



**GLOBAL
INITIATIVE**
AGAINST TRANSNATIONAL
ORGANIZED CRIME

ALL THAT GLITTERS

REVELATIONS FROM A
KENYAN GOLD SMUGGLER

SEPTEMBER 2023

ACKNOWLEDGEMENTS

Mark Shaw, Tuesday Reitano and Julian Rademeyer provided valuable assistance with this report. The author is immensely grateful, as always, to the GI-TOC's Publications team, and to Duncan Woodside. GI-TOC analyst Michael McLaggan contributed much appreciated additional research and context.

© 2023 Global Initiative Against Transnational Organized Crime.
All rights reserved.

No part of this publication may be reproduced or transmitted in any form or by any means without permission in writing from the Global Initiative.

Cover: © Zdenka Simekova/Getty Images; DKart/Getty Images
Cartography: Rudi de Lange

Please direct inquiries to:
The Global Initiative Against Transnational Organized Crime
Avenue de France 23
Geneva, CH-1202
Switzerland
www.globalinitiative.net

CONTENTS

Executive summary	1
Methodology	2
Background: conflict gold and gold scams	3
The scramble for Congolese gold	3
Nairobi: 'city of gold scammers'	5
From gold scout to smuggling consultant: our source's story	12
A golden scout: sourcing for a Hong Kong financial firm	12
No honour among smugglers	15
Nairobi: a city of makeshift smelters	16
A standoff in the UAE	19
Conclusion: Equitable gold?	24
Notes	26



EXECUTIVE SUMMARY

Despite minimal domestic production, gold has figured prominently in Kenya's recent history. Many Kenyans can still vividly recall the 'Goldenberg' scandal of the 1990s, a gold export and foreign exchange fraud scheme that drained government coffers of a sum exceeding ten percent of Kenya's GDP at the time.

The late 1990s also saw the collapse of Mobutu Sese Seko's regime in then Zaïre, followed by a devastating half decade-long regional conflict that resulted in the loss of five million lives, mainly from war-related hunger and disease. Facing external invasion and an internal revolt, Zaïre's successor state, the Democratic Republic of the Congo (DRC), lost control of most of the resource-rich territory in the east of the country. Since then, the smuggling of artisanally mined minerals, including gold, have fuelled an ongoing conflict that in 2022 reached an intensity not seen for a decade. Insurgent groups, pro-government militias and criminal networks all continue to benefit from the tonnes of gold smuggled out of eastern DRC each year. Kenya has long been one of the principal regional transit hubs – along with Uganda, Rwanda, Burundi and Tanzania – for the smuggling of this conflict gold.

Almost as lucrative as the smuggling of genuine gold through Kenya are the myriad scams that seek to peddle counterfeit or non-existent quantities of the precious metal to unsuspecting buyers. The targets of these scams are often foreigners travelling to Africa in search of hit-and-run riches. Gold swindles have on occasion escalated into embarrassing diplomatic rows, most notably in 2020 when both the president of Kenya and the main opposition leader were summoned to a meeting by the emir of Dubai over an Emirati company that had been victimized by Kenyan fraudsters. Dubai is by far the most popular destination for smuggled East African gold, due to its status as a tax haven as well as a key aviation hub.

The Global Initiative Against Transnational Organized Crime (GI-TOC) conducted extensive interviews with a Kenyan national whose initial career in aviation logistics – specifically the charting of private jets – gradually pulled him into the gold trafficking underworld. During these interviews, this insider provided the GI-TOC with a series of unique insights based on a decade of experience in the East African illicit gold trade. These insights will be presented through several accounts of operations in which our source was involved, ranging from fictitious customs seizures to an attempt by an Israeli businessman to commandeer an aircraft, a German with 'gold fever', a month-long airport standoff in the UAE and a visit to an artisanal smelting facility located in the heart of Kenya's capital, Nairobi. Taken together, our source's revelations paint a picture of an illicit economy characterized more by con artistry and double-dealing than genuine commodity trading.

Methodology

The GI-TOC met and conducted extensive interviews, both in-person and remotely, with a Kenyan gold transporter, broker, and dealer with about a decade's experience in the illicit trade. Due to the extreme sensitivity of the material, we have kept his identity anonymous (he is referred to simply as 'our source') to safeguard his physical security and allow him to speak freely. For the same reasons, we have also anonymized the identities of many of the individuals and entities referenced in the paper.

The following report is recounted predominantly from the perspective of our source. As our source himself has acknowledged, his recollections of events – some of which date back almost a decade – may not be perfect. However, he has provided the GI-TOC with photographs, video recordings, identification documents, and other documentation in support of his accounts of events. Wherever possible, we also corroborated his claims through a range of independent means, including media reporting, public flight logs, official trade data, satellite imagery, and visits to locations in Nairobi. Furthermore, wherever possible individuals and entities named in this report were given ample opportunity to comment on our source's claims, although only one of them elected to do so.



BACKGROUND: CONFLICT GOLD AND GOLD SCAMS

The scramble for Congolese gold

Following the collapse of Mobutu Sese Seko's regime in 1997, Zaïre – known subsequently as the Democratic Republic of the Congo (DRC) – descended into a protracted civil and regional war that has left millions dead. In 2000, the UN Security Council established a panel of experts to investigate the illegal exploitation of natural resources in the DRC as well as potential links with the country's continuing conflict. Despite the ostensible withdrawal of foreign military powers in 2002, sustained illicit extraction of the DRC's resources persisted. In 2004, the panel was therefore reconstituted to focus on non-state actors operating in the resource-rich eastern provinces of the country¹ where the government wields minimal authority. Targeted sanctions measures were introduced against individuals or entities who illicitly exploited the DRC's natural resources, but only in support of non-state armed groups or criminal networks.²

Nonetheless, insurgent groups, pro-government militia and criminal networks have all continued to benefit financially from the smuggling of conflict minerals, particularly gold. According to a German geoscience institute, artisanal miners in Congo produce a staggering 15 to 22 tonnes of gold per year³ (this equates to between around US\$940 million and US\$1.38 billion at current market rates). As of December 2019, only 106 gold mines of approximately 1 500 in the DRC were officially certified as 'conflict free'.⁴

The bulk of illicit Congolese gold is smuggled out via Burundi, Rwanda and Uganda, due both to their geographical proximity as well as networks established during the latter two countries' participation in the DRC conflict. However, Kenya also plays a major role in the regional illicit gold trade, and Kenyan nationals have routinely been named in UN sanctions reports. On one infamous occasion, the smuggling of Congolese gold through Kenya caused a diplomatic incident. In 2011, then DRC president Joseph Kabila personally came to Kenya in search of over 2.5 tonnes (US\$100 million) in gold looted from his country.⁵ It subsequently came to light – at considerable embarrassment to the Kenyan government – that the two key brokers of this deal were Kenyan citizens, one of whom owned an artisanal refinery (as well as a major group of hotels) in Nairobi.⁶

The foremost destination for smuggled Congolese gold is the United Arab Emirates (UAE), where it is processed and re-exported to European, North American and other global markets. Dubai's status as an international aviation hub, the absence of taxes and the UAE government's strategic reduction of regulation around gold imports have all contributed to making this destination particularly appealing to smugglers of African gold. In 2016, the UAE overtook the People's Republic of China as the largest importer of African gold.⁷ A 2021 study determined that 95 percent of output from 10 major African gold-producing countries was imported by the UAE.⁸ The same year, the country's gold (re-)exports climbed to US\$33.8 billion, equating to about one-third of its non-oil exports.⁹

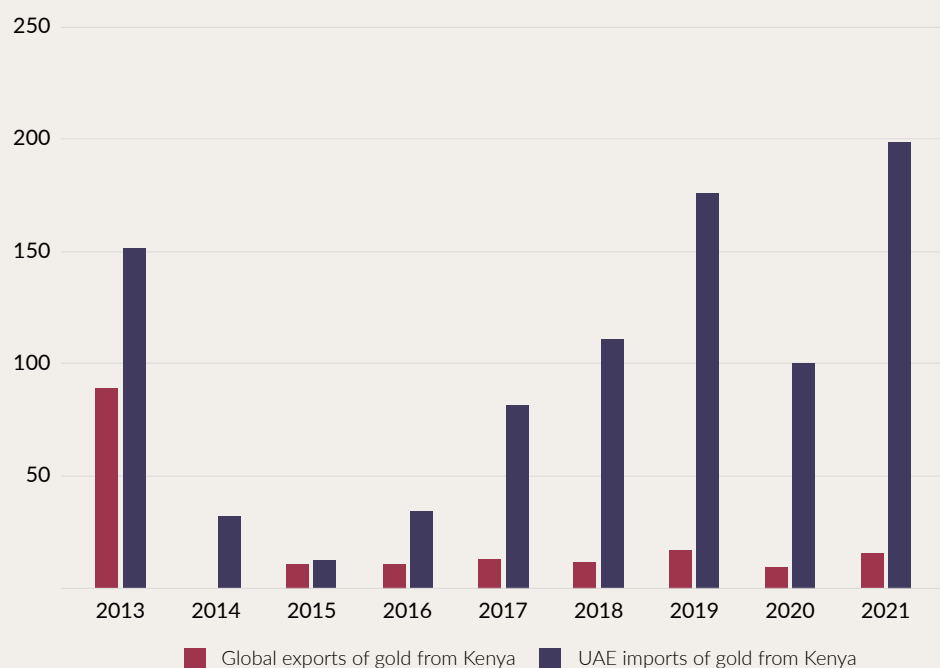


FIGURE 1 Kenyan gold exports next to UAE imports from Kenya, US\$ millions.

SOURCE: UN Comtrade (commodity code 7108) data.

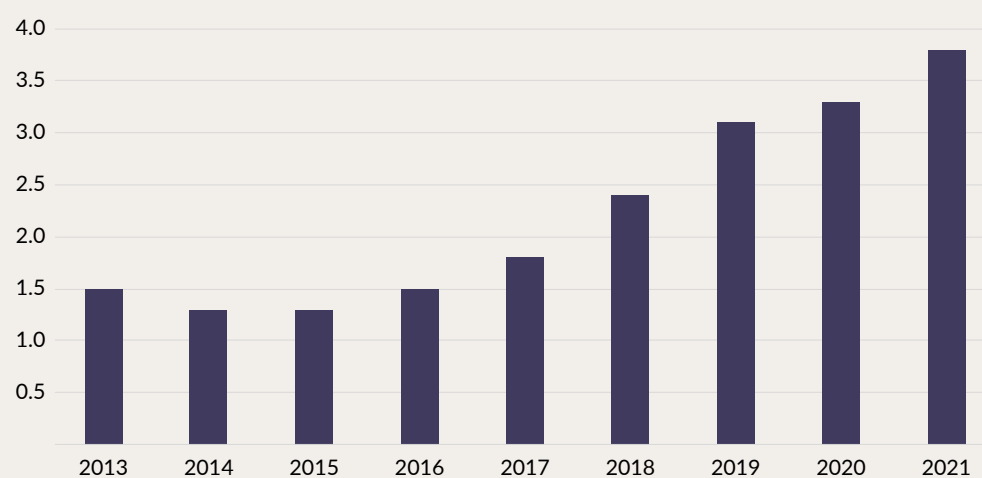


FIGURE 2 Growth of the UAE's gold imports from East Africa, US\$ billions.

SOURCE: UN Comtrade (commodity code 7108) data for Burundi, the Democratic Republic of the Congo, Kenya, Rwanda, South Sudan, Tanzania and Uganda.

Yet while UAE imports of African gold have skyrocketed, official export figures from African countries have not kept pace, strongly suggesting that much of the precious metal reaches the UAE illicitly. Indeed, a 2019 Reuters investigative report found that the UAE had imported gold worth US\$11.3 billion in excess of official exports reported by African nations.¹⁰

This trend has also manifested itself in Kenya. According to the most recent UN Comtrade data, Kenya's global gold exports in 2021 (the most recent year for which UN Comtrade data is available) totaled under US\$16 million.¹¹ However, during the same year the UAE officially imported almost US\$200 million in gold from Kenya, a discrepancy of some US\$185 million. Data from previous years feature similar discrepancies (see Figure 1). Meanwhile, the DRC's official global gold exports in 2021 totaled a mere 51 kilogrammes, with a value of US\$2.7 million.

According to our source, about 100 to 200 kilogrammes of illicit gold from the DRC leaks into the Kenyan secondary market every month – an estimate that comes remarkably close to accounting for the discrepancy between the official export and import figures.¹² 'That's what everyone needs to compete for', our source told us. With such frenetic competition over a limited supply of genuine gold, it is no surprise that a cadre of grifters has emerged who seek to convince unsuspecting buyers that they have access to a portion of it. The epicentre of this scamming industry is Kenya's capital of Nairobi.



Artisanal gold miners
in Bukavu, South Kivu
province, DRC. © Guerchom
Ndebo/AFP via Getty Images

Nairobi: 'city of gold scammers'

As both the price and volume of illicit Congolese gold flowing through Kenya have burgeoned, so have the number of gold scams. So prevalent are these swindles that local media has labelled Nairobi 'the city of gold scammers';¹³ in May 2019, the Kenyan Directorate of Criminal Investigations (DCI) warned that gold scams had reached 'alarming levels'.¹⁴ During our interviews, our source repeatedly emphasized that as much profit accrues from scams as from the smuggling of authentic gold. Many 'real' deals, he said, morph into scams; dealers with access to genuine gold will promise the same batch to multiple buyers, or run 'bait-and-switch' schemes in which real shipments will be swapped out for fake metal. 'Most of the gold guys double as conmen', our source explained.

Many gold dealers seem to have calculated that there is more profit to be made by using and re-using genuine gold as bait for scams, rather than selling the metal outright. As such, Kenyan gold fraud rings may be better described as specializing in financial rather than resource crime. Gold smugglers treat third parties – even fellow criminals – as targets rather than business partners, and therefore have no need to develop the trust-based relationships that characterize other illicit economies.¹⁵ Trust from a potential buyer is established solely for the purpose of short-term gain, rather than for cultivation of a criminal relationship and/or the building of a wider criminal enterprise.

Potential buyers of African gold do not typically belong to established criminal groups and are operating in a foreign environment. They are therefore unlikely to have the option of enforcing deals through violence. Likewise, the fact that these deals take place in the margins of the law means that defrauded parties often have no recourse to the legitimate justice sector. Even when gold fraud cases end up in court, there are few consequences for the perpetrators, and similarly little chance of compensation for the victims. Our research turned up only one instance where the prosecution of a gold fraud in Kenya led to a prison term, and this involved a mere one-year sentence; the victim of the scam, however, received no restitution since he was deemed to have been operating without the requisite licences (see the timeline). In one 2020 case, a Dutch rally car driver recovered a small portion of the US\$1.6 million of which he was defrauded, after the Kenyan government seized the funds as proceeds of crime.¹⁶

Fallout from a gold scam has even extended to the apex of Kenya's political elite. A Kenyan senator and a prominent businessman-turned-politician were both implicated in one of Kenya's most notorious gold scandals, which played out between 2018 and 2020. Over the course of the scam, an Emirati businessman handed over at least US\$2 million to fraudsters in the fruitless pursuit of 4.6 tonnes of Congolese gold that had never existed. The con eventually escalated into a major diplomatic incident with the UAE after it transpired that the businessman had close ties to the emir of Dubai.



Aerial view of downtown Nairobi. © Leonardo Mangia/RE-DA & Co via Getty Images

A 'GOLD FEVER' EPIDEMIC: A BRIEF HISTORY OF NAIROBI'S MOST BRAZEN GOLD SCAMS



SOURCE: Kenyan media, court documents

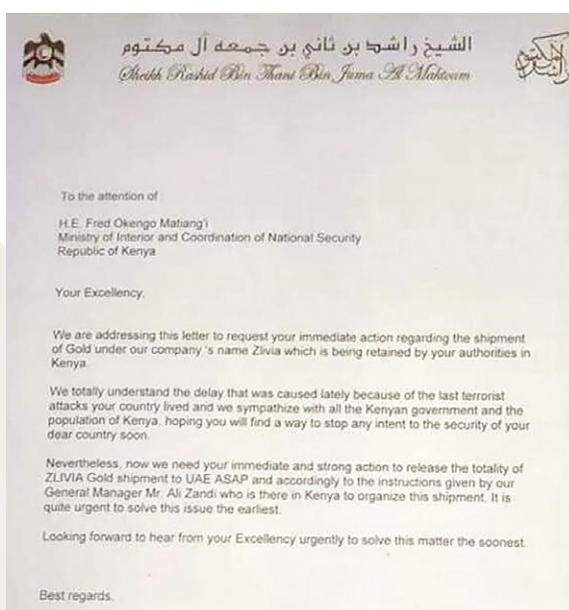
A gold swindle becomes an international incident

In February 2018, a staggering 4.6 tonnes of gold sourced from the DRC's North Kivu province was supposedly transported by road to Nairobi's Jomo Kenyatta International Airport (JKIA). The buyer of the consignment was the Dubai-based company Z Livia FZC (also referred to as 'Zlivia' and 'ZLIVIA'), represented by one Mohammad Ali Zandi Goharizzi ('Zandi'). In order to facilitate the movement of the consignment through Kenya, Zandi enlisted the aid of Moses Wetang'ula – then a prominent senator in the Kenyan government – and businessman Zaheer Jhanda. Jhanda's role, according to documentation he later provided to local media, was to 'assist ZLIVIA with all documentation, including payment of any taxes, customs and levies relating to the purchase of the commodity'.¹⁷ According to the contractual agreement, Zaheer was to receive US\$14.3 million in exchange for his services; he was also incorporated as a director of the company and received a 12 percent shareholding stake.¹⁸

The deal was first exposed to public scrutiny in late September 2018 when DRC media reported that the supposed consignment had been seized by customs officers at JKIA.¹⁹ According to what appears to be an internal report by the Kenyan security services, leaked on social media, several months later Wetang'ula travelled to Dubai, where he met with Zandi and requested US\$2 million. Wetang'ula claimed this was the amount demanded by a senior Kenyan cabinet secretary to secure the release of the consignment.²⁰ Several weeks after this meeting, Zandi flew to Nairobi in January 2019, where, after some negotiation, he handed over US\$700 000 in cash to Jhanda and Wetang'ula.²¹ Later that month, Zandi was taken to meet the supposed cabinet secretary – in reality likely an imposter – who assured him that the consignment would be released into his care within three or four days.²² A series of subsequent staged bureaucratic and logistical delays stretched into early March 2019, during which time Zandi attended meetings with supposed customs and other officials, including an apparent Russian national posing as a UN employee.²³ With the supposed consignment still impounded, Zandi departed Kenya in frustration just as news of the scam broke in the local media.²⁴ In all, Zandi had made payments to various participants in the scam totaling at least US\$2 million,²⁵ though some local media reported the figure to be even higher, at some KES400 million (US\$4 million at the time).²⁶ The 4.6 tonnes of gold, of course, had never existed.

The fraud, otherwise similar to many perpetrated in Kenya, gained an international dimension when it emerged that the emir of Dubai, Sheikh Mohammed bin Rashid Al Maktoum, had personal ties

to Zandi. In January 2019, Sheikh Maktoum sent a bluntly worded missive to the Kenyan interior ministry. Referring to Zlivia as 'our company', the Sheikh demanded 'immediate and strong action to release the totality of [the] Zlivia gold shipment to UAE' (see photo of first letter). Finally responding to the mounting political pressure, Kenyan police signaled their intention to arrest Jhanda and Wetang'ula (see photo of second letter).²⁷ However, the GI-TOC was unable to find any evidence that either individual was subsequently detained in connection to the case, and Kenyan police did not respond to our inquiries.



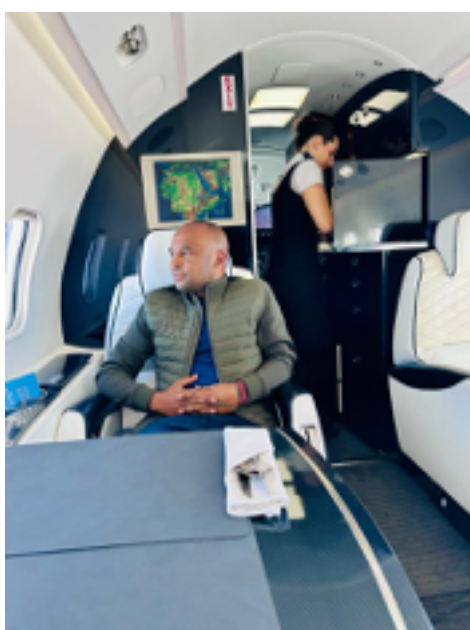
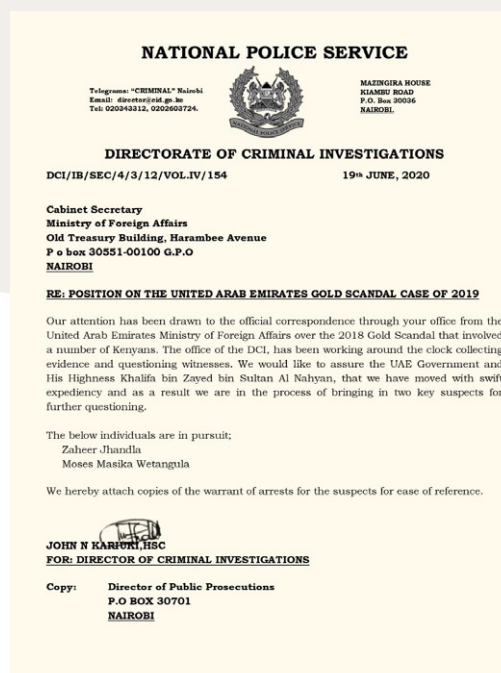
Letter from the emir of Dubai demanding the release of the (non-existent) Zlivia gold consignment. Photo: Social media

June 2020 notice from the Kenyan police indicating there were warrants for the arrest of Zaheer Jhanda and Moses Wetang'ula. Photo: Social media

The scandal gained renewed traction when an audio recording of a conversation purportedly between Wetang'ula and Zandi leaked to the media. Sheikh Maktoum, Zandi reportedly told Wetang'ula, had run out of patience with the endless delays. 'I am a hundred per cent sure there is no problem and tell Sheikh not to panic', Wetang'ula apparently reassured Zandi. 'We are finishing this matter and we will come and toast together'.²⁸ '[The imposter cabinet secretary] took the money, you took the money. What else are you talking about?' Zandi apparently fumed in response.²⁹

Even more sensationally, the then Kenyan president Uhuru Kenyatta and main opposition leader Raila Odinga were dragged into the scandal when Wetang'ula purportedly implied during the call that both politicians had been approached about the gold shipment.³⁰ In April 2020, Kenyatta and Odinga were summoned to a meeting with Sheikh Maktoum in Dubai, where the emir reportedly demanded their assistance in releasing the (non-existent) consignment.³¹

Neither Jhanda nor Wetang'ula responded to the GI-TOC's request for comment. However, both have previously denied any wrongdoing in the Zlivia affair; Wetang'ula called it a 'non-issue',³² while Jhanda claimed he had been hired only to provide advisory services and not to verify the authenticity of the gold.³³ Whatever their roles in the scandal, it did not appear to have permanently damaged either Jhanda's or Wetang'ula's long-term prospects. In late 2022, Jhanda was elected a member of the Kenyan National Assembly. Around the same time, Wetang'ula was elected as its speaker, a position he still held at the time of writing. The GI-TOC was unable to reach Zandi for comment.



National Assembly member Zaheer Jhanda (left) and Assembly Speaker Moses Wetang'ula (right). Photos: Social media, Tony Karumba/Getty Images

A German jeweller with gold fever

In 2019, an acquaintance requested that our source intervene as a trouble-shooter for a gold deal that had evidently gone sour. The acquaintance introduced him to a jeweler from Germany. The jeweler was struggling to finalize a transaction with a Kenyan gold broker representing 'Savannah Logistics Company Ltd.' (see picture letterheaded with this company name). The broker had presented the jeweler with an ostensible safe keeping receipt (SKR) for two tonnes of gold bars and nuggets with a declared value of US\$70 million (see picture with 'Rabi Minerals' letterhead). An SKR constitutes a guarantee by the issuing institution of the quantity and authenticity of the assets being held, and the institution assumes the liability should the reality not match the SKR. Akin to a title deed or a bearer bond, the sale of an SKR transfers ownership of the underlying asset.

Despite having handed over close to half a million dollars in various 'facilitation' fees to Savannah Logistics, the jeweler had been unable to secure handover of the consignment. At the time that our source was called in to assist, the seller was demanding additional payments from the jeweler ostensibly to cover Kenyan export taxes. Our source described his reaction upon being shown the SKR receipt: 'The moment I saw 'two tonnes', I knew it was BS'. In addition to the implausibly large quantity, there were no companies that issued SKR receipts in Kenya; even Kenyan banks, our source said, only offered

safe deposit boxes. And banks made no guarantees as to what their customers stored there. (This has not stopped fraudsters from availing themselves the veneer of legitimacy conveyed by international banks. In one 2019 case, fake gold and counterfeit currency stashed in a Barclays safe deposit box in Nairobi had been used to scam potential 'investors' over several years, including one businessman who lost the equivalent of more than US\$150 000).³⁴

The only online evidence we found for the existence of Savannah Logistics Company Ltd. – the supposed purveyor of a US\$70 million deal – was an obscure business directory listing a single P.O. box address. When asked how such a blindingly obvious scam could have appeared legitimate to the German buyer, our source responded, 'We call it 'gold fever''. The more money a buyer has sunk into a deal, the less willing they are to believe it to be a fraud, no matter the evidence. 'No one wants to be told they're being scammed', he said. Countless foreigners – often connecting with fraudsters over LinkedIn – come to East Africa thinking they can outwit the locals and leave with a small fortune, our source continued. He recalled one American woman who had sold her US\$3 million-dollar house to invest in a single gold transaction. Kenyan fraudsters relieved her of the entire sum. 'The scammers see the greed', he said. 'They realize that these aren't dangerous people, that they can take your money and give you nothing in return'.

SAVANNAH LOGISTICS COMPANY LIMITED
P.O. BOX 7434-00100 KINDARIMA ROAD, NAIROBI KENYA
Tel: +254-719606700 / +254-7196136116
Email: info@savannahlogistics.com

**MANDATE & MANAGEMENT ADMINISTRATIVE SERVICES AGREEMENT
BETWEEN MR. [REDACTED] GERMAN TO THE ABOVE COMPANY.**

Dear Sir,

I, Mr. [REDACTED] (SELLER/PARTNER) Passport No. [REDACTED] CEO of SAVANNAH LOGISTICS COMPANY LIMITED, NAIROBI, KENYA, hereinafter the ("AUTHORIZED SIGNATORY") acting with full corporate and financial responsibility, hereby without prejudice assign authority to [REDACTED]

Hereinafter the ("FACILITATOR/MANDATE"), to enter into consultation with prospective Sellers on the following:

DESCRIPTION OF COMMODITY/IES:

COMMODITY	Gold Dore Bars & Nuggets
QUANTITY	Quantity will be accordance to Buyer requirements
ORIGIN	East Africa
DELIVERY TERM	To be Negotiated
PAYMENT METHOD	BC or SBLT MT760 PAYMENT BY SWIFT MT103 OR TT (TELEGRAPHIC TRANSFER) AS AGREED BY BOTH SELLER AND BUYER
COMMISSIONS/FACILITATION FEE	AS AGREED BETWEEN SELLER AND THE MANDATE
CURRENCY	Commission/ Facilitation Fee shall be in US Dollars

This agreement authorizes the Facilitator / Mandate to enter into introductory talks and/or marketing of Gold Dore Bars & Nuggets from the above seller; the facilitator / mandate shall not be authorized to enter into negotiations AND/OR financial negotiations or represent in any manner, way or form without the explicit written authority of

RABI Minerals (U) LIMITED
Logistics & Safekeeping Services
P.O. BOX 11626 Kampala-Uganda
Tel: +256 39 3239489 Mide: +256 757279077
Email: logistics@rabimineral.com
www.rabimineral.com

WAREHOUSE SAFE KEEPING RECEIPT (SKR)
Valid in Original only.

DEPOSIT DETAILS

OWNERSHIP Physical Address City/Country Registration No. # Depositor's Name Passport No.	Savannah Logistics Company Ltd P.O. Box 7434 Kindarima Road Nairobi KENYA CPR/2013/187417 [REDACTED] [REDACTED]	Date of Receipt 03/11/2018 Time 15:26	Warehouse Reference Bond BND: 60-63 Bond Number 145424 Bond Amount USD 70,000,000
--	--	---	--

Signature of Depositor

Details description of Content

Qty	Net Weight	Designated Value	Private marks of Depositor (if any)
2,000Kgs	2,000Kgs	US \$ 16/Gram	

PACKAGING: ☒ Metal / Wooden / Carton ☐ Ring

Conditions of Deposited Items
Good ☐ Fair ☐ Average ☐ AS REQUIRED

Current Market Rate Valuation

Rate of storage and other charges
AS REQUIRED

Goods are accepted for storage
From 03/11/2018 To 30/11/2018

This Safe Keeping Receipt confirms that the commodity [es] / property [es] / items / goods specified herein was/were deposited to and recorded by **Mr. KAMOGA Johnson** "The Custodian" in the presence of the above stated Depositor. Access to commodity is limited to depositor. Identification will be required before allowing access to the commodity [es] / items [es] / goods and we may refuse access if not satisfied with the form of identification produced.

SIGNATURE AND STAMP OF THE WAREHOUSE MANAGER

RECEIVING OFFICER:

TITLE: Managing Director

03 NOV 2018

RABI Minerals

Agreement between the German jeweller and Savannah Logistics Company Limited for the purchase of doré bars and nuggets (left). Fraudulent safekeeping receipt for two tonnes of gold with a declared value of US\$70 million (right).
Photos: Supplied by source

According to our source, the Zlivia scam followed a common playbook employed by Kenyan fraudsters. Staged or entirely fictitious customs seizures – often used to explain the failure to deliver the promised consignment, or to squeeze out additional payments from victims – are regular features of gold scams. Often, he said, police officers are involved in the scams and will 'leak' fictitious reports of gold seizures to local journalists in order to lend believability to the frauds. As reported in a previous GI-TOC report, gold scammers will often ensure there are problems with customs paperwork so that authorities have a justification to impound the shipment.³⁵

Our source's insights about the infamous Zlivia scam stemmed from about a decade's experience sourcing and transporting gold from around the African continent. Over that time, he told us, he had witnessed countless gold scams, and developed a keen sense for discerning between cons and genuine opportunities. It is to our source's story, and the unique window into the East Africa illicit gold trade that it provides, that we now turn.





FROM GOLD SCOUT TO SMUGGLING CONSULTANT: OUR SOURCE'S STORY

Our source first made forays into what he calls the 'gold industry', he said, about a decade ago. His prior background in aviation logistics paved a smooth onramp into the illicit trade. 'People who wanted private jets, they got sent to me,' he explained. 'In Africa, 90 percent of people who want private jets use them to smuggle gold or diamonds. It slowly became a niche for me'. The companies that lease the aircraft are not directly involved in the illicit trade, but do not ask too many questions. 'They don't care what you put on their jets, as long as they get paid', our source said.

Between 2015 and 2018, our source procured gold for a Hong Kong-based financial services firm, a job that required him to navigate around attempted scams in pursuit of highly discounted African gold. Since leaving the employ of the company five years ago, our source has settled into the role of an independent consultant within the Nairobi gold underworld – dealing with recalcitrant customs officials, facilitating access to artisanal smelting facilities, and arranging air transport.

The following sections will present our source's recollections of three deals for which his services were solicited, involving a botched attempt by an Israeli businessman to abscond with a jet carrying a half tonne of gold; an artisanal smelter safeguarded by Kenyan paramilitary forces; and a month-long standoff in the UAE over an unpaid planeload of gold.

A golden scout: sourcing for a Hong Kong financial firm

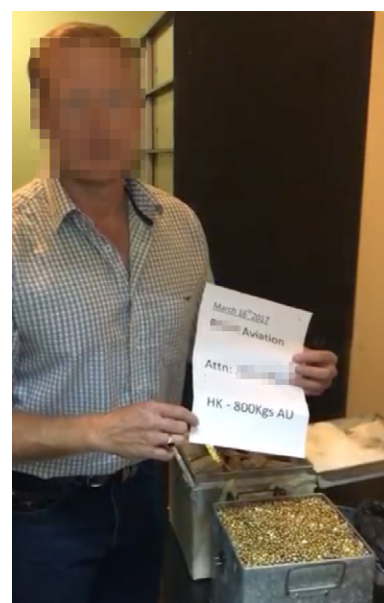
In 2015, a Chinese friend living in the DRC introduced our source to the owners of a Hong Kong-based financial services company specializing in the spot trading of commodity-backed securities. For the next three years, our source worked as a 'scout' for the company, procuring gold from around the world, although he spent the bulk of his time in Africa. He claimed that the company was one of the largest purchasers of grey market gold originating in Africa.

Our source claimed that he brokered four significant gold purchases for the company, the largest of which consisted of 150 kilogrammes (worth approximately US\$9.4 million at the current market rate). The majority of our source's prospective deals, however, ended in failure. The difficulty with

the company, according to our source, was that they demanded excessive discounts on the market price of gold. 'They wanted LME [London Metal Exchange] minus 20 percent or minus 30 percent. That's a massive discount'. Our source was paid the expenses he incurred for his frequent travel, plus a commission based on the size of the discount he was able to secure. 'If I got them LME minus 23 percent, I would take 5 percent, so they would end up paying 18 percent less'.

The search for such exorbitant discounts often brought our source into contact with frontier capitalists operating in some of the continent's least accessible conflict zones. In early 2017, for instance, he was contacted by M.C., a bush pilot who at the time was employed in the DRC by a controversial private security company. M.C. claimed to have come into possession of 800 kilogrammes of gold, which he wished to offload to our source's employer in Hong Kong. In a mobile phone video provided to the GI-TOC, M.C. held a printed sign displaying the date next to two safe boxes containing gold bars and nuggets, running his hands through the trove as he narrated a message to the company owner:

Today's date, sixteenth of March. This is roughly 80 kg out of approximately 800 kg that we plan to send to Hong Kong. Here we have ... you can see, some has been refined, smelted already. You have roughly a one-kg bar. Here is (sic) typical DRC nuggets ... gone through mercury amalgamation [inaudible]. [To the video recorder]: Okay, that's enough.



Video stills of M.C. displaying roughly one-tenth of an 800-kilogramme consignment of Congolese gold he claimed to have secured. *Photos: Stills from a video supplied by source*

In addition to the gold consignment, M.C. also claimed to have a Beechcraft King Air aircraft that he wished to sell. In an elegant tandem solution, M.C. proposed to fly the gold aboard the King Air aircraft to Hong Kong. Our source waited in Hong Kong for three weeks, but M.C. never showed up, and all efforts to contact him were unsuccessful. A few months later, our source finally heard news: M.C. had been killed when the two-seater aircraft he was piloting crashed in a canyon in Utah. Our source never learned what had happened to the nearly one tonne of promised Congolese gold.

In early 2018, our source quit his job as a gold scout. 'It was exhausting dealing with scammers every day', he said. 'I would go to 20 countries in one year, and maybe do one deal'. Our source did not enjoy any lengthy hiatus, however. Not long after he left the employ of the Hong Kong-based company, another golden opportunity would present itself.

Nuggets, doré bars, and XRF scanners

Much of the gold smuggled out of the DRC is produced at artisanal mines, which lack proper refining facilities to achieve international standards of purity. As a result, the gold reaches illicit markets typically as either nuggets created through a mercury amalgamation process, or as doré bars, which are smelted at the location of a mine before being transported to a refinery to be purified further. According to our source, doré bars typically have a purity of 60-70 percent, though sometimes as low as 30 percent.

A key piece of equipment in assessing gold purity is a handheld X-ray fluorescence spectroscopy (XRF) scanner, which allows for on-site elemental analysis of metal samples. XRF scanners cost upwards of US\$20 000, but owning one is essential for any serious African gold prospector, our source explained. He had seen cases where gold scammers had offered use of their own XRF scanners in the field – devices that had been tampered with to display elevated purity levels.

Even with an XRF scanner it is possible to fall victim to a con. The scanners typically have a sampling depth of only millimetres, and therefore might fail to detect elaborate hoaxes whereby base metals have been gilded to appear as solid gold bars. According to our source, this is easier done with nuggets than with doré bars. 'With bars it's easy to drill a hole in the middle and test the contents all through', he said. With nuggets, on the other hand, 'it's difficult to know if they're just plated or solid gold'.

Ultimately, explained our source, conducting 'fire assays' is the only reliable means to determine the purity of a sample. Fire assays often require transporting the gold samples to a makeshift facility where they are subjected to extreme heat (upwards of 1 000 °C) and combined with a reagent (called 'flux') to separate out the impurities. The reconstituted samples are then left to cool and are re-tested with an XRF scanner. As a hub for the illicit gold trade, Nairobi contains many such makeshift smelters, one of which our source has personally frequented (see 'Nairobi: a city of makeshift smelters', below).



Examples of artisanally smelted doré bars and gold nuggets.

Photos: Supplied by source

No honour among smugglers

In early 2018, a big-time player in Nairobi's gold underworld, 'B.M.', brought our source in on a deal to sell 500 kilogrammes of gold to a consortium of Israeli businessmen represented in Nairobi by 'Y.B.-R'. As an initial step and confidence building measure, B.M. was to deliver a 20-kilogramme sample of the gold to Istanbul, where Y.B.-R.'s partners would verify its authenticity and make payment.

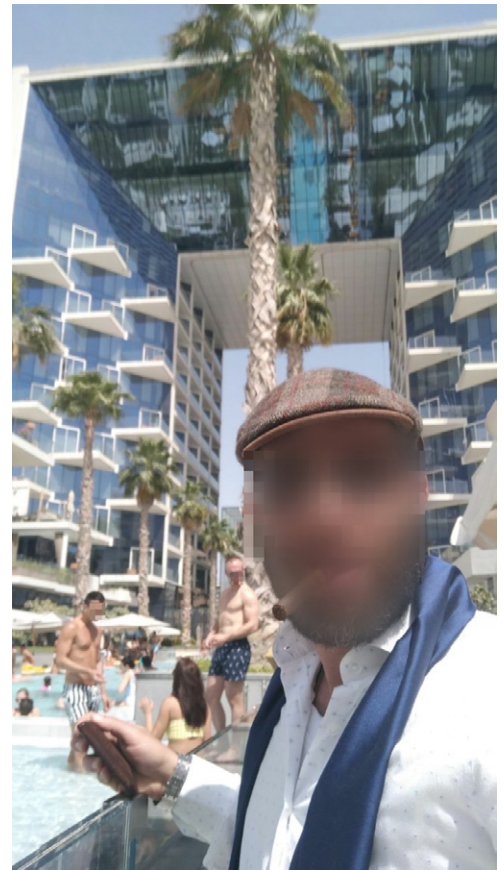
Our source was tasked with arranging transport, due to his connections in aviation. A March 2018 flight plan for a Cessna Citation Excel aircraft registered to a Kenyan company, seen by the GI-TOC, listed five passengers, including our source, Y.B.-R., and B.M. The flight plan took the aircraft first to the Kenyan port city of Mombasa, before it proceeded onwards to Istanbul via a refuelling stop in Khartoum. The detour to Mombasa – the opposite direction of Istanbul – served to load the gold consignment in a setting with less security oversight and fewer prying eyes than at Nairobi airports.

Once in Istanbul, a businessman named 'A.G.' (see the photo) boarded the jet and introduced himself as a representative of the Israeli consortium financing the purchase. Our source and the others waited aboard the aircraft while Y.B.-R. and A.G. took the gold to a facility where it was smelted and assayed for purity. The sample passed the test, and payment was made accordingly.

Following this successful transaction, the parties made similar arrangements to deliver the balance of the 500-kilogramme consignment. As before, the aircraft detoured to Mombasa – with a representative of the Israeli consortium onboard – where the strong boxes containing the gold were loaded. On this occasion, however, Kenyan customs officials held up the departure of the aircraft, ostensibly due to issues with the export permits. After B.M. and our source deplaned to deal with the troublesome airport customs officials, our source claimed that the Israeli businessman offered the pilot US\$50 000 in cash to take off with the consignment and leave the two Kenyans stranded behind. Instead, the pilot informed B.M. of the attempted duplicity, and the latter immediately quashed the deal.

According to our source, B.M. never intended to allow the gold to leave Kenya; the alleged double-dealing by the Israeli businessman simply provided a convenient excuse to scuttle the deal. Supposed bureaucratic hurdles – such as snags with export permits – are common tactics to halt the delivery of a consignment while simultaneously allowing the supplier to deflect blame. '[B.M.] is one of the few people who actually has access to gold', our source explained. 'But the chances that you get that gold are something else'.

According to our source, B.M. had already collected around US\$2 million in various down payments and facilitation fees and was content to pocket this profit. The Israelis, however, did not let the matter drop, and enlisted our source to help them recover their investment from B.M. It was at this point that his erstwhile business partner turned on him. 'I heard through the grapevine that [B.M.] had put out



Undated photograph of 'A.G.' at the Five Palm Jumeirah Dubai hotel. Photo: Supplied by source

a hit on me', our source said. Before matters escalated further, our source arranged a 'sit down' with B.M. through a mutual acquaintance, at which our source agreed to cease his efforts on behalf of the Israelis.

Following this debacle, Y.B.-R. evidently graduated to another form of transnational crime. He was arrested in Hong Kong in October 2020 and charged with drug trafficking, after he and two other foreign nationals were found with HK\$33 million (US\$4.2 million) in cocaine.³⁶

B.M., for his part, was arrested in a February 2023 police raid along with nine other suspects; the group had been accused of defrauding two American citizens of over US\$500 000.³⁷ According to our source and local media, B.M. was arrested at the artisanal smelting facility he operated in Nairobi's Kilimani neighbourhood (see Figure 3); two firearms and nearly 500 rounds of ammunition were discovered at the facility by police.³⁸

Such informal smelting facilities are hardly rare in Nairobi. With such volumes of illicit gold of wildly varying purity passing through the city, smugglers require secure locations to store and assay their consignments (as well as to carry out their cons). We obtained several photographs and videos recorded from within one such facility towards the end of 2022.

Nairobi: a city of makeshift smelters

As noted earlier, portable X-ray fluorescence spectroscopy (XRF) scanners are not always sufficient in themselves to guarantee the authenticity of a gold consignment. To measure purity with confidence, it is often necessary to conduct fire assays on the samples in question, which requires technical expertise as well as facilities equipped with high temperature furnaces. Our source estimated that there were about ten such artisanal smelters located in the city, though he could only identify the locations of about half of them (see Figure 3). Four of these installations had been nicknamed 'the embassies' by Nairobi gold dealers, owing to the fact that they were operated by 'kingpins' believed to be immune from arrest and prosecution.

Towards the end of 2022, a Lebanese businessman, the managing director of a small mining firm headquartered in Nairobi, approached our source claiming to be in possession of 500 kilogrammes of Congolese gold. The businessman requested that our source confirm the purity of the gold and organize its transport to Tel Aviv, where it was to be purchased by the same Israeli business consortium represented by 'A.G.' (see 'No honour among smugglers', above). Our source responded that he had no appetite to assume the responsibility – and attendant risk – of vouching for the authenticity of a shipment worth roughly US\$30 million. 'I arrange transport and logistics, that's all I do', he explained. 'It's my job to get your boxes from Point A to Point B, not to verify what's inside them'.

The consignment was being held at a compound located in Nairobi's Lavington neighbourhood (see Figure 3). Several photographs and mobile phone videos recorded at the compound and provided to the GI-TOC demonstrated how this process unfolded. The videos showed several individuals entering the Lavington compound. A witness reported that about 10 officers were guarding the compound, belonging to an elite paramilitary arm of the Kenyan police typically deployed to contain domestic unrest, secure strategic assets, and conduct counter-terrorism operations.³⁹

Subsequent videos showed four large wooden chests, two containing doré bars and the others holding nuggets. Samples from each chest were analyzed with an XRF scanner (see photos), after which randomly selected doré bars were taken to a small side room to undergo 'fire assays.' A workman clad in protective gear proceeded to place each bar in a crucible and thereafter into the furnace, while adding flux – typically a combination of borax and sodium carbonate – to facilitate the bonding of the gold particles and the removal of impurities (photos). Approximately 15 kilogrammes of gold were assayed in this manner.



An X-ray fluorescence spectroscopy (XRF) scanner being used to test the purity of artisanally smelted gold bars (left) and nuggets (right). In this case, the gold nuggets were found to be just under 98 per cent pure. *Photos: Stills from video supplied by source*



A fire assay of a doré bar carried out at the artisanal facility in Nairobi's Lavington neighbourhood. Flux – typically a combination of borax and sodium carbonate – was added to the molten gold during steps 3 and 4. *Photos: Stills from video supplied by source*

Following the fire assay process, the purified gold was cooled before again being analyzed by the XRF scanner. Despite the samples showing comparable levels of purity (about 98 percent) to the prior recordings, something about the situation did not sit well with our source. He suspected the whole exercise had been staged. 'If anyone tells me that they have more than 50 kilogrammes of real gold I automatically get suspicious', he said. As for how the fire assayed gold could have possibly fooled the XRF scanner, our source was at a loss. 'It's hard to tell', he said. 'These guys should be in Vegas. Very good with the tricks'.

The GI-TOC visited the location of the compound in early 2023, where we observed that it was equipped with multiple surveillance cameras as well as both electric fencing and razor wire. The compound layout as viewed in the videos was consistent with satellite imagery of the location.

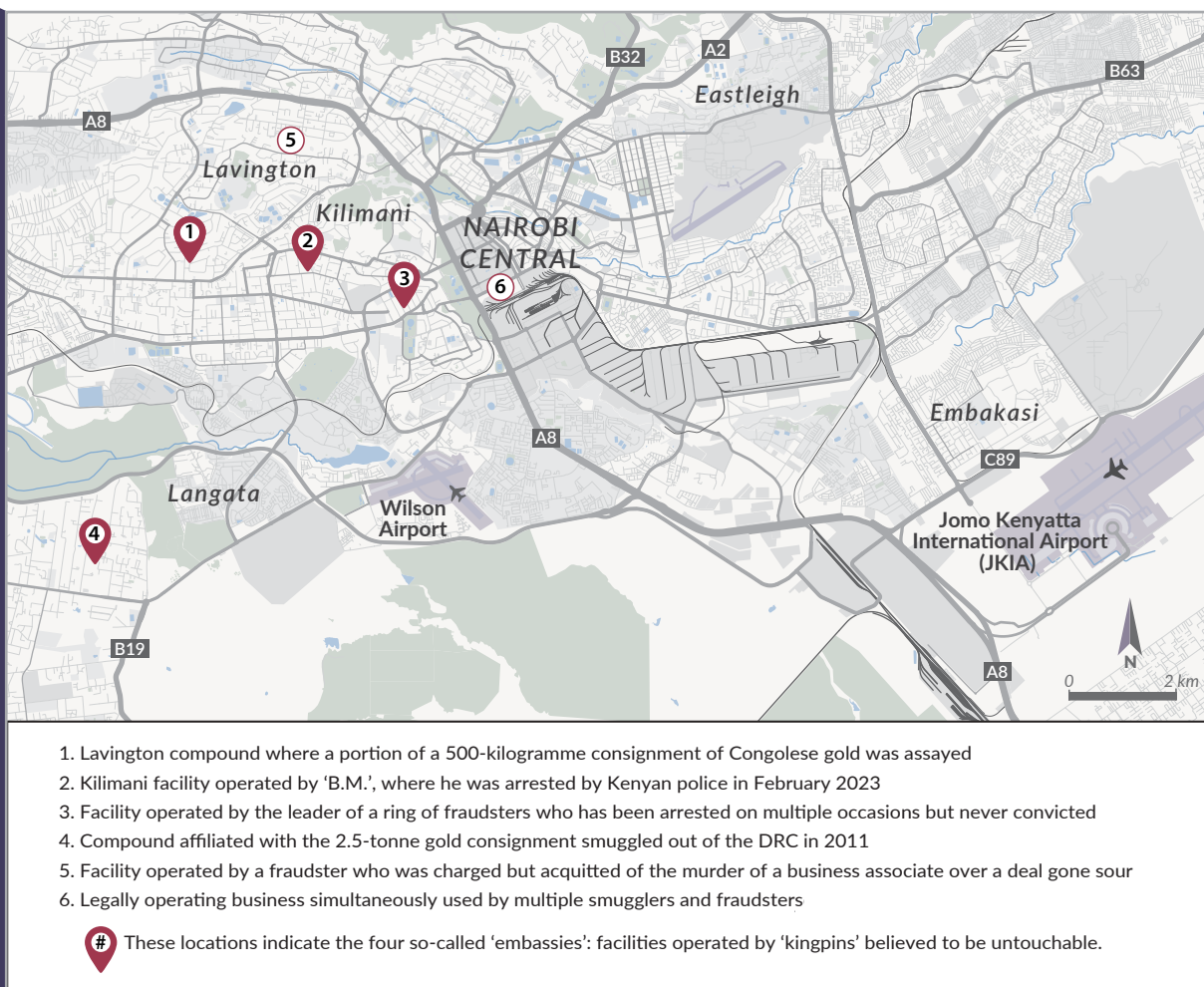


FIGURE 3 Map showing the approximate locations of artisanal gold smelting facilities in Nairobi.

A standoff in the UAE

A mere two weeks later, the Lavington compound bore witness to a second major gold deal. An Indian businessman representing the Dubai-based Abhayahasta Gold Trading LLC (AGT) had approached a member of Kenya's National Intelligence Service (NIS). The businessman, Manish Kumar, was looking for assistance in freeing a consignment of gold that had been impounded by Kenyan customs authorities while in transit from Uganda to the UAE, ostensibly due to paperwork issues. The NIS officer cajoled and bribed a customs official at Nairobi's JKIA airport into releasing the consignment: 550 kilogrammes of gold bars with a declared value of US\$26.4 million. Once out of customs, the consignment was transported to the Lavington compound for safekeeping.

AGT had sourced the consignment from a gold dealer in Uganda named 'T.M.'. T.M., for his part, claimed that the gold was collectively owned by a local community in the DRC, on whose behalf he was acting. XRF tests conducted in Uganda had shown the consignment to be approximately 97 percent pure (see photo of document entitled XL2 TEST RUNS).



DATE: 17-09-2022
TEMP: 25°C

TEST RUNS:
AU GOLD NUGGETS ☐ GOLD BARS ☒

XL2 TEST RUNS

NO. TESTS	CARATS	PURITY
1.	23.50	97.92%
2.	23.45	97.72%
3.	23.19	96.63%
4.	23.39	97.47%
5.	23.18	96.57%
6.	23.43	97.62%
7.	23.20	96.67%
8.	23.35	97.31%
9.		
10.		
AVERAGE		

GEOLOGIST: [Signature]
AGENT: [Signature]
CLIENT: [Signature]



A director of Abhayahasta Gold Trading LLC, Aravinda Sanil, signs off on the results of XRF scans conducted in Uganda of samples of the 550-kilogramme gold consignment. The sampled bars exhibited a purity of approximately 97 percent. *Photos: Supplied by source*

It was unclear why Kenyan customs had seized the consignment, but a brief examination of the paperwork used to import the shipment raised a series of red flags. The package of documents included multiple certificates of origin and ownership, ostensibly issued by authorities representing the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC), the East Africa Community (EAC), and the Ugandan government (see photos of four documents). Even a cursory inspection of this documentation revealed non-existent email addresses, offices, and P.O. boxes, as well as inconsistent declarations of the value of the consignment.

EAST AFRICAN COMMUNITY SADC CERTIFICATE OF ORIGIN
ORIGIN OWNERSHIP EXPORT CERTIFICATE - ORIGINE EXPORT CERTIFICATE DE PROPRIÉTÉ

SHIPPER APPLICATION-CHANGE OF OWNERSHIP
Registration No. K5248736

1. Exporter (Name and Office Address)
[Redacted]

2. Consignee (Name and Office Address)
ABHAYAHASTA GOLD TRADING LLC,
ADDRESS: JUMEIRAH BUSINESS CENTRE,
CLUSTER G OFFICE NO. 2509, P.O. BOX 92355,
JUMEIRAH LAKE TOWERS, DUBAI U.A.E.

3. Declared Agent (Name and Office Address)
SANTO LOGISTICS LIMITED
P.O. BOX 9886 NAIROBI KENYA

4. Particulars
Description of Goods: 550.0 KILOGRAMS (KGS) GOLD (AU) BARS
Weight/Volume: 550.0KGS
Port of Shipment: NAIROBI KENYA
Port of Destination: DUBAI, UNITED ARAB EMIRATES
Country of Origin: EAST AFRICAN COMMUNITY (EAC)
Customs Tariff No.: 7108120014
Gross Weight or other quantity: 550.0KGS
Invoice Number and Date: KCD287416/2022
Unit Price: USD 48,000
F.O.B. Value: USD 26,400,000
Sub Total Value: USD 26,400,000
Total C.I.F. Value: USD 26,400,000
Required Shipment Date: 16.08.2022 - NBO-KB/DUBAI, UAE

DECLARATION BY EXPORTER/PRODUCER/SUPPLIER
I, the undersigned, declare that the goods described above meet the conditions required for the issue of this certificate, and are originating in the East African Community (EAC).

CERTIFICATE OF ORIGIN OWNERSHIP
It is hereby certified that the above mentioned goods are of EAST AFRICAN COMMUNITY (EAC) Origin.

Signature of Declarant: [Redacted]

ORIGINAL CERTIFICATE OF ORIGIN
Ref No. SPM/HTG/61020
Year 2022

1. EXPORTER (Name and address)
KAMPALA - UGANDA

2. CONSIGNEE (Name and address)
ABHAYAHASTA GOLD TRADING LLC DUBAI, UAE
2909 JBC16 Jumeirah Lake Towers

3. Origin of Goods
MUBENDO

4. Port of Shipment
ENTebbe AIRPORT

5. Export License Number and Date
MDLTH022RS

6. Date of Shipment
04 July 2022

7. Customs Entry Number and Date
C4167 - 07-07-2022

8. Particulars of means of Transport (s)
AIR

9. Invoice Number and Date
45612 - 07-07-2022

10. Particulars of means of Transport (s)
AIR

11. For Official Use

12. Marks and Numbers
11 (A) METRIC COXES

13. Customs Tariff Numbers
441

14. Gross weight or other quantity
572 KG

15. P.O.B value
38,250.000

16. Declaration of Exporter (or Producer or Supplier)
I, the undersigned, declare that the goods described above meet the conditions required for the issue of this certificate, and are originating in the East African Community (EAC).

Signature of Declarant, Date and Stamp
[Redacted]

COMESA SIMPLIFIED OWNERSHIP CERTIFICATE
CERTIFICAT SIMPLIFIÉ DE PROPRIÉTÉ COMESA
(For goods of a value not exceeding US\$250,000/000 for all member states except for value not exceeding US\$250,000/000)

9924073085-2022

Application for Change of Ownership (name, full address, country)
[Redacted]

16 AUG 2022

EXPORTER (name, full address, country)
[Redacted]

Export Licence No.: EAC-95312-987/2022

Port of Shipment: DUBAI, UNITED ARAB EMIRATES

Port of Destination: DUBAI, UNITED ARAB EMIRATES

Required Shipment date: 16 AUGUST 2022

Importer (name, full address, country)
ABHAYAHASTA GOLD TRADING LLC,
ADDRESS: JUMEIRAH BUSINESS CENTRE 1,
CLUSTER G OFFICE NO. 2509, P.O. BOX 92355,
JUMEIRAH LAKE TOWERS, DUBAI U.A.E.

Country in which the products are originating
EAST AFRICAN COMMUNITY (EAC)/COMESA

Description of goods
GOLD (AU) BARS
550.0 KILOGRAMS
PURITY 999.99% 25 CARATS
5 SECURED STANDARD EXPORT BOXES

Weight
550.0 KILOGRAMS

No. and type of packages
5 SECURED EXPORT BOXES

Value
USD 26,400,000
TWENTY SIX MILLION AND FOUR HUNDRED THOUSAND US DOLLAR

Declaration by Applicant
I, the undersigned, hereby declare that the goods described above have been produced in accordance with the COMESA Rules of Origin.

Signature: [Redacted]

Name of Customs Officer: [Redacted]

Signature: [Redacted]

Place: EAST AFRICAN COMMUNITY
Date: 16 AUGUST 2022

EAST AFRICAN COMMUNITY MINES AND GEOLOGICAL DEPARTMENT MINERAL EXPORT CERTIFICATE
LICENCE TO TRADE AND EXPORT UNWORN PRECIOUS METALS PERMIT NO: M.E.C/7085/2022

1. Name of Applicant
KAMPALA UGANDA

2. Name of Beneficiary
ABHAYAHASTA GOLD TRADING LLC, ADDRESS: JUMEIRAH BUSINESS CENTRE 1, CLUSTER G OFFICE NO. 2509, P.O. BOX 92355, JUMEIRAH LAKE TOWERS, DUBAI U.A.E.

3. To export (s)
550.0KGS

4. of (s)
GOLD (AU) BARS

5. Secured STANDARD EXPORT BOXES

6. comprising of (s)
+97.0% - 23 CARATS OF GOLD AU

7. produced from (s)
ABHAYAHASTA GOLD TRADING LLC, ADDRESS: JUMEIRAH BUSINESS CENTRE 1, CLUSTER G OFFICE NO. 2509, P.O. BOX 92355, JUMEIRAH LAKE TOWERS, DUBAI U.A.E.

8. Country of Import
NAIROBI, KENYA (EAC)

9. through (s)
NAIROBI, KENYA (EAC)

10. Value (C.I.F.)
USD 26,400,000

11. Issued Date: 16/08/2022. Export Permit Fee (USD): 80,000 EIGHT THOUSAND AND FIVE HUNDRED DOLLARS ONLY

Permission is hereby granted to
[Redacted]

To export the Mineral(s) whose particulars are specified herein above within the period of fourteen (14) days.

Dated the 16th day of AUGUST 2022 Expiry Date: 08TH AUGUST 2022

I hereby certify that the above particulars are correct to the best of my knowledge and belief.

Signature: [Redacted]

Signature: [Redacted]

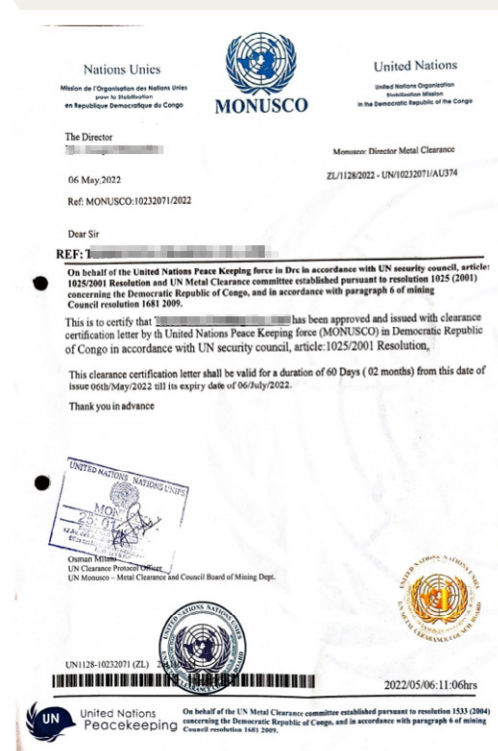
Fraudulent paperwork used to import the 550-kilogramme gold shipment into Kenya. Photos: Supplied by source

Most glaringly, AGT's customs paperwork also included a putative authorization letter issued by MONUSCO, the UN peacekeeping mission in the DRC (see photo of document with MONUSCO logo). Citing a non-existent UN resolution and signed by an apparently fictitious UN official, the letter purported to grant T.M.'s company 'clearance' to export minerals from the DRC for a period of 60 days. The use of falsified UN documents to aid in the smuggling of Congolese gold dates back to at least 2009, when UN Security Council monitors first identified the practice.⁴⁰ A 2017 press release issued by MONUSCO further warned about the proliferation of false UN documentation, and clarified that the mission played no role in the certification process for mineral exports.⁴¹

The inclusion of this letter in the documentation package was somewhat surprising, given that the declared origin of the consignment in the other fake paperwork was Uganda and not the DRC. One possible explanation was that the paperwork package constituted a standard 'toolkit' for gold smugglers, allowing for a range of fictitious back stories depending on the particular local authority asking the questions.

Having liberated the gold from Kenyan customs, AGT hired a known Kenyan smuggler to transport it to the UAE for a fee of US\$400 000. The smuggler chartered a private jet and tapped a political connection to have the consignment labelled as diplomatic cargo. Arriving in the UAE near the end of September 2022, the jet was met at the airport by a friend and fixer of the smuggler, who had the consignment whisked through customs and into a warehouse. At that point, a standoff ensued. The AGT directors insisted on claiming the consignment and verifying its authenticity before rendering payment. The smuggler, for his part, demanded the payment upfront. In response, the smuggler claimed that one of the AGT directors, Francisco Pimenta de Castro, threatened his life and those of his family members over the phone. As the deadlock dragged on, AGT became increasingly desperate to get hold of the consignment. As an incentive, they offered the smuggler an additional US\$2 million, on top of the original US\$400 000 fee, to release the gold (see photos of documents with AGT letterheads).

Meanwhile, the smuggler was also receiving threats from T.M., who had become enraged upon hearing that his gold consignment had reached the UAE. Our source later speculated that T.M. himself had contrived the Kenyan customs seizure – a common ploy in many gold cons – and had not calculated that AGT would have the clout in Kenya to arrange its release. In doing so T.M. would have been following a familiar pattern: in an interview for a previous GI-TOC report, a Ugandan gold dealer said that it was common practice for gold scammers to ensure there is an issue with an international buyer's paperwork so that border authorities have a pretext for seizing the gold or the opportunity to exchange it for counterfeit gold during inspection.⁴²



Fraudulent MONUSCO authorization letter granting T.M.'s company a 60-day window to export Congolese minerals. Photo: Supplied by source

AGT

ABHAYAHASTA GOLD TRADING

UNDER INWARD PROCESSING SUPPLY: AU GOLD NON-MANUFACTURED PRECIOUS METALS
(FA) 10/22 - 0288/09

ANNEX I - DESCRIPTION OF SERVICES

The services provided by the **Second Party** fall into the following areas: Commercial Services, Operations and Logistics as per full clearance, release of 550 kilograms of AU gold metal 99.99% purity from Nairobi, Kenya, to Dubai, United Arab Emirates, for the client **ABHAYAHASTA GOLD TRADING LLC**. The **Second Party** will receive 2,400,000.00 USD as per commercial billing of the project, corresponding to services as proper clearance and lifting off the cargo under exclusive rights of the **First Party**. The **First Party** is demanded to payback the facial amount accordingly to the last milestone period, after clearance and release of the consignment to the **First Party**, including inspection and correspondent assaying of the same, as per an amount of 2,400,000.00 USD. The facial amount will be paid in Dubai accordingly to the **First Party** best financial interests, fulfilling with the timeline as per the payback provided.

AGT

ABHAYAHASTA GOLD TRADING

UNDER INWARD PROCESSING SUPPLY: AU GOLD NON-MANUFACTURED PRECIOUS METALS
(FA) 10/22 - 0288/09

ANNEX II - SERVICES FRAMEWORK FORM

Client/Partner:	ABHAYAHASTA GOLD TRADING LLC DUBAI, U.A.E 2907, JBC 1, Cluster G, Jumeirah Lake Towers, Dubai, UAE (the "Company" or "Client" or "First Party")
Services Description:	<ul style="list-style-type: none">Commercial ServicesOperations & LogisticsShipment & ClearanceInspection
Number of Proposal:	01/2022
Service Date:	25-10-2022 / 25-11-2022
Duration:	Starts on October 25 th , 2022 and ends on November 25 th , 2022.

(Unsigned) US\$2.4 million agreement, dated 25 October 2022, between AGT and a known Kenyan smuggler for the handling and transport to the UAE of the 550-kilogramme consignment.

Photos: Supplied by source

The smuggler had placed himself in a difficult predicament. If he allowed the gold to leave the plane and it was found to be counterfeit, the AGT representatives would refuse to pay him his promised fee. On the other hand, if he permitted them to remove a portion of the consignment for assaying and then they did not make payment, he would be held responsible by T.M. After about a month with no resolution to the standoff, the smuggler decided to recall the jet and return the gold consignment to Nairobi. He was met by T.M. at Wilson airport, where he handed over the consignment into his custody.

Our source figured that AGT had paid roughly US\$4 million to T.M. in various 'fees', with nothing to show for it (an amount later confirmed by an AGT director). Over US\$1.5 million of this amount had allegedly gone to paying Ugandan export taxes on the consignment. T.M. provided AGT with a supposed proof of payment for this sum, issued by the Uganda Revenue Authority (see photo). A search on the Uganda Revenue Authority online portal for the transaction's payment registration number and search code revealed neither to be valid.⁴³



With such profits to be had, our source predicted that T.M. would continue to use the gold consignment to ensnare would-be buyers, without ever allowing it to leave the African continent. 'It's one thing to buy gold', our source explained. 'It's another to get to the destination with the gold'.

Fraudulent proof of payment from the Uganda Revenue Authority for taxes related to the AGT gold consignment.

Photo: Supplied by source

Uganda Revenue Authority

Page 1 of 1

 Uganda Revenue Authority Uganda Revenue Authority Uganda Revenue Authority		Uganda Revenue Authority PLOT M19/3M194, NAKAWA INDUSTRIAL AREA, P.O. BOX 7270 KAMPALA, UGANDA Payment Registration Slip 21/04/2022		For General Tax Questions Call Our Toll Free Number 0800117000 Or log onto URA web portal http://ura.go.ug	
550 KGS GOLD BARS		Taxpayer TIN 1000765006		Payment Registration Number 220001643958	
Tax Head: GOLD BARS CHARGES		Amount (in USD) : 1,567,500.00			
Reference Number: 550 KGS					
To be filled by taxpayer during payment at bank					
Bank Name		Account Number		CASH ONLY	
CHEQUES ONLY		CURRENCY		Amount(USD)	
Bank	Cheque No	Amount(USD)	Currency	1000	1,567,500.00
Amount in Words		500	500	200	500
One million, five hundred		100	100	50	50
sixty-seven thousand and		10	10	5	5
five hundred United States		1	1	1	1
Dollars		TOTAL 1,567,500			
 BANK STAMP AND ENDORSEMENT 21 APR 2022 KENTLINE AGENT CASH RECEIPT LUGA BR, DTR LUGA BR, DTR LUGA BR, DTR LUGA BR					
Issued By Gerald Kisiu		Contact Number			
Signature		Search Code RT8PQVVM17FW			
After payment to the bank, you can check the status either at nearest tax office or URA web portal on ura.go.ug. You are advised to use search code given at the bottom of your payment registration slip to track the status. This payment registration shall remain valid till 22/05/2022. After the expiry of this payment registration, you will not be able to use the same for effecting your payment at bank. You will be required to register your payment again. If this payment registration slip is lost or defected, you may reprint a copy from your email box or register another payment on the web portal.					

When contacted by the GI-TOC, AGT director Manish Kumar claimed that any allegations of wrongdoing by the company were 'false' and that they had been 'completely scammed in the entire transaction'. AGT had since temporarily ceased operations due to the heavy losses it had incurred, he said. Kumar, for his part, wrote that he currently had a 'team' actively sourcing small quantities of gold in Uganda to export 'legitimately' to Dubai. 'After learning the hardest way, we have our systems in place to buy gold with proper licenses, proper systems, [and] proper security', he wrote. 'We are still licking our wounds and trying to recoup losses.' Francisco Pimenta de Castro and Aravinda Sanil – the two other AGT directors – did not respond to GI-TOC requests for comment.



CONCLUSION: EQUITABLE GOLD?

Our source's recollections paint a picture of an illicit economy in which there is little honour – even among fellow criminals – and where mastery of sleight of hand and parlour tricks is equally important as business acumen. The promise of quick riches is used to lure in unsuspecting marks, often westerners seeking to play out a modern rendition of the Scramble for Africa. The infiltration of customs, police and other local authorities allows fraudsters to extract strings of 'facilitation' payments from the victims of scams, until the latter give up in frustration and the process is repeated on new targets.

The underwriting force giving credibility to such scams, of course, is the reality that tonnes of gold are looted from the DRC every year. The theft of the DRC's natural resources is both a product of and a contributing factor to the persistent conflict enveloping the country's east. In a vicious circle, the smuggling of minerals funds insurgent groups, while the corresponding loss in revenues inhibits the central government's ability to establish authority and legitimacy. As a result, despite (or because of) its vast mineral wealth, the DRC currently ranks last in criminality globally on the GI-TOC's Organized Crime Index, and in the bottom 15 with respect to state resilience against organized crime.⁴⁴

Recent security developments in the DRC show history repeating itself. After almost a decade-long hiatus, the March 23 Movement (known as 'M23') – a militant group originally formed by defectors from the Congolese national army – is once more resurgent. M23, which has historically funded itself in part through illicit gold revenues, regrouped and went on the offensive in 2022, causing mass civilian displacement in North Kivu province. As in 2012, both the UN Group of Experts on the DRC and the US government allege that neighbouring Rwanda strongly supports the rebels; a charge denied by Kigali. The emergence in recent years of the Islamic State's so-called 'Central Africa Province' (ISCAP) in the DRC has meanwhile added a counter-terrorism dimension to the DRC's resource-fueled conflict. With close ties to the Ugandan/Congolese Islamist insurgent group the Allied Democratic Forces (ADF), ISCAP is one of Islamic State's most active affiliates in Africa.

In an apparent response to these threats, Kenya's geopolitical engagement in the DRC has expanded, with potential ramifications for the regional illicit gold trade. In April 2022, the DRC formally joined the East African Community (EAC), a seven-nation bloc headquartered in Arusha, Tanzania. Seven months later, Kenyan troops were deployed to the eastern DRC under the umbrella of an EAC

peacekeeping mission. Whether Kenya's military presence in the DRC may lead to increasing illicit flows of Congolese gold through Kenya merits scrutiny, particularly considering the country's track record in a comparable environment: Somalia. Following Kenya's invasion of Somalia in 2011 – ostensibly in response to the kidnappings of several tourists by Somali pirates – the Kenya Defence Forces (KDF) settled into an extended occupation during which they have faced frequent allegations of war profiteering. In particular, the KDF has been implicated in the illicit export of Somali charcoal, which is under UN Security Council sanction due to revenues from the trade having funded the Islamist militant group al-Shabaab.⁴⁵

Kenyan criminal networks are only one group of actors benefitting from the exploitation of the DRC's natural resources. Ultimately, the greatest beneficiary has been the United Arab Emirates, whose favourable tax and import policies have established the country as the most attractive worldwide destination for traffickers of African gold. Perhaps sensitive to criticisms of exploitative behaviour, the UAE has initiated a scheme aimed at promoting the trade in 'equitable' Congolese gold and eliminating smuggling. Early this year, the governments of the UAE and the DRC announced a partnership aimed at centralizing exports of artisanal gold via the capital Kinshasa, through the jointly owned venture Primera Gold DRC SA.⁴⁶ At a media event in January, a symbolic shipment of 28 kilogrammes of gold was displayed ahead of being transported to the UAE; Primera Gold eventually aims to export 15 tonnes of 'equitable' gold annually.⁴⁷ It remains to be seen whether the plan will meet with more success than previous initiatives by the DRC government and civil society organizations to regularize the gold supply chain.⁴⁸

For his part, our source was sceptical that the new scheme would have a significant impact on regional gold smuggling. 'Kinshasa has never done anything for people in the east of the country', he said. 'They know that if the gold goes to Kinshasa, they won't see any benefit'. For that reason, he said, artisanal miners were likely to continue to deal with criminal networks rather than government agents. 'There's always going to be someone in the eastern DRC who has gold, and that gold needs to be sold somewhere', he said.

NOTES

- 1 Specifically, North and South Kivu provinces, and the Ituri region.
- 2 Details of DRC sanctions measures are available from the United Nations Security Council Committee established pursuant to resolution 1533 (2004) concerning the Democratic Republic of the Congo, <https://www.un.org/securitycouncil/sanctions/1533>.
- 3 Congo's gold being smuggled out by the tonne, U.N. report finds, Reuters, 15 June 2020, <https://www.reuters.com/article/us-congo-gold-idUSKBN23MOPY>.
- 4 Sasha Lezhnev, Conflict gold to responsible gold, The Sentry, February 2021, <https://thesentry.org/wp-content/uploads/2021/02/ConflictGoldResponsibleGold-TheSentry-Feb2021.pdf>.
- 5 Kenya and DR Congo to probe gold smuggling, BBC News, 4 March 2011, <https://www.bbc.com/news/world-africa-12644869>.
- 6 United Nations Group of Experts on the Democratic Republic of the Congo, Final report of the Group of Experts on the DRC submitted in accordance with paragraph 5 of Security Council resolution 1952 (2010), 2 December 2011, <https://documents-dds-ny.un.org/doc/UNDOC/GEN/N11/556/32/PDF/N1155632.pdf?OpenElement>.
- 7 David Lewis, Ryan McNeill and Zandi Shabalala, Gold worth billions smuggled out of Africa, Reuters, 24 April 2019, <https://www.reuters.com/investigates/special-report/gold-africa-smuggling/>.
- 8 Ibid.
- 9 Based on UN Comtrade data.
- 10 David Lewis, Ryan McNeill and Zandi Shabalala, Gold worth billions smuggled out of Africa, Reuters, 24 April 2019, <https://www.reuters.com/investigates/special-report/gold-africa-smuggling/>. During the period analyzed by Reuters, the UAE reported gold imports from 46 African countries. However, only 21 of these countries reported any gold exports to the UAE to UN Comtrade.
- 11 The data pertains to HS commodity code 7108: Gold, incl. gold plated with platinum, unwrought or not further worked than semi-manufactured or in powder form.
- 12 The upper end of this estimate – 200 kilogrammes per month – would equate to 2.4 tonnes of Congolese gold illicitly exported through Kenya annually. The value of that gold – about US\$140 million – would account for most of the US\$185 million discrepancy between official Kenyan exports and UAE imports of gold in 2021, as reported to UN Comtrade.
- 13 2021 was a golden year for Africa's precious mineral scammers, with Nairobi as a hub, *The East African*, 4 January 2022, <https://www.theeastafrican.co.ke/tea/news/east-africa/2021-was-a-golden-year-for-precious-mineral-scammers-africa-3671646>.
- 14 DCI Kenya, #FraudAlert!! #DCI attention has been drawn..., Twitter post, 9 May 2019, https://twitter.com/DCI_Kenya/status/1126569247138885634?s=20.
- 15 For a discussion of the role of trust in criminal networks, see Klaus von Lampe and Per Ole Johansen, Organized crime and trust: On the conceptualization and empirical relevance of trust in the context of criminal networks, *Global Crime* 6, 2 (May 2004), 159–184.
- 16 *Assets Recovery Agency v Firstline Capital Limited & 2 others; Bernhard Ten Brinke Holding BV & another* (Interested Parties) (Anti-Corruption and Economic Crimes Civil Suit E024 of 2021) [2023] KEHC 782 (KLR), <http://kenyalaw.org/caselaw/cases/view/251095/>.
- 17 Citizen TV Kenya, Fake gold saga, 17 May 2019, <https://www.youtube.com/watch?v=tW4lkmlmz4c>.
- 18 Ibid.
- 19 Martin Enyimo, Kenya: 4.6 tonnes of gold originating in the DRC seized in Nairobi, *mediacongo.net*, 27 September 2018, https://www.mediacongo.net/article-actualite-42755_kenya_4_6_t_d_or_en_provenance_de_la_rdc_saisi_a_nairobi.html.
- 20 Report on the Zlivia scam, available in part at: Robert Alai, Ama vipi @DCI_Kenya..., Twitter post, 13 May 2019, <https://twitter.com/RobertAlai/status/1127964658302947334?s=20>. The report was posted by a controversial Kenyan activist, and the GI-TOC has not been able to independently verify its authenticity. However, its description of the scandal is broadly consistent with our source's own understanding of events.
- 21 Ibid.
- 22 Ibid.
- 23 Ibid.
- 24 Ibid.
- 25 Ibid.

- 26 See, for instance, Ian Omondi, UAE envoy denies Sheikh Maktoum involvement in Ksh.400M fake gold scam, *Citizen Digital*, 22 May 2019, <https://www.citizen.digital/news/uae-envoy-denies-sheikh-maktoum-involvement-in-ksh-400m-fake-gold-scam-248924>; and Cyrus Ombati, Senator in Sh400m gold scam involving UAE royal family, *The Standard*, 13 May 2019, <https://www.standardmedia.co.ke/article/2001325231/senator-in-sh400m-gold-scam-involving-uae-royal-family>.
- 27 Uzalendo News, Wetangula faces arrest over Dubai Gold theft, 19 June 2020, <https://uzalendonews.co.ke/wetangula-faces-arrest-over-dubai-gold-theft/>.
- 28 Felix Olick and James Mbaka, Wetang'ula drags Uhuru, Raila names into fake gold scam in leaked audio, *The Star*, 18 May 2019, the-star.co.ke/news/2019-05-18-wetangula-drags-uhuru-raila-names-into-fake-gold-scam-in-leaked-audio/?fbclid=IwAR1mvxcBSuFXWOLUGFo1QZhHpjXur1ZaXem441O42voi9A_DOTgRzHceS0w.
- 29 Ibid.
- 30 Felix Olick and James Mbaka, Wetang'ula drags Uhuru, Raila names into fake gold scam in leaked audio, *The Star*, 18 May 2019, the-star.co.ke/news/2019-05-18-wetangula-drags-uhuru-raila-names-into-fake-gold-scam-in-leaked-audio/?fbclid=IwAR1mvxcBSuFXWOLUGFo1QZhHpjXur1ZaXem441O42voi9A_DOTgRzHceS0w; and Cyrus Ombati, Uhuru, Raila met Dubai Sheikh over fake gold saga, *The Standard*, 20 May 2019, <https://www.standardmedia.co.ke/amp/article/2001326285/uhuru-raila-met-dubai-sheikh-over-fake-gold-saga>.
- 31 Cyrus Ombati, Uhuru, Raila met Dubai Sheikh over fake gold saga, *The Standard*, 20 May 2019, <https://www.standardmedia.co.ke/amp/article/2001326285/uhuru-raila-met-dubai-sheikh-over-fake-gold-saga>.
- 32 Geoffrey Mosoku, Wetangula speaks on fake gold saga, *The Standard*, 30 May 2019, <https://www.standardmedia.co.ke/kenya/article/2001327735/wetangula-speaks-on-fake-gold-saga>.
- 33 Wangui Ngechu, Exclusive: Zaheer Jhanda speaks out on fake gold scam, *Citizen Digital*, 18 May 2019, <https://www.citizen.digital/news/exclusive-zaheer-jhanda-speaks-out-on-fake-gold-scam-248120>.
- 34 Hassan Mugambi, Fake gold now impounded at Barclays Bank, *Citizen Digital*, 20 March 2019, <https://www.citizen.digital/news/fake-gold-now-impounded-at-barclays-bank-236906>; and Maureen Kakah, Secret Service confirms Sh2bn seized at Barclays Bank was fake, *Nation*, 20 June 2019, <https://nation.africa/kenya/news/secret-service-confirms-sh2bn-seized-at-barclays-bank-was-fake-178684>.
- 35 Observatory of Illicit Economies in Eastern and Southern Africa, Risk Bulletin 24, GI-TOC, March–April 2022, <https://riskbulletins.globalinitiative.net/esa-obs-024/index.html>.
- 36 Israeli, Brit and Canadian arrested in HK\$33m drug bust, *The Standard*, 16 October 2020, [https://www.thestandard.com.hk/breaking-news/section/4/157529/Israeli,-Brit-and-Canadian-arrested-in-HK\\$33m-drug-bust](https://www.thestandard.com.hk/breaking-news/section/4/157529/Israeli,-Brit-and-Canadian-arrested-in-HK$33m-drug-bust). Although the media report does not mention Y.B.-R. by name, our source confirmed that he was the Israeli national referenced therein. The article also noted the age of one of the suspects as 45 years, which was Y.B.-R.'s age at the time of the arrests, according to the date of birth listed on his passport.
- 37 Joseph Muia, Ten suspects arrested in Ksh.67M gold scam; 2 guns, 470 rounds of ammunition recovered, *Citizen Digital*, 4 February 2023, <https://www.citizen.digital/news/ten-suspects-arrested-in-ksh67m-gold-scam-2-guns-470-rounds-of-ammunition-recovered-n313835>.
- 38 Ibid.
- 39 Kenyan media reports indicate at least once other instance, in 2019, when officers from this paramilitary unit were found guarding a Nairobi compound when it was raided by police in connection to a gold fraud. A police spokesman later claimed that the officers had been stationed to protect diplomatic personnel living on the same compound.
- 40 Louis Charbonneau, Fake UN documents aided Congo gold export – report, *Reuters*, 27 May 2010, <https://www.reuters.com/article/congo-democratic-gold-idUSN2622854820100526>.
- 41 MONUSCO recalls that the United Nations in DRC does not play any role in the certification of minerals, MONUSCO, press release, 13 September 2017, <https://monusco.unmissions.org/en/monusco-recalls-united-nations-drc-does-not-play-any-role-certification-minerals>.
- 42 Observatory of Illicit Economies in Eastern and Southern Africa, Risk Bulletin 24, GI-TOC, March–April 2022, <https://riskbulletins.globalinitiative.net/esa-obs-024/index.html>.
- 43 Additionally, our source claimed that he had reached out to a contact in the Uganda Revenue Authority, who confirmed that the tax receipt was fraudulent.
- 44 See Global Organized Crime Index, GI-TOC, 2021, https://ocindex.net/country/congo_dem_rep.
- 45 See, for example, Journalists for Justice, Black and White, Kenya's criminal racket in Somalia, November 2015, <https://jffjustice.net/wp-content/uploads/2020/01/Black-and-White-web.pdf>; and United Nations Monitoring Group on Somalia and Eritrea, Somalia report of the Monitoring Group on Somalia and Eritrea submitted in accordance with resolution 2244 (2015), 31 October 2016, <https://documents-dds-ny.un.org/doc/UNDOC/GEN/N16/300/79/PDF/N1630079.pdf?OpenElement>.
- 46 UAE partners with DR Congo for 'equitable' gold exports, *AFP*, 13 January 2023, <https://www.barrons.com/news/uae-partners-with-dr-congo-for-equitable-gold-exports-01673636709>.
- 47 Ibid.
- 48 For instance, IMPACT's Just Gold project, launched in 2015, aims to implement a traceability and due diligence system for artisanal gold in the DRC. According to IMPACT, 24 kilogrammes of 'traceable, legal, and conflict-free gold' reached the international market between 2017 and 2019. However, the persistence of rampant smuggling has greatly impeded the success of the initiative. See Oscar Katho et al, The Just Gold Project: Lessons for the future of artisanal gold in Democratic Republic of Congo, IMPACT, March 2021, https://impacttransform.org/wp-content/uploads/2021/03/IMPACT_Just-Gold-Lessons_March-2021_EN-web.pdf.



**GLOBAL
INITIATIVE**
AGAINST TRANSNATIONAL
ORGANIZED CRIME

ABOUT THE GLOBAL INITIATIVE

The Global Initiative Against Transnational Organized Crime is a global network with over 600 Network Experts around the world. The Global Initiative provides a platform to promote greater debate and innovative approaches as the building blocks to an inclusive global strategy against organized crime.

www.globalinitiative.net