomon and Peters in relation to the purchase:

I understand that Chief SP Alamiyeseigha wishes to purchase a property through



yourselves at an agreed price of £1.4million. Whilst Chief Alamiyeseigha is not a client of HSBC Bank plc, I am aware of the above transaction via my customer Mr Alhaji Aliyu of this purchase. Mr Aliyu has informed me that he is willing to pay for this transaction on behalf of the Chief... It is Mr Aliyu’s intention to transfer funds to Chief Alamiyeseigha later this week, and I am awaiting full instructions in writing from him.⁵⁶

This is a very interesting letter. It makes it clear that HSBC was aware of the relationship between Aliyu and a “Chief Alamiyeseigha”.

Under the money laundering regulations in force in the UK at the time, if a bank employee had a suspicion that money laundering was taking place, they had to report it to the designated person within the bank, who would then pass appropriate information on to the authorities.⁵⁷

Worth \$1.4 million, 14 Mapesbury Road was bought by state contractor Aliyu for Alamiyeseigha in what the High Court later ruled to be a bribe. This transaction was processed by HSBC.
Credit: Odd Andersen
AFP/Getty

Anger at Alamiyeseigha's alleged corruption spills onto the streets of Bayelsa's capital Yenagoa, in November 2005

Credit: REUTERS/George Esiri



Along with UBS, HSBC was one of the founding members of the Wolfsberg Principles. The original version of the Principles (they were updated in 2002) stated that “individuals who have or have had positions of public trust such as government officials ... and their families and close associates require heightened scrutiny”, which was ahead of the UK regulations at the time.⁵⁸ Banks needed to be on the look out for any information that might suggest that one of their clients is a PEP or a close associate of a PEP. Not everyone who uses the title ‘chief’ in Nigeria meets the definition of a PEP, but in this case the use of the honorific ‘Chief’ should have prompted HSBC to investigate further.

The purchase of such an expensive piece of property on behalf of a PEP should also have raised suspicions of potential corruption. HSBC would have been wise to investigate the relationship between Aliyu and Alamiyeseigha. If it had done so the bank may have discovered that Aliyu was a contractor for the state of which Alamiyeseigha was governor.

It is unclear whether HSBC's staff made any of these connections or raised any concerns about the

purchase of 14 Mapesbury Road, a transaction that a High Court judge would later describe as a bribe.

There is an intriguing development to this story. Eight months after Aliyu bribed Alamiyeseigha by buying him a £1.4 million house using HSBC as a conduit, Alamiyeseigha himself opened an account with HSBC in December 2001. The account was opened with a deposit of £420,000 from Aliyu.⁵⁹

According to Alamiyeseigha's witness statement he had complained to Aliyu about “the difficulty in paying bills whilst travelling outside Nigeria”. In response Aliyu opened the HSBC account on behalf of the governor. Alamiyeseigha described how Aliyu, and Aliyu's lawyer John Ayeni, both already banked with HSBC and acted as Alamiyeseigha's ‘referees’ for the bank. According to Alamiyeseigha the opening funds from Aliyu “were unsolicited gifts and had no reference to any intended or existing business between Bayelsa State and Aliyu”.⁶⁰

However, Aliyu told the EFCC investigators in Nigeria that the payment was made at the request of Alamiyeseigha and that Aliyu did not expect to

be repaid because he was working for Bayelsa State. “He [Alamieyeseigha] has not repaid me and I did not ask for the money because of my business with the Bayelsa State Government. The construction of the Bayelsa State governor and deputy governor’s lodge and the external perimeter fencing was awarded to my company for about N4.8 billion in the year 2001” (about £19 million).⁶¹

These conflicting explanations for the payment raise the question of what due diligence HSBC carried out on Alamieyeseigha when it opened an account for him. Banks need to ensure that they screen all of their new and existing customers to check whether they are PEPs. As the governor of Bayelsa State, Alamieyeseigha should have been regarded as politically exposed and therefore subjected to extra checks, including into his source of funds, as recommended by the Wolfsberg Principles. Banks also need to ensure that they draw on relevant internal information. In this case, did the HSBC staff involved in opening Alamieyeseigha’s account know that Aliyu, another HSBC customer, had bought the Bayelsa State governor a house only eight months before? HSBC told Global Witness it cannot discuss matters relating to specific accounts.⁶²

Under the Nigerian constitution, governors are banned from holding bank accounts outside of Nigeria and they are not allowed to receive gifts from government contractors. HSBC has told Global Witness that it is aware of these provisions. Global Witness asked if the bank was aware at the time of the transactions, however, the bank replied that “it has not proved possible to isolate a specific date when we became aware of the legislation to which you refer”.⁶³

If HSBC had been aware of these provisions in 2001 when Alamieyeseigha’s account was opened, and if the bank had been aware that Alamieyeseigha was a state governor, it would raise questions as to why the bank was willing to aid a

customer to break the law in his own country, and why Alamieyeseigha wanted to hold large sums of money outside of Nigeria despite a constitutional ban on such behaviour.

HSBC told Global Witness that it was unable to comment on details of the case, however, it stated that it had established “Group-wide mandatory policies establishing minimum standards in relation to Anti-Money Laundering controls since 1994”. The bank said that it had maintained specific policies on PEPs since 2000 and that these were often in advance of local regulatory requirements. The bank concluded by stating that “with over 100 million customers in 86 countries and territories it is not, however, realistic to expect that even the very best policies and procedures can detect or prevent all inappropriate activity”.⁶⁴

In total Alamieyeseigha opened six accounts with HSBC between December 2001 and February 2003, all at the same branch.⁶⁵

UBS and HSBC were not the only banks in the UK that processed suspect payments for Alamieyeseigha. The next case will examine how RBS, now majority owned by the British government, allowed the former governor to receive over £1.5 million in bribes.

Banks are required to do due diligence checks on their customers. However, Global Witness is concerned that some banks are not doing enough to identify and turn down corrupt funds.

Credit: ISTOCK



BOX 4: OTHER HOUSES BOUGHT AS BRIBES FOR ALAMIEYESEIGHA

Bayelsa state contractor Aliyu helped to buy 68-70 Regent's Park Road, in Golders Green, worth £1.4 million, for Alamiyeseigha.

Credit: Andrew Stuart/Getty/AFP



Alamiyeseigha's taste in London real estate seems to have become more luxurious as his governorship progressed. Between 1999 and 2003 he bought increasingly expensive property, in increasingly prestigious locations.

In December 1999, just eight months after becoming governor, Alamiyeseigha bought Flat 202, Jubilee Heights in Cricklewood, northwest London for £241,000, not cheap by any standards but a starter price for London property. The flat was bought in the name of Alamiyeseigha's shell company, Solomon and Peters and was paid for by a Mr Soberekon, who had received a contract to repair and overhaul two gas turbines in Bayelsa State.⁶⁶

The payment was made through the London Trust Bank PLC, which describes itself as a "non-bank financial institution" and is registered with HM Revenue and Customs as a money service business. However the company is also listed by the FSA as an "unauthorised internet bank", defined as an entity promoting itself over the internet purporting to be a bank, but in fact unregulated by the FSA.⁶⁷ In a statement to the Nigerian Economic and Financial Crimes Commission (EFCC) in September 2005, Mr Soberekon stated that the funds that were used to buy the flat were:

...from the profit made from the gas turbine overhaul. The funds transferred ... on behalf of the Governor was in appreciation of the contract award to my company by Bayelsa State Government.

The High Court in London concluded that the funds used to buy Flat 202 were bribes.⁶⁸ Mr Soberekon could not be reached for comment by Global Witness.

Alamiyeseigha's next purchase was in Mapesbury Road, Kilburn, as described in the main text above.

In 2002 his shell company, Solomon and Peters, purchased 68-70 Regent's Park Road in Golders Green for £1.4 million. According to the court judgment the money came from Mr Aliyu, Aliyu's lawyer, and a mortgage, although it is not clear which bank processed these payments.

Explaining his involvement in the purchase of 68-70 Regent's Park Road to the EFCC, Aliyu said that Alamiyeseigha had asked him for a loan. As with his payment into Alamiyeseigha's HSBC account, Aliyu claimed that he had not asked the governor to repay the loan because "I am doing business in Bayelsa State" and then referred to a substantial government contact awarded at the time. The High Court concluded that the funds used to buy 68-70 Regent's Park Road were bribes.⁶⁹

In July 2003 Alamiyeseigha bought a fourth London property for £1.75 million. The luxury penthouse apartment, 247 The Water Gardens, was in the heart of the West End, just off the Edgware Road and close to where former UK prime minister Tony Blair bought a £3.5 million house to live in after leaving Downing Street.

The Metropolitan Police found almost £1 million in cash when they searched the flat after Alamiyeseigha's arrest. The flat was also bought in the name of Solomon and Peters but the source of the funds is unclear. The Water Gardens apartment was declared by the UK court to be Nigeria's rightful property.⁷⁰

RBS: STATE CONTRACTOR PAYS BRIBES DIRECTLY INTO AN ACCOUNT CONTROLLED BY A POLITICIAN

Diepreye Alamieyeseigha used RBS to accept £1.54 million worth of bribes from a state contractor. These funds were paid into an account at RBS in the name of an offshore shell company owned and controlled by the governor, called Santolina. When offered an opportunity to comment, RBS initially said it would respond to Global Witness's questions about its customer Alamieyeseigha. However, Global Witness has yet to receive a reply from the now majority state-owned bank.

In 2002, in relation to a separate matter, RBS was fined £750,000 by the FSA for failing to have adequate customer due diligence procedures in place. By then the statutory requirement to do due diligence had been in place already for eight years. According to the FSA, RBS took remedial action and improved its systems. By the time Santolina's account was opened in 2004 these improvements were meant to have been in place.⁷¹

In September 2003 Alamieyeseigha instructed a London-based firm, Fiduciary International Limited, to register a company called Santolina Investment Corporation in the Seychelles. Alamieyeseigha was registered as the sole shareholder and director of Santolina.⁷²

In January 2004 Santolina opened an account with RBS. The application form signed by Alamieyeseigha as the owner and director of Santolina anticipated an annual turnover of £250,000 for the account. An internal RBS document predicted a turnover of somewhere between £100,000 and £500,000.⁷⁹



Between January 2004, when the Santolina account was opened at RBS, and March 2005 it received 26 deposits totalling approximately £2.7 million. In a witness statement to the High Court in London Alamieyeseigha claimed that he was not personally involved in the transfers and that “the bulk of the funds in this account [was] the balance of my 2003 re-election campaign fund”. On 1 November 2004 a transfer of £949,000 was made out of this account to pay for the purchase of a penthouse apartment in the upscale Waterfront development in Cape Town.⁸⁰

Of this £2.7 million, £1.6 million came through the Nigeria-based Bond Bank from a state contractor called Temat Associates, which was owned by Ehigie Edobor Uzamere, who is now a Nigerian senator representing Edo South. Temat had a contract worth £5.3 million to construct the internal concrete fencing for the new governor's and deputy governor's lodge. Other companies controlled by Uzamere had been awarded numerous contracts with Bayelsa state, including

Alamieyeseigha bought a house in the luxury V & A Waterfront development in Cape Town. Worth almost £1 million, it was paid for out of an account at RBS which had received at least £1.54 million in bribe payments.

Credit: Frank Slack / Flickr

BOX 5: FIDUCIARY INTERNATIONAL

Alamieyeseigha set up a shell company in the Seychelles with the help of a London-based company services provider called Fiduciary International.

Credit: ISTOCK



It is very difficult to find information about Fiduciary International, described by Alamieyeseigha as his financial advisers, the company that incorporated his shell company Santolina. Fiduciary was registered as a private limited company in the Seychelles, a secrecy jurisdiction in the Indian Ocean, where there is no information in the public domain about who owns companies.

However, in 2005 the company formally registered a branch in the UK and so filed company documents with the UK Companies House. These show that Fiduciary was formed in 2002. Someone called Anita Testa is registered as having “full legal and corporate authority to act on behalf of the company without limitation”.⁷³

Global Witness contacted Ms Testa to ask her to comment on the role of Fiduciary in setting up Santolina. She replied: “I am quite surprised that I am again been dragged into the whole scenario again. Fiduciary was a company that sourced and provided off shore companies to a wide and varied clientele of which Chief Alamesiyha was one. We were not financial advisers and we were not involved in the disposal of funds as alleged.” Ms Testa confirmed that Fiduciary had “sourced the two companies registered in the Caribbean and Seychelles, and also introduced him to our Bankers to run the bank accounts from in the UK”. She said “Fiduciary provided the same service to all our clients and the ex-governor received no different”.⁷⁴

In Alamieyeseigha’s statement during the asset recovery process, where he is referred to as the “3rd defendant”, he claimed that before his arrest in 2005 Santolina had “at all material times [...] been operated in practice by the 3rd Defendant’s [Alamieyeseigha’s] agents, in particular Fiduciary Limited.” The former governor also states that Fiduciary had a role in managing Solomon and Peters, the company which had the legal title to Alamieyeseigha’s London properties and which was registered in the British Virgin Islands.⁷⁵

According to the Financial Action Task Force, the intergovernmental body that sets the global anti-money laundering standard, trust and company service providers, such as Fiduciary, can be a weak point in the fight against financial crime and can have “varying degrees of awareness of or involvement in the illicit purposes underlying their client’s activities”. This is why FATF Recommendation 12 requires countries to regulate trust and company service providers for anti-money laundering purposes.⁷⁶

However, trust and company service providers such as Fiduciary were not covered by the UK money laundering regulations when Santolina was formed in September 2003. This changed when new Money Laundering Regulations, passed in November 2003, came into force in 2004. These Regulations required trust and company service providers to carry out customer due diligence on all their customers.⁷⁷

Although Fiduciary was not covered by the Regulations at the time, Global Witness was interested in what, if any, due diligence it carried out on its client Alamieyeseigha. Ms Testa stated that Alamieyeseigha had “cleared” Fiduciary’s due diligence checks.

Ms Testa was keen to stress that “the decision of the banks here to accept him was solely theirs and not due to any impropriety on our part”. She also said that “there is no reason to state that we were or did aid the same [Alamieyeseigha] to loot his country funds”. Finally, Ms Testa told Global Witness that the former governor had not even paid his fees.⁷⁸

Speed Concepts Nigeria Ltd for the design and construction of Bayelsa State television studio in 2001 and Amboy Nigeria Ltd. for a government gate house in 2003.⁸¹

Contacted by Global Witness, Senator Uzamere denied making this payment to Alamieyeseigha. He told Global Witness that it was a matter between Alamieyeseigha and the London High Court.⁸²

Alamieyeseigha's July 2007 guilty plea in Nigeria to several money laundering charges effectively contradicted his assertion to the British court that the transfers to the RBS Santolina account, including the funds from Temat, were unspent campaign funds. The judge who presided over the second asset recovery application brought by Nigeria in London, concluded that:

On the state of this evidence the correct finding to make ... is that the monies in the Santolina accounts are indeed bribes received by or on behalf of Mr Alamieyeseigha from State contractors in return for the awarding of State contracts.⁸³

Did RBS realise that one of its customers was using the bank to accept bribes?

Industry guidance published by the UK Joint Money Laundering Steering Group (JMLSG) and vetted by the UK Treasury gives financial institutions additional help with how to fulfil their obligations under the UK's anti-money laundering regime. Their "Guidance" has quasi-legal status, and it has to be taken into account if a bank is accused of failing to fulfil its anti-money laundering obligations.⁸⁴ The Guidance is regularly updated and in January 2004, when RBS opened an account for Santolina, the most recent version had been published the month before in December 2003.

The JMLSG Guidance suggested that banks identify customers who were PEPs. Banks were

recommended to carry out extra checks on PEP customers, including by carrying out "close scrutiny of any complex structures (for example, involving companies, trusts and multiple jurisdictions) so as to establish that there is a clear and legitimate reason for using such structures."⁸⁵

Sometimes people use shell companies to hide their identity, but in this case Alamieyeseigha signed the account opening documents as the owner of Santolina. However, it is not clear if RBS identified Alamieyeseigha as a PEP. It is also unclear whether RBS knew that he had been investigated by the ICPC the previous year (see page 10) for operating bank accounts outside of Nigeria. However, a quick Google search could have revealed that Alamieyeseigha was a Nigerian state governor and that numerous corruption allegations had been made against him.

If RBS established that Santolina was controlled by Alamieyeseigha, and if the bank identified him as a PEP, it should have investigated his source of wealth. The JMLSG Guidance suggested that banks should take "reasonable measures to establish the source of wealth (including the economic activity that created the wealth) as well as the source of funds to be used in the relationship". The Guidance also suggested that "ongoing scrutiny should be applied to any

The UK Treasury vets the Guidance given to banks about how to remain in compliance with the anti-money laundering laws.

Credit: HM Treasury



unexplained sources of wealth, e.g. value of property owned by the client that does not match the income or initial wealth profile”.⁸⁶

It is unclear what, if anything, RBS did to investigate the source of Alamiyeseigha’s funds. In particular, it is unknown whether RBS knew about, or was able to see a copy of, Alamiyeseigha’s December 2003 asset declaration in which the recently re-elected governor stated assets of £480,000 and an annual salary of £22,680. This is in sharp contrast to the £2.7 million that passed through the RBS account between 2004 and 2005. The governor also claimed that he had no bank accounts outside of Nigeria.⁸⁷ If RBS did see a copy of Alamiyeseigha’s declaration, the discrepancy between the governor’s stated assets and income and his actual income should have raised serious concerns.

Even if RBS did not know any of the above, there was a very simple red flag: these payments came through a Nigerian bank. At the time, Nigeria had been placed on the Non-Cooperative Countries and Territories (NCCT) list by the FATF (see box 1). The JMLSG Guidance required banks to be aware of which countries were on the list and carry out extra due diligence on transactions from those countries. Nigeria was not removed from this list until 2006.⁸⁸

RBS was required by law to monitor its accounts for suspicious activity. The bank should have been aware that Nigeria was on the NCCT list and therefore that large transactions from that country required heightened monitoring. It would be also reasonable to expect RBS to question its client Santolina over the source of these funds. If the bank discovered that the source of at least £1.6 million of the money flowing into Santolina’s account was Temat, a contractor with Bayelsa State, this should have raised a serious red flag.

A final red flag was pointed out by the judge who observed that the activity on Santolina’s accounts

was not characteristic of a functioning business: “money simply accumulated in the accounts”. With the exception of £949,000 paid out of Santolina’s RBS account to acquire a luxury property in Cape Town for Alamiyeseigha, the company appeared to have had no outgoings.⁸⁹

With these apparently numerous red flags did RBS pick up on the unusual activity on Santolina’s account and file a SAR?

A summary of the case against Alamiyeseigha that appears to have been produced for a meeting organised by the Nigerian EFCC in relation to a request for cross-border legal assistance indicates that RBS may have filed a SAR. According to the document RBS:

...assisted the Metropolitan Police in gathering evidence [and] identified a suspicious transaction involving a company [which] paid a whopping sum of money to another company named ‘Santolina Investment Corporation’ whose Director and Sole Signatory for the account is Chief D. S. P. Alamiyeseigha.⁹⁰

If a bank filed a SAR as soon as it became suspicious and continued to file SARs whenever further suspicions arose, then it would have a strong defence against accusations that it was involved in laundering the proceeds of corruption. SARs are usually confidential and so Global Witness has not been able to verify whether RBS did in fact file a SAR. Regardless of this, there remains the ethical question of whether RBS should have been doing this business in the first place.⁹¹

Global Witness asked RBS numerous questions about Alamiyeseigha, but has not had an answer. However, its website states that the bank operates “strict controls to prevent and detect attempts to launder money” and that it does not “permit or condone any form of corruption or bribery”.⁹² Given that RBS is now majority owned by the taxpayer it needs to ensure that its policies are aligned with, or at



Security forces guard the Bayelsa State Assembly as its members debate the impeachment of Alamiyeseigha for corruption, in November 2005.

Credit: Pius Utomi Ekpeil
AFP/Getty

the very least are doing no harm to, the government's commitment to tackling corruption and to promoting development.

In August 2010 RBS was fined £5.6 million by the FSA for failing to properly implement UK financial sanctions between 2007 and 2008. This fine was the first imposed under the UK's 2007 Money Laundering Regulations, the latest tightening of the laws.⁹³ The regulator lambasted the bank, which according to the FSA "could have facilitated transactions involving sanctions targets, including terrorist financing".⁹⁴ According to the FSA's Decision Notice, the RBS Group, which includes NatWest, "did not consistently record the names of directors and beneficial owners of their corporate customers", and where they did "failed to ensure that such individuals were screened against the Treasury list on an ongoing basis".⁹⁵

Understanding who controls corporate customers is crucial for any anti-money laundering system. That RBS was failing to properly record the beneficial owners of some of its customers is deeply concerning. This problem was compounded by another: RBS and NatWest's database for processing card payments for

corporate customers only allowed two beneficial owners or directors to be listed.

Taken along with its £750,000 fine by the FSA in 2002 and its handling of Alamiyeseigha's funds this incident raises serious questions about the bank's commitment to fighting financial crime. In a statement RBS said that it had cooperated fully with the FSA who did not regard the actions of the bank as deliberate or reckless. RBS said that the bank had reported the failings to the regulator and had subsequently "taken appropriate action to remedy these issues".⁹⁶

In conclusion, RBS, UBS and HSBC helped Alamiyeseigha bring millions of pounds of suspect funds into the UK. Court documents seen by Global Witness raise serious questions about the due diligence conducted by these banks on their client Alamiyeseigha. In one case, that of UBS, the bank appears to have continued to do business with Alamiyeseigha despite a series of red flags that should have raised serious concerns about his probity. The next section will examine how two other high street banks, Barclays and NatWest, accepted millions from another corrupt Nigerian governor, Joshua Dariye.

SECTION 3: JOSHUA DARIYE

Joshua Dariye brought £2.85 million of suspect funds into the UK using Barclays and NatWest.

Credit: AFP



Barclays and NatWest allowed Joshua Dariye, governor of Plateau State in Nigeria, to bring £2.85 million of suspect funds into the UK. While he did declare a million pounds of assets in Nigeria, he told the Nigerian authorities on two occasions that he had no bank accounts or property outside the country. He also said: “my wife does not have any assets of her own”, despite Mrs Dariye having two bank accounts with NatWest in London. By 2005 these held almost £100,000.⁹⁷ Following successful asset recovery proceedings by Nigeria, as well as a criminal money laundering case against one of Dariye’s associates, the assets in these banks were returned to Nigeria.⁹⁸

Dariye was arrested on 2 September 2004 by the UK Metropolitan Police on suspicion of laundering millions of pounds through the UK.

Dariye was the governor of Plateau State from 1999, although he had been suspended from duty by President Obasanjo during 2004 following religious violence in the state. Dariye was accused by Obasanjo of failing to maintain order and allowing “mutual genocide” to break out between Muslims and Christians. The Metropolitan Police started to investigate Dariye in July 2003 and had uncovered millions of pounds in multiple banks accounts. Following his arrest they also found £80,000 in cash in Dariye’s London home.⁹⁹

Just under £1.17 million of the £2.85 million that Dariye transferred to the UK was funnelled through the account of Joyce Oyebanjo at NatWest. Oyebanjo was an associate of Dariye’s and helped to organise his affairs in the UK, including finding a school for his children. In April 2007 Oyebanjo was jailed for three years for money laundering. She was ordered to return £198,045, all that remained of the money transferred to her by Dariye.¹⁰⁰

Dariye routed the rest of the £2.85 million, much of which was in cash, through accounts with Barclays and NatWest.

During court proceedings brought by the Nigerian government in London Dariye failed to provide an adequate explanation for the source of his funds and the court ordered that his assets be returned to Nigeria. The court dealt separately with Dariye’s property and his bank accounts. He is still awaiting trial in Nigeria on charges of corruption.¹⁰¹



Displaced people following communal violence in Dariye's Plateau State, 2004. The then President Obasanjo suspended Dariye as governor because of the violence.

Credit: Pius Utomi Ekpeil/ AFP/Getty

BOX 6: DARIYE TIMELINE

May 1999	Elected governor of Plateau State
April 2003	Re-elected as governor
2 September 2004	Dariye arrested in London and subsequently fled Britain back to Nigeria
February 2006	Nigeria launches civil asset recovery suit to recover London property
November 2006	The Nigerian authorities try, and fail, to arrest Dariye in Jos, capital of Plateau State
January 2007	Nigeria launches second civil asset recovery suit to recover assets in Dariye's London accounts
4 April 2007	Joyce Oyebanjo is convicted in the UK of laundering money for Dariye
24 May 2007	Mr Justice Pumfrey orders Dariye's London property to be handed over to Nigeria
29 May 2007	Dariye steps down as governor and therefore is no longer immune from prosecution and is charged by the EFCC with 14 counts of money laundering
7 June 2007	Mr Justice Henderson orders the funds in Dariye's accounts to be returned to Nigeria

NATWEST: THE USE OF AN ASSOCIATE TO LAUNDER OVER A MILLION POUNDS

Joyce Oyebanjo, pictured here on her way to court, was convicted of laundering £1.17 million.

Credit: Central News



Joyce Oyebanjo, a housing tenancy manager from Waltham Cross, a suburb of London, reportedly met Joshua Dariye while studying for a Masters degree in Nigeria in the early 1990s. She was lavished with gifts, flattered, and welcomed to Dariye's family home during her visits to Nigeria. Oyebanjo has claimed that Dariye groomed her for a money laundering role over years of supposed friendship. In total she helped Dariye bring £1.17 million into the UK through her account at NatWest. RBS, which owns NatWest, has not responded to Global Witness' questions on the due diligence that NatWest carried out on these transfers.

In April 2007 Oyebanjo was convicted of money laundering at Southwark Crown Court, London and jailed for three years. This was the first successful conviction for the Proceeds of Corruption Unit within the Metropolitan Police. According to media reports, Oyebanjo sobbed as the judge told her: "that money should have been used for the benefit of the people of Plateau state

in Nigeria and not for the private benefit of Dariye and his associates".¹⁰²

Between July 2003 and March 2004 Dariye made seven payments into Oyebanjo's NatWest account:

- 29 July 2003: £147,000
- 20 August 2003: £147,985
- 27 August 2003: £199,985
- 3 October 2003: £189,970
- 21 October 2003: £404,073
- 8 March 2004: £76,951.87

This comes to a total of £1,165,964.87, or £1,476,934.30 with interest, but by the time of her arrest only £198,045 remained.¹⁰³

Oyebanjo paid hundreds of thousands of pounds to Dariye, writing him cheques of up to £100,000 during his frequent visits to London. Oyebanjo was made the guardian of Dariye's children, who were being educated at an expensive private school chosen on Dariye's behalf by Oyebanjo. During her trial she claimed that Dariye:

...asked me to choose a private school in England for his children to go to. I found Dean Close in Cheltenham but warned him the fees were high. He did not mind at all. He told me he would wire the money to my account because that way he could avoid a lot of bureaucracy and that he would refund me.

As well as school fees the NatWest account was reportedly used to pay hospital and air ambulance bills on behalf of some of Dariye's associates.¹⁰⁴ In July 2003 when these transactions started, bank



Dariye's accomplice Joyce Oyebanjo arranged for his children to attend the £27,800 a year Dean Close School in Gloucestershire. These fees were paid out of Oyebanjo's NatWest account.

Credit: Michael Yat Kit Chung/Flickr

staff were required to report any knowledge or suspicion of money laundering.¹⁰⁵ According to the Guidance produced by the JMLSG, “a suspicious transaction will often be one that is inconsistent with a customer’s known, legitimate activities”.¹⁰⁶ The Guidance suggested that bank staff ask the following questions:

- Is the size of the transaction consistent with the normal activities of the customer?
- Is the transaction rational in the context of the customer’s business or personal activities?

It is important for banks to have a benchmark of normal activity for different types of customer. For example, Oyebanjo was a housing tenancy manager and according to salary data collected in October 2009 for the British government’s careers website, a housing manager can expect to earn between £20,000 and £35,000 a year. Someone at senior or director level might expect up to £50,000.¹⁰⁷

However, over the course of less than a year Oyebanjo’s account at NatWest had accumulated deposits of over £1 million. This is hardly consistent with the relatively modest account

activity that the bank should have expected from someone with Oyebanjo’s salary.

Suspicious over the size of the transfers into Oyebanjo’s account may have led NatWest to discover that the source of her funds was Dariye, a PEP. In turn NatWest should have then classified Oyebanjo as a close associate of Dariye, and a PEP in her own right and thus subjected her to enhanced due diligence.

Given that one of Natwest’s clients was convicted of money laundering it would be surprising if the bank’s regulator – the FSA – did not take an interest. However, the FSA has refused to confirm or deny whether it looked into the case and no penalty notice has been issued to NatWest.¹⁰⁸

This case highlights how important it is for banks to identify where one of their customers is a close associate of a politically exposed person (PEP). The JMLSG Guidance in force at the time suggested that banks carry out extra checks on associates of PEPs. This is now enshrined in regulation.¹⁰⁹ As part of their ongoing monitoring of all their customers, banks should be on the look out for patterns that may indicate that someone is an associate of a PEP or is receiving significant, and unusual payments, from a PEP.

BOX 7: OTHER ACCOUNTS CONTROLLED BY DARIYE IN LONDON AT BARCLAYS AND NATWEST

Supporters of Dariye welcome him back after his six month suspension from office, October 2004.

Credit: Pius Utomi Ekpeil
AFP/Getty



As well as moving funds through Joyce Oyebanjo's NatWest account, Dariye held personal accounts with both Barclays and NatWest while his wife, Valentina Dariye, held two NatWest accounts. A number of these accounts were opened before Dariye was elected.

Between September 1999 and January 2004, i.e. in the years after he took office, £1.69 million flowed through these accounts, much of it in deposits of tens of thousands of pounds of cash. This is despite Dariye's declaration to the Nigerian authorities after his election in 1999 and re-election in 2003 that "I have no bank account outside of Nigeria". In 2003 Dariye further declared that "my wife does not have any assets of her own" and claimed total assets in Nigeria of only £1 million.¹¹⁰

In his defence in the High Court during the asset recovery case brought by Nigeria, Dariye's lawyer sought to explain his client's actions:

There were some omissions in his declarations of assets but [he] contends that these were on the basis of his understanding that it was not wise to disclose his entire net worth in order not to attract undue attention to himself especially since most of the sources of his income were informal.¹¹¹

One of Dariye's Barclays account received significant sums of cash over a four and a half year period: between 1999 and 2004 Dariye deposited almost half a million pounds. Individual deposits included £55,000 on 9 October 2000, £34,000 on 3 September 2001 and £20,000 on 18 December 2003. In 2001, the JMLSG Guidance warned banks that large volumes of cash deposits, especially from non-UK customers, posed a high money laundering risk.¹¹²

According to UK regulations at the time, Barclays and NatWest should have carried out due diligence checks on Dariye and his wife when they opened their accounts. The banks should have been on the look out for potentially suspicious activity such as the large volume of cash deposits paid into one of Dariye's accounts. Although this was not the case in 1999, the current regulations require banks to be aware when their customers become PEPs.

After being interviewed by the Metropolitan Police following his arrest in 2004, Dariye was informed that he risked committing a money laundering offence if he moved any of his funds. Ignoring this advice he spent £220,000 out of his Barclays account.¹¹³ Was Barclays aware of the police's warning to Dariye? If so why did the bank allow its customer to spend funds?

Barclays did not answer these specific questions. However, the bank told Global Witness that it "is a regulated financial institution and must therefore comply with legal requirements designed to prevent money laundering and bribery and corruption ... Barclays is committed to applying high standards of honesty and integrity across our global operations and in all our business dealings".

RBS initially said it would respond to Global Witness's questions about its customer Dariye. However, Global Witness has yet to receive a reply from the now majority state-owned bank.

The funds in these accounts were ordered to be returned to Nigeria by the British court.¹¹⁴

SECTION 4: CONCLUSION AND RECOMMENDATIONS

Two corrupt Nigerian politicians were able to bring millions of pounds into the UK using major British high street banks, despite a complex anti-money laundering regulatory framework. This suggests that the systems designed to stop corrupt funds entering the UK's financial system, and thus to stop the UK facilitating corruption, are flawed.

What is particularly troubling is that these cases happened shortly after the Abacha scandal. According to the *Financial Times* the banks involved included Barclays, NatWest, UBS, and HSBC – some of the same as those named in this report as having done business with Dariye and Alamieyeseigha.

The FSA's investigation concluded that 15 of the 23 London banks through which £900 million of Abach's stolen funds passed had "significant control weaknesses".¹¹⁵ For some of the banks – the FSA has not specified which ones – these weaknesses included inadequate senior management oversight at account opening of high risk customers; weaknesses in identifying the beneficial owner of companies; and inadequate understanding of the source of customers' wealth.¹¹⁶ They are supposed to have fixed these weaknesses following the FSA's investigation. The FSA told Global Witness that eight of these banks corrected the weaknesses and seven were set strict deadlines for corrections following the investigation.¹¹⁷

An ordinary person might imagine that following the Abacha scandal, UK banks would be much more alert to the possibility of corrupt funds

coming from Nigeria. Banks should not simply turn down all potential customers who are Nigerian politicians. However, banks need to ask difficult questions about the source of funds of these types of customers.

This report has raised serious questions about whether Barclays, NatWest, UBS and HSBC were able to identify the beneficial owner of shell companies, and whether they adequately understood the source of their customers' funds, two key concerns that were highlighted by the FSA in 2001.

In a letter to Global Witness the regulator referred briefly to its investigation of the banks that took Abacha-related money. However, the cases discussed in this report have raised serious questions about whether banks – or the FSA –



Impeached governor Alamieyeseigha (c) in court in Nigeria on charges of money laundering and corruption. He pleaded guilty and his overseas assets were returned to the Nigerian government.

Credit: Pius Utomi Ekpeil
AFP/Getty

have learnt the lessons of Abacha. The FSA told Global Witness that since 2002 it has taken enforcement action on several cases relating to financial crime.¹¹⁸ It pointed Global Witness to its website, which lists 101 penalty or supervisory notices in relation to money laundering since 2002. Of those only one was related to corruption and this was a financial institution that paid bribes itself rather than a bank handling the proceeds of corruption.¹¹⁹

While the transactions highlighted in this report took place more than five years ago, this story of the banks that took Alamieyeseigha and Dariye's money is still relevant today because the problems that it highlights with the anti-money laundering system still exist. Global Witness believes that banks can play an active and positive role in stopping corruption and promoting development by refusing to take politicians' dirty money. Our March 2009 report *Undue Diligence: How banks do business with corrupt regimes* included a number of practical recommendations for banks and policy makers on how to make it more difficult for corrupt money to enter the financial system.¹²⁰

Given the UK government's laudable commitment to international development and tackling corruption, as well as its ownership of 84% of RBS, it should put the bank at the forefront of efforts to curb the flow of corrupt funds through the UK's financial system. RBS should take a lead by implementing the recommendations of this report.

Global Witness has identified four key problems that allow banks to continue to do business with corrupt politicians.

Ethical problems

The first issue is the ethical question of whether the banks should have been doing business at all with Nigerian politicians who were banned in their own country for holding accounts abroad. Banks are not obliged to accept a customer if they do not want to, especially if they are aware of

suspicious or unusual activity. For example, in the case of UBS, bank staff had information that suggested that their client, Alamieyeseigha, was holding an account outside of Nigeria, in contravention of the constitutional provision banning such behaviour.

Global Witness asked the banks that handled the two former governors' assets whether they were aware of these provisions. Only HSBC replied, saying that it did know about the ban on certain PEPs holding accounts outside of Nigeria, although it could not identify when it became aware of this information. Its head of compliance said that these days "awareness across the industry on this point is now entrenched", following "substantive discussion on this issue involving BBA [British Bankers' Association] and a number of institutions as to how best to respond to the requirements of this law".¹²¹

The fact that a bank's client is prepared to break the law in their own country, especially one designed to prevent the laundering of the proceeds of corruption, does not necessarily mean that they are corrupt or that their money is tainted. However, realistically it should set off very loud alarm bells within the bank, particularly if the client is a politician. So far this issue has been only partially recognised by the regulations, for example the most recent version of the JMLSG Guidance states that: "firms should also be aware that some jurisdictions impose restrictions on their PEPs' ability to hold foreign bank accounts or to hold other office or paid employment".¹²² Global Witness believes that this does not go far enough to address this problem; it should be a statutory requirement to turn down such customers.

Recommendation: Banks should keep lists of countries that ban specific PEPs from holding account abroad. Banks should not accept any of these PEPs as customers. The regulator should ensure that this happens, and help banks by providing information on which countries have such a ban in place.

Legal problems

Secondly there is the regulatory issue. Global Witness believes that the current anti-money laundering framework in the UK is not good enough at stopping dirty money entering our financial system. This view is supported by other organisations such as Transparency International.¹²³

The UK anti-money laundering regime has been constantly evolving in response to external developments. In 2007 the government issued updated Money Laundering Regulations to bring the UK into line with the latest standard from Brussels, the Third EU Money Laundering Directive. The effect of the 2007 Regulations was to put much of what was already in the JMLSG Guidance on a statutory footing. For the first time the Regulations, rather than just the Guidance, required banks to carry out enhanced due diligence on PEPs, including taking adequate measures to establish their source of wealth and funds. However, at the time of the transactions described in this report, the basic principle that banks need to identify their customers, and to be on the look out for suspicious activity were already in place.

It is impossible to know exactly what the banks knew about their customers Alamiyeseigha and Dariye and to what extent they investigated the governors' sources of income. The current Money Laundering Regulations require banks to "take adequate measures to establish the source of wealth and source of funds" of their PEP customers. This is similar to the language in the JMLSG Guidance from 2001 and 2003 that advised banks to take "reasonable measures to establish the source of wealth (including the economic activity that created the wealth) as well as the source of funds to be used in the relationship".¹²⁴

Global Witness believes that for senior PEPs, where there is a significant corruption risk, banks should ask their customers to prove that their



Hector Sants, currently chief executive of the FSA, has promised to stay and oversee the creation of a new financial regulator housed in the Bank of England. The government needs to ensure that tackling corrupt money does not slip between the cracks during the reorganisation.

Credit: Corbis

funds are legitimate otherwise they should not accept them.

Recommendation: Regulation should require that banks only accept funds from senior political figures, their family members and known associates, if the bank has strong evidence that the source of funds is not corrupt.

A further issue is the role that shell companies played in these cases. Alamiyeseigha used two companies, Santolina and Solomon and Peters, to funnel money into the UK, and in the case of Solomon and Peters, to own expensive London property. Both companies were registered in secrecy jurisdictions: Santolina in the Seychelles and Solomon and Peters in the British Virgin Islands. Both jurisdictions promote themselves as centres of financial secrecy, where very little information is disclosed about who is behind companies such as Santolina and Solomon and Peters.

It can be hard for banks to identify who is behind front companies. It is worth noting that it is not just those countries traditionally thought of as tax havens that peddle corporate secrecy. The UK and



Uglan House in the Cayman Islands is home to over 18,000 companies. Much greater transparency is needed over corporate ownership.

Credit: Bloomberg/Getty

US are both popular destinations for individuals who want to hide their identity behind a combination of companies and trusts.

Lack of transparency over who owns shell companies – referred to in the jargon as the beneficial owner – is a major weakness in the fight against serious crime. Global Witness and other organisations such as the OECD and the World Bank have repeatedly shown how organised criminals, corrupt politicians and terrorists can use the secrecy provided by corporate vehicles to hide their identity and therefore their illicit funds.¹²⁵

Recommendation: Every country, including the UK and its Overseas Territories and Crown Dependencies, should publish an open list of the beneficial owner/controller of all companies and trusts, and subject institutions that register them to know your customer due diligence requirements.

Information problem

Banks constantly complain that they do not have enough information on how to identify PEPs and spot corrupt activity. A recent World Bank study on PEPs found that most banks interviewed

“requested further support on how to identify corruption-related trends through typology reviews”.¹²⁶ Another study by the Asia-Pacific FATF regional group found that “aside from deliberate collusion, firms may not be sensitised to report transactions that are suspicious from a corruption-related point of view.”¹²⁷

Recommendation: The international community and national regulators must provide more information to banks on corruption-related money laundering. Part of this means publishing money laundering case studies, often referred to as typologies, so that banks can educate their staff how to spot corrupt, or potentially corrupt, money. This needs to happen through both national regulators and financial intelligence units, such as the FSA and SOCA, and international bodies such as the Financial Action Task Force (FATF).

Supervision and enforcement problems

In the UK banks are currently regulated by the FSA. The British coalition government has promised to break up the FSA, moving some of its functions to the Bank of England, while creating a Consumer Protection and Markets Authority and an Economic Crime Agency. It is unclear as yet which of these bodies will be responsible for enforcing the anti-money laundering laws.

At the moment the FSA is responsible for ensuring that banks have adequate systems in place to prevent the laundering of the proceeds of corruption. In the case of the banks that did business with Alamyeseigha and Dariye, we do not know whether the FSA did its job properly. The FSA has told Global Witness that it is aware of the court judgments against both Dariye and Alamyeseigha, however it will not say more.¹²⁸

There has been no public enforcement action against any of the banks in relation to the two former governors, although the FSA does have the option to issue private warnings to financial

institutions, and this may have happened in these cases.

The FSA should have gone into the banks after the Metropolitan police arrested Alamiyeseigha and Dariye for money laundering, and certainly after the High Court asset recovery case, to see if these examples were indications that the banks' systems were not working. The court cases should have prompted the FSA to check that the banks' anti-money laundering systems, in particular those designed to stop corrupt funds, were up to scratch. The FSA says it can't comment on the specifics.

Of course, if the FSA did investigate the banks, which we don't know, it could have found that any of five potential options that might have happened.

- 1 The worst option: there was collusion from within the bank.
- 2 The systems were not adequate to detect suspicious activity.
- 3 Adequate systems were in place, but due to human error no suspicion was raised.
- 4 Adequate systems were in place, but the activity of Dariye and Alamiyeseigha was so sophisticated that no customer due diligence system could realistically catch it.
- 5 The banks filed SARs each time they had a suspicion and were given consent to proceed each time, and so were in compliance with their regulatory obligations.

The consequences of any of these options, however, is that the funds have entered the UK, and their passage through a bank has already enabled corruption to take place.

Millions of pounds of suspect funds from personal accounts at Barclays, UBS, HSBC, NatWest and RBS were declared by a British court to be the rightful property of Nigeria. At least some of these

assets were found to have been bribes. Perhaps the banks in question filed SARs to bring these suspect funds to the attention of law enforcement every time they suspected something and were allowed to proceed every time. However, even in this best case scenario, the money has still entered the UK and corruption has been facilitated. With alarming ease two corrupt politicians were able to exploit the British financial system to sustain their luxurious lifestyles. What are we doing to ensure that this is not still happening?

Belatedly, the FSA may be starting to show its teeth. Over the last year the regulator has issued fines against UK institutions for these kinds of failures. For example in January 2009 it made the insurance company Aon pay £5.25 million for having inadequate anti-bribery procedures in place.¹²⁹ In August 2010 it fined RBS £5.6 million for failing to check whether its customers were on the UK terrorist sanctions list for failing to consistently record the names of directors and beneficial owners' of its corporate customers. The FSA boasted that this was "the biggest fine imposed by the FSA to date in pursuit of its financial crime objective".¹³⁰

However, these penalties pale into insignificance compared to some of the fines dished out in America. Lloyds, Credit Suisse, RBS and Barclays have recently paid over \$1.7 billion between them to the U.S. authorities for deliberately stripping information from wire transfers originating in countries on the U.S. sanctions lists including Iran, Sudan and Libya.¹³¹ That is a lot more than £5.25 million. It is enough to make the banks' senior management and shareholders sit up and take notice.

Whichever organisation is responsible for anti-money laundering under the new system in the UK, it must not shy away from naming banks that take money from corrupt politicians, especially if the bank has failed to carry out appropriate due diligence measures. After the



Corruption has had a devastating effect on Nigeria's population. British banks should unequivocally refuse to do business with corrupt politicians.

Credit: Gideon Mendell/
ActionAid/Corbis

Abacha scandal the FSA hid behind a wall of secrecy, refusing to talk about the individual banks that helped the former Nigerian dictator to loot his country. This is unacceptable.

The regulator must make the financial and reputational cost high for banks that are prepared to do business with corrupt politicians.

Recommendation: In line with its new proactive supervisory stance, the FSA, and its successor bodies, should ensure that the banks it regulates are carrying out meaningful customer due diligence, especially in relation to PEPs. The FSA should use proactive methods, such as mystery shopper techniques, in order to identify banks that are failing to implement their own policies. The FSA should name and shame those banks that take corrupt funds and are found to have inadequate systems in place.

Visa bans

Access to the UK was highly prized by Dariye and Alamiyeseigha. They were able to splurge millions on high end property, as well as healthcare and private education. Part of what makes corruption so attractive to kleptocrats is the ability to sustain

luxury lifestyles in cosmopolitan cities such as London. In order to do this, corrupt politicians need to be able to get both their money and themselves into the country. The recommendations above would significantly curb access to the British financial system by individuals such as Dariye and Alamiyeseigha. However, this needs to be matched with measures to restrict their ability to travel to the UK.

The US has already recognised that a travel ban can be an effective sanction against those involved in corruption. A measure introduced by President Bush in 2004 and still in operation instructed the US State Department to deny visas to foreign officials where there is "credible evidence" that they are involved in corruption.¹³² A Nigerian anti-corruption group has also recently called on the British government to deny visas to a group of Nigerian officials that the group claims are involved in corruption.¹³³

Recommendation: The UK should deny a visa to foreign officials where there is credible evidence that they are involved in corruption.

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A low-angle photograph of a man in a striped shirt climbing a rope against a tall, modern glass skyscraper. The building's facade is composed of dark, reflective windows that mirror the sky. The man is positioned in the bottom right corner, looking upwards with a determined expression. The sky is a clear, vibrant blue with a few wispy clouds. The overall composition is dynamic and emphasizes height and aspiration.

“MANY FOREIGN
COMPANIES
DEY AFRICA
CARRY ALL OUR
MONEY GO...”

FELA KUTI

from “INTERNATIONAL THIEF THIEF”