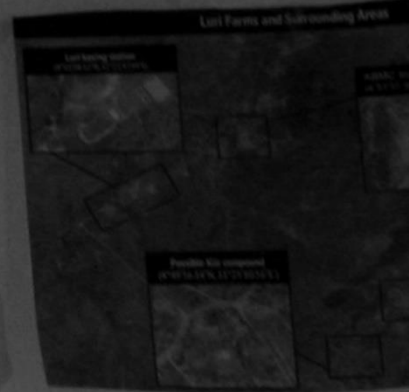


President Salva Kiir Mayardit



September 2016

# War Crimes Shouldn't Pay

Stopping the looting and destruction in South Sudan



an investigative report by

# THE SENTRY

United Nations Security Council

General Paul Malong

Independence Bank

Nile Link Petroleum

Fortune Minerals & Construction

Foreword by George Clooney and John Prendergast

Table with columns for company names and financial data under Fortune Minerals & Construction.

Table with columns for company names, nationalities, and percentages under Nile Link Petroleum.

Table with columns for names, titles, and signatures under Independence Bank.

# War Crimes Shouldn't Pay

## Stopping the looting and destruction in South Sudan

September 2016

The Sentry is an initiative of the Enough Project and Not On Our Watch (NOOW), with its implementing partner C4ADS.

Photo Credit: The Sentry



# Foreword

## George Clooney and John Prendergast Co-Founders, The Sentry<sup>1</sup>

After nearly two years of following the money underwriting South Sudan's war economy, this report represents the first public release of the findings of The Sentry's investigation into the links between public corruption and armed conflict.

The Sentry's investigation has generated substantial information indicating that top officials ultimately responsible for mass atrocities in South Sudan have at the same time managed to accumulate fortunes, despite modest government salaries. Some have been involved in questionable business deals while others have apparently received large payments from corporations doing business in South Sudan. Meanwhile, some top officials and their family members own stakes in a broad array of companies doing business in the country—and in some cases, these commercial engagements may be in violation of South Sudanese law. Members of their families often live in multi-million dollar mansions outside the country, stay in five-star hotels, reap the benefits of what appears to be a system of nepotism and shady corporate deals, and drive around in luxury cars—all while much of their country's population suffers from the consequences of a brutal civil war, and in many places, experiences near-famine conditions. In short, The Sentry found that South Sudan's top officials have benefited both financially and politically from the continuing war and atrocities committed within their country.

Our investigation also found that top officials in South Sudan could not maintain the status quo without the system of international banks, businesses, arms brokers, real estate firms, and lawyers who, knowingly or unknowingly, facilitate the violent kleptocracy that South Sudan has become. The Sentry's investigation found instances of reliance on these types of institutions and actors on five different continents: Europe, North America, Africa, Asia, and Australia.

Sentry analysts have painstakingly collected documents and other information that illustrate how money that could be used to improve the living standards of South Sudan's population is used to fund weapons purchases or armed groups and is effectively diverted from public coffers and moved out of the country.

In the wake of this investigation, we propose a new strategy to counter mass atrocities that would utilize the tools of financial pressure normally reserved for countering terrorism, organized crime, and nuclear proliferation. The new approach would combine anti-money laundering measures with targeted asset freezes focused on key leaders and their networks, accompanied by robust enforcement. These tools would have two objectives: to create leverage in support of more effective peace efforts, human rights protections, and good governance initiatives; and to bring to account those responsible for atrocities—officials who have been operating with impunity because the international community imposes no meaningful consequences for their war crimes and appropriation of state resources.

In South Sudan, war crimes shouldn't pay.

<sup>1</sup>The Sentry is a partnership between the Enough Project, Not On Our Watch, and C4ADS.



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## Methodology

The Sentry conducted a two-year investigation into the assets and wealth of top South Sudanese officials in the government and opposition. In addition to reviewing and analyzing voluminous open-source materials concerning the conflict in South Sudan, including United Nations and other official documents, academic literature, and credible news accounts, both international and local, during the course of this research, members of the investigative team traveled to Australia, Ethiopia, Egypt, Kenya, South Sudan, and Uganda to collect documents and other information and to conduct interviews with experts and eyewitnesses. The Sentry investigators contacted over 100 individuals currently and formerly in the Government of South Sudan, political opposition, civil society, the business community, and eyewitnesses to properties and assets. Many of the individuals who spoke to The Sentry agreed to do so under the condition that their identities would remain confidential for fear of retribution. Accordingly, those persons are not identified in this report, although the report is based in part on information received from such sources who—based on this investigation—The Sentry deemed to be credible.

The investigative team also obtained information and images posted online via social media sites accessible to the general public. Examples of some of these postings are presented as illustrations in this report. In several instances, however, we determined that no useful purpose would be served by identifying the usernames and account holders who posted such images. In those instances, the report does not contain specific citations to those posting.

The Sentry also utilized publicly available satellite imagery from Google Earth Pro to examine and obtain information about several of the properties discussed in this report. Once again, examples of some of these postings are presented as illustrations in this report. For the reader's convenience, however, separate citations are not provided for every instance in which a published statement is derived from a satellite image.

The Sentry was also able to obtain and/or review thousands of pages of corporate filings, legal records, financial data, and correspondence. Unless doing so would compromise a confidential source, the report provides citations to such documents. Because many of the individuals who provided these documents did so under promises of confidentiality or otherwise required that the documents themselves not be published, we have omitted citations specifically identifying those sources or the documents they provided.

As a result of the foregoing, the footnotes to this report, while voluminous and detailed, largely provide citations only to open source materials as well as to those other documents that could be safely identified without compromising a confidential source. Where a statement appears in the report without a footnoted citation, we have attempted to provide sufficient context so that a reader can determine that the published statement is based on information derived either from (1) a confidential source, (2) a document provided by such a source, (3) a social media posting, (4) a satellite image, or (5) some combination thereof. In all such instances, the published information is in fact based on some combination of these sources that, based on its investigation, The Sentry determined to be credible.

Finally, The Sentry endeavored to contact every individual and entity discussed in this report and afford them an opportunity to address the information gathered during the course of our investigation prior to the report's completion. In most cases, these persons and entities did not respond to The Sentry's email or telephone requests that they speak with us and respond to our questions. Responses that were received have, however, been included in our analysis and are otherwise reflected in the report itself.



## Executive Summary

South Sudan, the world's newest state, continues to be embroiled in a horrific civil war. Tens of thousands of people have lost their lives, many of them civilians. Mass rape has been used as a weapon of war. Children are routinely recruited as soldiers and sent as cannon fodder into combat. As of July 2016, some 2.3 million people have been displaced by the conflict. A staggering 5.1 million people—almost half the country's population—require food assistance. Entire towns have been destroyed. The Office of the United Nations High Commissioner for Human Rights (OHCHR) has called South Sudan “one of the most horrendous human rights situations in the world.”

The proximate cause of this brutal civil war was a falling out between the country's top politicians: President Salva Kiir Mayardit and deposed Vice President Riek Machar Teny. But South Sudan's civil war is not the result of a blood feud between two men, conventional explanations notwithstanding. The key catalyst of South Sudan's civil war has been competition for the grand prize—control over state assets and the country's abundant natural resources—between rival kleptocratic networks led by President Kiir and Vice President Machar. The leaders of South Sudan's warring parties manipulate and exploit ethnic divisions in order to drum up support for a conflict that serves the interests only of the top leaders of these two kleptocratic networks and, ultimately, the international facilitators whose services the networks utilize and on which they rely.

In 2015, The Sentry began to follow the money that has been and continues to be amassed by these networks. This report highlights the link between systemic corruption and violent conflict, including the mass atrocities committed during the civil war. The Sentry's investigation focused on top officials identified by the United Nations and African Union as having command authority over military operations that have resulted in widespread human rights crimes since December 2013, including President Kiir; Vice President Machar; Gen. Paul Malong Awan, the Chief of Staff of the Sudanese People's Liberation Army (SPLA); South Sudan's armed forces; Gen. Malek Reuben Riak, the Deputy Chief of Staff of the SPLA for Logistics who is in charge of military procurement; and Gen. Gabriel Jok Riak, a field commander under sanctions by the United Nations Security Council. The following are the findings of The Sentry's investigation.

### Making a killing

The Sentry has found that the top officials responsible for mass atrocities in South Sudan have managed to accumulate fortunes while the rest of the country suffers the consequences, in some places experiencing near-famine conditions. These South Sudanese officials have benefited financially from the continuing war and have effectively ensured that there is no accountability for their human rights violations and financial crimes.

**Several of the most powerful politicians and generals in South Sudan appear to have accumulated significant wealth in the decade since the 2005 signing of the Comprehensive Peace Agreement that ended the North-South war and laid the groundwork for the self-determination referendum that resulted in South Sudan's independence in 2011.** Much of the wealth that has been accumulated by these top leaders is in the form of high-end properties outside the country and extensive commercial holdings in both public sector and oil services contracting in South Sudan. The Sentry found that members of the families of both President Kiir and Vice President Machar reside in luxurious homes outside of South Sudan, including homes in one particular upscale neighborhood in Nairobi, Kenya. The Sentry's investigation



indicates that Gen. Malong, who makes roughly \$45,000 per year through his government salary, has at least two luxurious villas in Uganda in addition to a \$2 million mansion in a gated community in Nairobi. That investigation further indicates that one of Gen. Malong's houses in Kampala, Uganda, is located next door to a home maintained by Gen. Gabriel Jok Riak, a South Sudanese general subject to a U.N.-mandated asset freeze and travel ban—a move that should have effectively frozen any of his assets and barred him from traveling outside the country. Gen. Malek Reuben Riak has a house inside a walled compound just a few miles away. Unexplained wealth such as this should be enough to provide authorities with a reasonable basis for investigating the sources of that wealth and whether any wrongdoing occurred.

**Immediate family members of South Sudan's top officials have held commercial ventures throughout the country's most lucrative business sectors.** According to South Sudanese law, it is illegal for constitutional office-holders to engage in business activities outside of government while they are in office. The 2009 SPLA Act prohibits nepotism and corrupt practices by all SPLA personnel offenses and makes such activities subject to imprisonment.<sup>1</sup> Yet, curiously, documents obtained by The Sentry indicate that President Kiir's 12-year-old son held a 25 percent stake in a holding company formed in February 2016. The Sentry has reviewed documents indicating that at least seven of President Kiir's children as well as his wife, First Lady Mary Ayen Mayardit, have held stakes in a wide range of business ventures. Additionally, those documents reveal that President Kiir's brother-in-law, Gen. Gregory Vasili, has held stakes in numerous businesses operating in South Sudan. Together, the Kiir and Vasili families have, according to these documents, held interests in almost two dozen companies operating in oil, mining, construction, gambling, banking, telecommunications, aviation, and government and military procurement. Other documents obtained by The Sentry indicate that children of Gen. Malong and Gen. Reuben Riak, too, have held stakes in oil, mining, and telecommunications companies.

**Members of President Kiir's family have also apparently been involved in a series of transactions involving government procurement deals and relationships with a foreign oil company.** According to documents obtained by The Sentry, one company controlled by Gen. Vasili's family, T-ALFA Investments, has been involved in several noteworthy deals. The Sentry obtained documents indicating that T-ALFA was doing business with South Sudan's military as a major fuel supplier during a period in which Gen. Vasili served as a senior officer in the military. According to those documents, in 2012, T-ALFA formed a joint venture with a subsidiary of Petronas—a Malaysian state-owned oil company and a major player in South Sudan's oil sector—called Petal Petroleum. Those documents further indicate that T-ALFA Investments later purchased all of the shares in that same Petronas subsidiary for only €25,000 (\$27,500).

## Facilitating kleptocracy

The Sentry has also found that these top officials in South Sudan could not continue their conduct without the system of international banks, businesses, arms brokers, real estate firms, and lawyers who, knowingly or unwittingly, facilitate the violent kleptocracy that South Sudan has become.

**Foreign companies have made direct payments to the personal bank accounts of high-ranking South Sudanese generals.** Documents reviewed by The Sentry show \$3.03 million moving through Gen. Reuben Riak's personal bank account at Kenya Commercial Bank between 2012 and 2016. Those documents further indicate that Gen. Jok Riak also received large financial transfers totaling at least \$367,000 to his personal bank account at KCB from February to December 2014 alone—sums that dwarf his government salary of about \$35,000. These financial transfers apparently included \$308,524.10 from Dalbit International, a



Kenyan multinational corporation operating in South Sudan. Dalbit told The Sentry that the payment was a reimbursement for a fuel supply deal with the SPLA that had fallen through, stating that it had been directed to make the reimbursement payment into three accounts, including one held by Gen. Jok Riak. “This was neither a business transaction nor relationship between Dalbit and the General,” the company said.

**South Sudan’s violent kleptocrats have moved money with ease.** Large financial transactions involving politically exposed persons, defined as senior government officials, judges, military officers, and senior executives of state-owned corporations, as well as their families, ought to raise red flags that those transactions, or the conduct that led to them, may have been unlawful or otherwise improper. Due diligence with respect to such transactions enables banks to prevent the laundering of illicit money, including the proceeds of corruption. Nevertheless, to cite just one example, documents reviewed by The Sentry indicate that Kenya Commercial Bank processed large payments from multinational companies operating in South Sudan into the accounts of two senior South Sudanese politically exposed persons over a period of several years. Bank transactions for Gen. Jok Riak were apparently processed even after he became subject to a United Nations-imposed asset freeze in March 2015. When presented with the information obtained by The Sentry, KCB did not reply to requests for comment.

**Lawyers play a crucial role in facilitating South Sudan’s violent kleptocratic system.** The paperwork for the formation of Combined Holding Limited—the company in which President Kiir’s 12-year-old son purportedly held a 25 percent stake as of early 2016—had to pass through the hands of a corporate lawyer and through the registrar of companies in Juba. Lawyers have also been involved in facilitating South Sudanese officials’ real estate acquisitions outside the country. The home that Gen. Jok Riak maintains in Kampala is not registered in his name. Rather, the deed for the home indicates that it is owned by a Ugandan national named Adrian Mubiru. Notably, bank records reviewed by The Sentry indicate that Gen. Jok Riak transferred a total of \$210,000 to an individual named “Adrian Mubiru” from November 2014 to February 2015.

**International actors profit from instability and continued violence.** Documents obtained by The Sentry indicate that, in mid-2014, a Russian broker identifying himself as “Mark Goldmann” acted as an intermediary between Vice President Machar and a Kiev-based defense firm called Nebo Ukrainy. The documents indicate that Mr. Goldmann (apparently an alias for someone named Magomed Erzanukaev) was involved in “importing military equipment for the improvement of its military defense...in return for crude oil” from South Sudan. Other documents purport to afford Goldmann power of attorney for both Machar and Nebo Ukrainy. Mr. Goldmann did not reply to requests for comment.

## A new approach to atrocity prevention

This report proposes a new strategy to counter atrocities that will use the tools of financial pressure normally reserved for countering terrorism, organized crime, and nuclear proliferation for two purposes: first, to bring to account those government actors in South Sudan who until now have been able to operate with near impunity because the world imposes no consequences for their behavior; and second, to create significant and until now missing international leverage by altering the cost-benefit analysis of those leaders and shifting their incentives away from violence, atrocities, and corruption and toward peace, human rights, and transparency. The international community should take the following steps to create that accountability and leverage:





**Take proactive steps to curb the laundering of the proceeds of corruption in South Sudan—and crack down on any banks that fail to stop such transactions.** The U.S. government and other governments can prompt financial institutions to take extra steps to safeguard against the laundering of the proceeds of corruption originating in South Sudan. Under section 311 of the Patriot Act, the Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) could declare that the purchase of real estate by senior politically exposed persons in South Sudan, as a class of transactions, presents a primary money laundering concern. FinCEN should consider using its authority to impose additional investigative and recordkeeping requirements on financial institutions processing such transactions. This will put the global financial community on notice to monitor these transactions rigorously and prevent the purchase of real estate with corrupt proceeds.

**Impose smarter sanctions on a wide array of high-impact targets and ensure these sanctions are robustly enforced.** The ad hoc manner in which targeted sanctions are utilized now in South Sudan guarantees failure. Current sanctions do not target the top of the decision-making chain; they do not focus on the network of decision-makers; they do not target the international facilitators that, intentionally or not, support top decision makers; and they are not enforced. However, if utilized properly, targeted sanctions represent a potent tool for creating financial leverage that can alter the calculations of the individuals, companies, and networks that are either the perpetrators or facilitators of financial misconduct and human rights crimes. The White House should issue a new executive order that authorizes the administration to impose sanctions on those individuals found responsible for misappropriating state assets, engaging in public corruption, and obstructing civil society, in addition to its existing authorities. That executive order should be accompanied by the designation of several high-impact targets, including top officials profiled in this report and their networks. Sanctions investigations should focus on the entire kleptocratic network responsible for the war's continuation. Those targeted sanctions will then have to be vigorously enforced. Imposing targeted sanctions and adopting other policy tools focused on anti-money laundering and asset recovery would further maximize financial leverage.

**Encourage and support South Sudan's neighbors to lead in combating the laundering of assets looted from South Sudan and imposing asset freezes on those most responsible for human rights violations and financial misconduct.** Regional governments and financial institutions must play a leading role in combating the laundering of assets looted from South Sudan. Many of the assets accumulated by top South Sudanese officials identified in this report are, according to documents obtained by The Sentry, located in countries that border South Sudan, namely Kenya, Uganda, and Ethiopia. Additionally, The Sentry has obtained documents indicating that millions of dollars in questionable payments have transited through Kenyan banks. The governments of these countries have perhaps more leverage in South Sudan than other governments around the world. These governments should therefore begin to freeze and seize the assets belonging to the top South Sudanese officials who are collectively responsible for continued violence, financial corruption, mass atrocities, as well as any violations of the peace agreement signed in August 2015.

**Take proactive attempts to prevent de-risking.** Directing anti-money laundering pressures against politically exposed persons in South Sudan could cause banks to determine that the risk of doing business with South Sudanese account holders is simply too high when compared with the incentives for maintaining business in the country. International bodies and observers that have examined this challenge generally focus on two key components: 1) specificity from government about the nature of risks in a particular jurisdiction or type of transaction; and 2) availability of information within the banking system about customers, particularly those of concern. To ensure that banks do not cut off all businesses in their effort to



prevent the laundering of corrupt proceeds out of South Sudan, FinCEN should issue guidance to the banking community stressing that not every South Sudanese client is high-risk.

**Introduce a financial management system that prevents violent kleptocrats from capturing state institutions to facilitate the looting of public resources.** As referenced in the section of the August 2015 peace agreement on necessary systemic changes for South Sudan's resource, economic, and financial management, South Sudanese leaders should establish an oversight mechanism for revenue collection, budgets, revenue allocation, and government spending with technical and advisory support from the regional and international community. Despite this presence in the peace agreement and general lip service paid by South Sudanese leaders to these concepts, the government has failed to implement good fiscal management practices. International donors may have a window of opportunity and leverage now to press for greater oversight and accountability on the use of any donor funds, given the severity of South Sudan's economic crisis and the need that leaders have expressed for external sources of revenue. Determining the particular mechanism of external oversight for any additional funding provided will require concessions and significant diplomatic engagement, especially in light of the potential for concerns over sovereignty infringement, but this report makes clear—again—that such concessions must be demanded.

Beyond the leverage building and accountability mechanisms outlined above, in the long run international donors and institutions engaged in South Sudan should prioritize the development of strong public sector institutions, work to promote government and corporate transparency, close loopholes exploited by kleptocrats, and safeguard space for civil society and the press to perform their crucial watchdog function.



## South Sudan's Civil War: Fighting for Control of the Kleptocracy

The rivalry between President Kiir and deposed Vice President Machar is not new. As senior officers in the Sudanese People's Liberation Movement/Army (SPLM/A), President Kiir and Vice President Machar were prominent figures in South Sudan's push for self-determination. The relationship between these two top leaders has been tumultuous for decades. The two men were allies-turned-enemies in the 1990s—and then allies again during South Sudan's final push for independence in the early 2000s. Since the signing of the Comprehensive Peace Agreement with Khartoum in 2005, politics in South Sudan has been characterized by competitive corruption between networks led by President Kiir and Vice President Machar. These rival cliques have jockeyed for the control of the state and the spoils of power.

These men held the top two posts in South Sudan's government from independence in 2011 until President Kiir dismissed Vice President Machar in mid-2013.<sup>2</sup> Tensions escalated over the following months, finally boiling over in December 2013 when President Kiir accused Machar and his supporters of plotting a coup d'état. The outbreak of severe violence in Juba in December 2013 triggered the beginning of the current civil war that pitted government forces and private militia loyal to President Kiir against the Vice President Machar-led SPLM-In Opposition (SPLM-IO). The conflict reached a lull in early 2016, months after the signing of a peace agreement.<sup>3</sup> Machar finally returned to Juba to resume his post in April 2016, but the truce proved short lived. By July 2016, South Sudan had returned to conflict, with President Kiir and Vice President Machar trading accusations of coup-plotting and corruption, and in August 2016 President Kiir dismissed Vice President Machar and replaced him with Taban Deng Gai.<sup>4</sup> President Kiir and Vice President Machar have traded accusations of corruption and abuse of power. But make no mistake, the current war is not about changing the system in South Sudan; it is about who controls it.

Forces under President Kiir and Vice President Machar's command have been responsible for mass atrocities and other gross human rights violations across South Sudan. In the days after the war initially broke out in Juba in December 2013, the Mathiang Anyoor—a private militia recruited by President Kiir and one of his closest advisers, SPLA Chief of Staff Gen. Paul Malong Awan, and largely composed primarily of young men from their Dinka ethnic group in Northern Bahr el Ghazal state—reportedly slaughtered scores of people in Juba, many of whom were targeted because they were from a different ethnic group, the Nuer.<sup>5</sup> This triggered a tit-for-tat series of escalating atrocities by both sides throughout the Greater Upper Nile region. For example, in April 2014, forces under Machar's command launched an offensive to capture Bentiu, a town in oil-rich Unity state. During the siege, SPLM-IO troops are reported to have massacred hundreds, including many civilians.<sup>6</sup> Other similar atrocities were repeatedly committed in towns throughout the Greater Upper Nile region by both government and SPLM-IO troops throughout 2014 and 2015, and even into 2016.<sup>7</sup>

When the African Union formed a Commission of Inquiry in 2015 to report on the abuses committed during the civil war, its findings were unequivocal about the role corruption played in fueling the conflict:

It was clear from the various consultations of the Commission that the absence of equitable resource allocation and consequent marginalization of the various groups in South Sudan was a simmering source of resentment and disappointment underlying the conflagration that ensued, albeit the implosion of the conflict was brought about by the political struggle by the two main players. The




struggle for political power and control of natural resources revenue, corruption and nepotism appear to be the key factors underlining the break out of the crisis that ravaged the entire country.<sup>8</sup>

Even President Kiir and Vice President Machar themselves have acknowledged that corruption is at the core of the country's current crisis. "An estimated \$4 billion are unaccounted for or, simply put, stolen by former and current officials, as well as corrupt individuals with close ties to government officials," President Kiir wrote in a June 2012 letter to government officials that was leaked to the press.<sup>9</sup> But none of these funds has been recovered—and the kleptocratic system that allowed the looting in the first place remains completely intact.



## | President Salva Kiir Mayardit



"That there is clear and convincing evidence, presented below, that most of the acts of violence committed during the war by the Government or by government-affiliated forces, including the targeting of civilians and violations of international humanitarian law and international human rights law, have been directed by or undertaken with the knowledge of senior individuals at the highest levels of the Government, including Kiir."<sup>10</sup>

Report by the U.N. Panel of Experts on South Sudan, January 2016

Neither President Kiir nor anyone in his inner circle has experienced any deterring consequences for the large-scale looting and killing in South Sudan.<sup>11</sup> The following is the result of a two-year investigation by The Sentry into the links between President Kiir and his family and a wide range of businessmen, brokers, and bankers from all over the world, who have facilitated his family's enrichment and offshoring of assets as well as his clique's acquisition of deadly weapons.

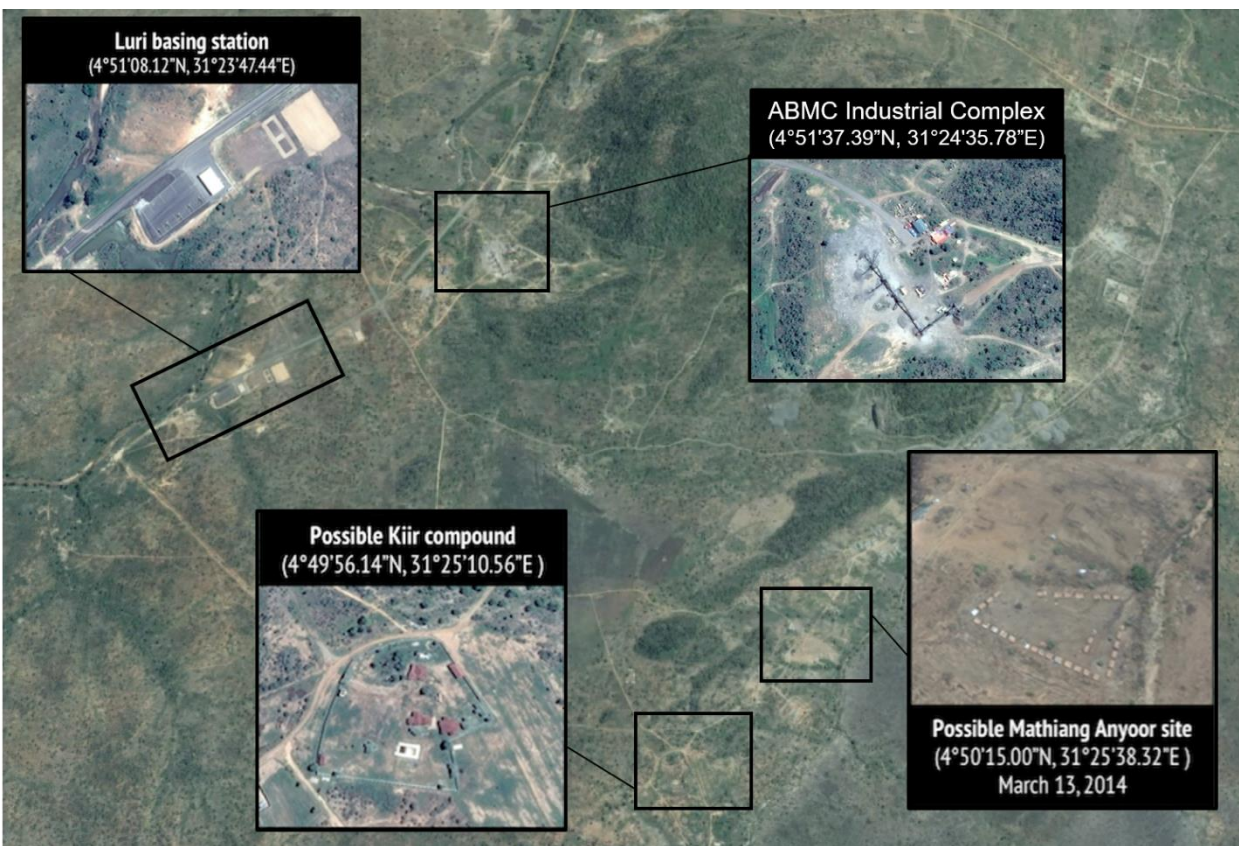
President Kiir officially earns about \$60,000 per year.<sup>12</sup> However, this investigation found evidence that President Kiir and his family have amassed a significant amount of wealth—far exceeding what he could have earned in his official capacity—and parked a sizable amount of assets outside South Sudan. The investigation also found that President Kiir's immediate family members—including teenagers and young adults in their early 20s who live luxuriously outside South Sudan and far away from the consequences of the country's brutal civil war—hold stakes in a wide range of business activities involved in South Sudan's oil, mining, and financial sectors. Documents obtained by The Sentry show that Gen. Gregory Vasili—the brother-in-law of the president—has held shares in a company that was connected to a major food procurement scandal, won gas contracts from the military in which he serves, and formed a petroleum marketing joint venture with Malaysian oil giant Petronas.



Below is a list of illustrative holdings that reflect the breadth and depth of how President Kiir and his family have benefited from this violent kleptocratic system of governance with few effective checks and balances.

## Kiir's ranch at Luri

Luri, a rural stretch of savannah and woodlands about 10 miles west of Juba, would barely have registered as a blip on the radar for most South Sudanese politicians when the country achieved independence in 2011. Just over five years later, it increasingly appears to have become a nucleus of power for the country's president. South Sudanese media reports, an African Union report, and a U.N. Panel of Experts report all indicate that South Sudanese President Kiir owns a ranch in the area.<sup>13</sup> The developments at and around President Kiir's ranch in Luri provide a snapshot of how he has governed: by cultivating relationships with private companies and foreign investors; spending tens of millions of dollars of state money on lethal military hardware, including attack helicopters, that have been used against South Sudanese civilians; recruiting, training, and unleashing a private militia on civilians and rival factions within the military; and simultaneously amassing a fortune.



President Kiir's Luri Ranch and surrounding area.



Using satellite imagery, eyewitness accounts, and photographs posted on social media, The Sentry was able to locate the ranch and the surrounding facilities. In the shadow of a steep hill that juts up about 1,000 feet at the bank of the Luri River, the ranch and the adjacent properties include a walled compound with numerous houses, facilities for President Kiir's many cattle, a tract of land currently being cultivated, an airstrip and helipad, and mining and stone-crushing facilities.

But this site is no normal presidential getaway, no conventional ranch. The Luri compound is not President Kiir's Camp David or even his version of Prairie Chapel Ranch, George W. Bush's farm in Crawford, Texas, that became known as the "Western White House" during his presidential tenure. President Kiir's ranch and adjacent properties in Luri are a microcosm of the violent kleptocratic government that President Kiir has cultivated in South Sudan.



Satellite images of the ranch's compound, where a dozen houses have been constructed since South Sudan's independence, show that President Kiir has been able to amass personal wealth at a time of severe economic hardship for the rest of the country. An independent investigation news outlet based in South Sudan reported that a customary official granted the land to President Kiir without payment in return for "favours."<sup>14</sup> Construction of the compound began in late 2013 and continued for more than two years, appearing to conclude in early 2016. This period corresponds almost exactly with the dates of the current civil war and the acute fiscal crisis and economic implosion that South Sudan has experienced in its wake.<sup>15</sup> The country has lost the oil revenues on which it depends and has seen a dramatic spike in inflation (661 percent by July 2016),<sup>16</sup> a severe hard currency shortage, and a major contraction of the country's economy overall.<sup>17</sup> Despite the catastrophic economic situation, construction on the compound at Luri continued.

Concerns about President Kiir's Luri ranch extend beyond the circumstances of the land acquisition and the source of funds for construction. The property has also been linked in published reports to a firm called ABMC Thai-South Sudan Construction Company Limited, which is reported to represent some of President



Kiir's business interests.<sup>18</sup> While many of the company's other employees and senior officials are from Thailand, ABMC is run by Benjamin Bol Mel, a South Sudanese businessman with investments in construction, banking, energy, hospitality, bottling, and aviation while also serving as chairman of the South Sudan Chamber of Commerce.<sup>19</sup> Media outlets have reported that President Kiir has pushed to have hundreds of millions of dollars in road construction contracts allocated to ABMC.<sup>20</sup> Two knowledgeable sources (including a former senior government insider) interviewed by The Sentry have similarly reported that President Kiir personally benefits from ABMC and has aggressively advocated on the company's behalf behind closed doors. The Sentry also located documents, as detailed below, which indicate Mr. Bol Mel has held stakes in a South Sudanese bank alongside several of President Kiir's children.



Kiir at his ranch in Luri.

ABMC employees and others who have visited the company's offices near the president's ranch have referred to the site as the "Luri Industrial Complex." The ABMC complex includes a stone crushing facility, a metal sheet rolling plant, and a bakery.<sup>21</sup> A spokesperson for President Kiir has denied that the president has any links with ABMC or Bol Mel and asserted that the president only kept cattle at the ranch in Luri.<sup>22</sup> Nevertheless, The Sentry located a compound in the area that eyewitnesses and knowledgeable sources confirmed belongs to President Kiir. Satellite imagery would suggest that tracts of land adjacent to President Kiir's compound are indeed being cultivated, and The Sentry has obtained a picture of President Kiir sitting on a tractor at one of these locations. In addition, ABMC employees appear to enjoy privileged access to President Kiir's cattle ranch. Numerous ABMC employees stationed at Luri have posted photos on social media of what they claimed are President Kiir's cows, including photos from inside the housing and feeding facilities for the cattle.







ABMC's Industrial Complex near President Kiir's cattle ranch in Luri.

About a mile down the only paved street within miles of Luri is a new military airstrip. Satellite imagery reviewed by The Sentry show that, as recently as May 2016, four attack helicopters have been parked at the airstrip. Several ABMC employees who have spent time at the company's Luri Industrial Complex have posted photos of Mil Mi-24<sup>23</sup> attack helicopters. According to the U.N. Panel of Experts and several media reports, this airstrip serves as a base for several Mi-24 attack helicopters that have been used in military operations throughout the civil war.<sup>24</sup>

The SPLA's fleet of Mi-24 helicopters previously allowed government forces to attack opposition-held territories and also areas in Western Equatoria state, drawing international criticism. The Mi-24s "have been vital in providing an important advantage in military operations, have facilitated the expansion of the war, and have emboldened those in the Government who are seeking a military solution to the conflict at the expense of the peace process," the U.N. Group of Experts on South Sudan said of the Mi-24s in a January 2016 report.<sup>25</sup> U.N. investigators found that non-South Sudanese personnel from Motor Sich—the Ukrainian company that supplied the Mi-24s—are based in South Sudan and continue to provide maintenance services



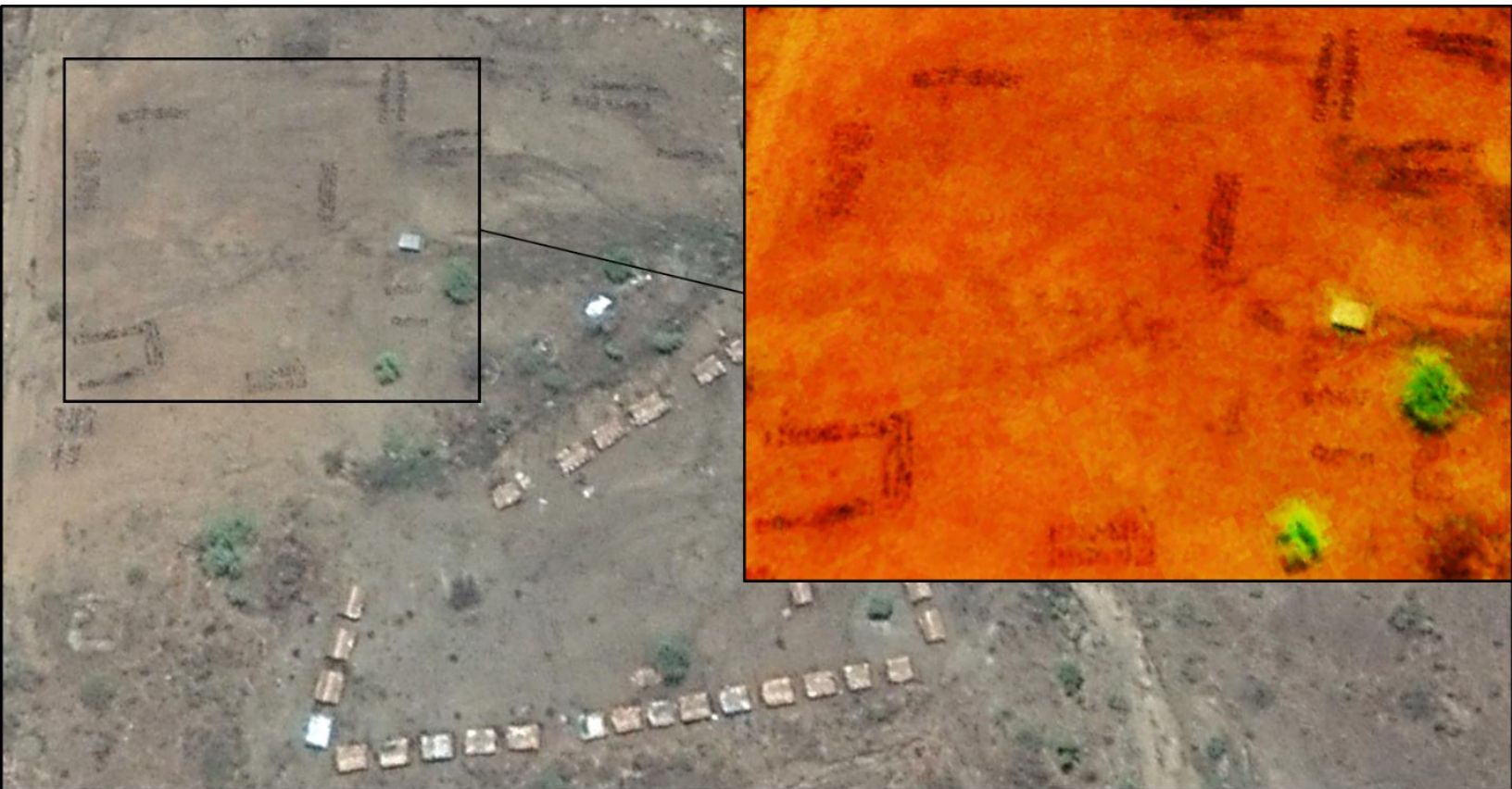
for the aircraft.<sup>26</sup> Media reports, videos posted to social media, and eyewitness accounts indicate that President Kiir's SPLA forces have continued to use Mi-24 attack helicopters during the round of fighting that began in July 2016.<sup>27</sup>



President Kiir's ranch has also been linked to a militia responsible for some of the worst atrocities committed during the current civil war. Media reports, the United Nations, and the African Union have all alleged that the Mathiang Anyoor militia that committed the bulk of the atrocities in Juba in December 2013 trained at Kiir's ranch in Luri.<sup>28</sup> Mathiang Anyoor is sometimes known as the "Dot ke Beny," meaning "Rescue the President" in Dinka.<sup>29</sup> While accounts vary about the origins of this militia, several accounts claim that it was initially formed in 2012 in Northern Bahr el Ghazal state in response to perceived provocations from Khartoum.<sup>30</sup> In the time since its reported formation in 2012, the Mathiang Anyoor has reportedly served primarily as a paramilitary force, operating outside of the military's normal institutional framework and remaining loyal only to President Kiir and his allies.<sup>31</sup> One senior South Sudanese official described the recruitment and deployment of the militia during the current conflict as a "secret mobilization."<sup>32</sup> According to the U.N. Panel of Experts, the procurement of weapons for the Mathiang Anyoor bypassed formal channels.<sup>33</sup>



The training of the militia also reportedly circumvented normal protocols—and at least a portion of the troops were trained at Luri.<sup>34</sup> “The militia was trained at Kiir’s farm in Luri, Central Equatoria State, without the approval of [then-SPLA Chief of Staff] James Hoth Mai,” according to a January 2016 report by the U.N. Panel of Experts on South Sudan. “The first four months of training of a subsequent batch of more than 3,000 National Security Service officers also took place partially in Luri.”<sup>35</sup> Some South Sudanese have even come to refer to these troops as “Luri boys.”<sup>36</sup> Satellite imagery obtained by The Sentry show that in early 2014, temporary structures were erected, and what appear to be troop formations could be observed



An enhanced image of the encampment site in March 2014 shows what appear to be troop formations adjacent to the temporary structures erected in the months prior.

on a tract of land about a half mile northeast of President Kiir’s compound. This militia was found by the A.U. Commission of Inquiry to be responsible for some of the most disturbing atrocities and violations of human rights that have occurred in South Sudan since the current conflict began in December 2013, including “a number of ‘sweeping operations’, house-to-house searches, targeted killings, and atrocities against civilians.”<sup>37</sup>



## Lavish Villa in Lavington

The Luri property is not the Kiir family's only home away from home. A number of Kiir family members appear to spend much of their time outside of South Sudan—and a large portion of the family's wealth appears to be parked outside the country.



1. Architect's rendition of Kiir's Lavington villa. 2. Photo of the villa from the southwest gate on Manyani Close. 3. Satellite image of the villa. 4. Photo of Lual Salva Kiir Mayardit, a son of President Kiir, in front of the east wing of the home near the villa's Manyani East Road entrance. 5. Photo of Manut Salva Kiir Mayardit, a son of President Kiir, in the courtyard in front of the home near the villa's Manyani East Road entrance. 6. Architect's rendition of Kiir's Lavington villa from the southeast.

About a quarter mile after the entrance to a gated community within Lavington—one of Nairobi's most upscale neighborhoods—is a well-guarded compound, lined with a 10-to-12-foot cinderblock fence topped with two additional feet of taut, high-voltage wiring. Just inside is a courtyard, flanked on either side by two relatively small structures that appear to be a large garage and a guest house or guard post. Just beyond the courtyard is the main home, an elegant, pale yellow, two-story villa with several balconies that appears to be well over 5,000 square feet. Behind the main house is a spacious, lush, and well-landscaped backyard



with a long, brick driveway lined with finely-manicured hedges leading to the rear gate. From nearly every angle outside the compound, the house is virtually impossible to see clearly due to the high walls and numerous trees that hug the home's perimeter. Despite the visual obstructions, The Sentry visited the Lavington property and confirmed that the villa is a residence for the family of President Kiir.

Although the specific location of President Kiir's home has never previously been officially disclosed or reported to the public, the existence of the Kiir family's Nairobi residence was hardly a secret to either those living and working in the neighborhood or to Kenyan authorities. The first public revelations that President Kiir's family lived in the neighborhood came in 2014 when Kenyan and South Sudanese media reported about a domestic incident at the home involving several members of President Kiir's family in which the police became involved.<sup>38</sup>

The Sentry team that visited the property spoke to numerous additional sources who confirmed that the home is occupied by members of President Kiir's immediate family. Two sets of neighbors, numerous guards throughout the neighborhood, and two additional sources who have traveled to the house confirmed to us that the the Kiir family resided in the home. Several of these sources stated that the home belonged to "Salva Kiir" himself. Finally, a neighborhood directory seen and photographed by The Sentry refers to the property in question simply as "Sudan residence." Additionally, The Sentry has obtained several images of members of the Kiir family inside the compound.

Members of President Kiir's family living outside of South Sudan also receive much better educational opportunities than most South Sudanese people. At least some of President Kiir's children and grandchildren attend private schools outside of South Sudan. One knowledgeable source reports that four of the president's grandchildren attend a private school on the outskirts of Nairobi that costs roughly \$10,000 per year. Several of President Kiir's other children have attended high school and college in Australia, Malaysia, and Uganda. And President Kiir's children appear to travel internationally for more than just their education. One of his children posted photos and videos on social media showing a vacation throughout Europe with stops in Paris, Munich, Oslo, and Milan. Social media accounts reveal several of the same children of the president and their friends riding jet skis, driving in luxury vehicles, partying on boats, clubbing and drinking in the Villa Rosa Kempinski—one of Nairobi's fanciest and most expensive hotels—all during South Sudan's current civil war.

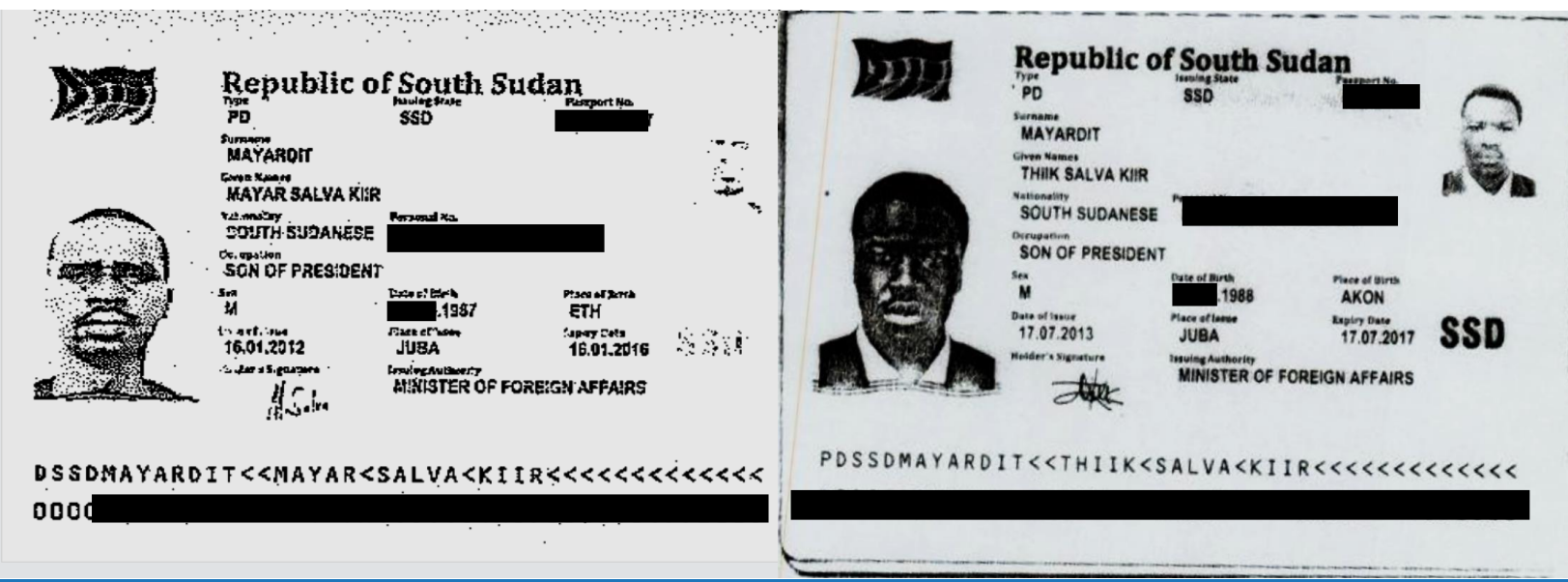
## Kiir, Inc.

How do President Kiir's children afford to live in such apparent luxury? Corporate records for Combined Holding Limited (CHL), a South Sudanese holding company incorporated in February 2016, provide one clue. These records reveal basic information about the company: the date of incorporation, names of shareholders, their contact information and a copy of their passport. One of CHL's shareholders is a 12-year-old child with the surnames "Salva Kiir Mayardit" whose passport lists his occupation as "Son of President." But, this hardly makes this child unique among members of President Kiir's immediate family. In total, The Sentry found that at least seven of President Kiir's children have held stakes in a wide range of business ventures, especially in the extractive and financial sectors.

Corporate filings obtained by The Sentry show that South Sudan's first family appears to be active in the country's oil and mining industries. Another document obtained by The Sentry, dated June 26, 2015, indicates that Thiik Kiir—the president's 28-year-old son—owned 35 percent of Nile Link Petroleum. A



document filed in 2014 lists Mayar Kiir—Thiik’s 29-year-old brother whose passport also confirms he is the president’s son—as owner of half of Oil Line & Hydrocarbons Limited, with the remaining shares held by three Kenyan businessmen. A document dated May 25, 2015, lists Mayar Kiir as a 50 percent shareholder in Specialist Services Co. Ltd., a company that describes itself as being involved in “oilfield services and petroleum supply.” Another document indicates that Adut Salva Mayar, the president’s daughter, has owned shares of Rocky Mining Industries Limited. Yet another document reports that Anok Kiir, President Kiir’s 29-year-old daughter, has held a 45 percent stake in CPA Petroleum. And, according to another corporate record, Winnie Salva Kiir, the president’s 20-year-old daughter, held an 11 percent stake in Fortune Minerals & Construction. The same document indicates that, as of March 2016, the three largest shareholders of Fortune Minerals are Chinese investors.



Passports for Thiik Salva Kiir Mayardit and Mayar Salva Kiir Mayardit that list their occupation as “Son of President.”

Additional records indicate that several of the Kiir children have held stakes in banks registered in South Sudan. One document indicates that both Thiik Kiir and Mayar Kiir, at one point in 2007, held shares in Buffalo Commercial Bank alongside Benjamin Bol Mel. Although these shares appear to have since been transferred to third parties, it is noteworthy that Thiik and Mayar Kiir were only 19 and 20 years old, respectively, when the document indicates they held these stakes. Another document indicates that Manut Kiir, President Kiir’s 26-year-old son, owned five percent of Independence Bank of South Sudan Plc, a South Sudan-registered company which listed three Americans—Frank N. Cine, Ralph Randy Day, and Marc S. Maxi—as its largest shareholders. Mr. Day, who serves as a pastor of Norwalk (Conn.) United Methodist Church, acknowledged having held shares in Independence Bank when contacted by The Sentry but noted that the venture never fully materialized. In a brief phone conversation with The Sentry in August 2016, Mr. Day stated that he did not “know much about” Independence Bank, claiming that Mr. Maxi, who is since deceased, was handling that business. “That was just paperwork, and it never got off the ground,” he said. “Marc Maxi was handling it but died suddenly this spring.” Mr. Day asserted that he had no knowledge of the fact that Manut Kiir also held a stake in the company.



Other records obtained by The Sentry indicate that some of Kiir's children hold stakes in aviation and insurance firms as well as numerous other investment and trading companies. Some of these companies disclose very little information about their activities.

Documents obtained by The Sentry show that First Lady Mary Ayen Mayardit has held stakes in numerous South Sudanese companies. A document dated February 3, 2014, indicates that Mrs. Mayardit held a 50 percent stake in a construction firm called Ayang for Roads & Bridges Co. Ltd. Other documents indicate that, Mrs. Mayardit was involved in the controversial takeover of Gemtel, a telecom company previously owned by LAP Green Networks, the investment arm of the government of ousted Libyan strongman Moammar Gadhafi.

According to documents obtained by The Sentry, on September 6, 2015, all of the shares in a company called Green SS Limited were transferred to two individuals: Mary Ayen Mayardit and her son, Mayar Salva Kiir. A letter dated September 7, 2015, and signed by Mr. Kamal John Akol to the registrar of companies in South Sudan requests the transfer of LAP Green's 80 percent stake in Gemtel to Green SS. Another document indicates that one day later, on September 8, 2015, Mrs. Mayardit became the chairperson of Gemtel's board. Other documents indicate that, on January 30, 2016, Gemtel's board passed a series of resolutions that transferred signatory authority for five of the companies bank accounts.

A report by a respected Ugandan investigative news outlet, Chimp Reports, claims that Gemtel was "the subject of an unlawful seizure" by individuals close to Mrs. Mayardit. The article asserted that on February 15, 2016—just two weeks after signatory authority for the company's accounts was transferred—Gemtel's board passed a resolution stipulating that Mrs. Mayardit, Mr. Kamal John Akol, two officers in South Sudan's military and another director would receive monthly payments totaling 185,000 SSP (roughly \$13,400 at the time).<sup>39</sup>

According to the same article, LAP Green's general manager wrote a letter to Gemtel's employees in March 2016, asserting that:

[C]ertain South Sudanese personnel, namely, Gemtel's former External Advisor, Mr. Kamal John Akol, who says he is an Ambassador of the Government of South Sudan, and Mr. Tong Tong Wiew Dong, who says he is a Major in the South Sudan Defence Force, have unlawfully seized possession and control of Gemtel's business premises in Juba. Their conduct is theft and has no legal foundation whatsoever. ... [LAP Green personnel] were forcefully denied access to Gemtel's head-office premises in Juba by the aforementioned officials. As regards Gemtel's business, we understand it has no funds to operate. All of its bank accounts have been frozen. The business of Gemtel has for all intents and purposes ceased.<sup>40</sup>

The letter reportedly went on to say that the company would take steps to reclaim its assets.

## Gen. Vasili and T-ALFA

The Sentry's investigation found that the first lady's brother, Gen. Gregory Vasili Dimitry, sits at the epicenter of a sprawling business empire. Gen. Vasili appears to have been active in both military affairs and in the private sector. Shortly after South Sudan's civil war broke out in December 2013, Gen. Vasili was described in a Bloomberg report as "an in-law of Kiir" and "an oil defense force commander" charged with protecting



the country's oilfields at Paloch in Melut county, Upper Nile state.<sup>41</sup> According to South Sudan's national budget, the salary for a major general in the SPLA is just under \$20,000 per year.<sup>42</sup>

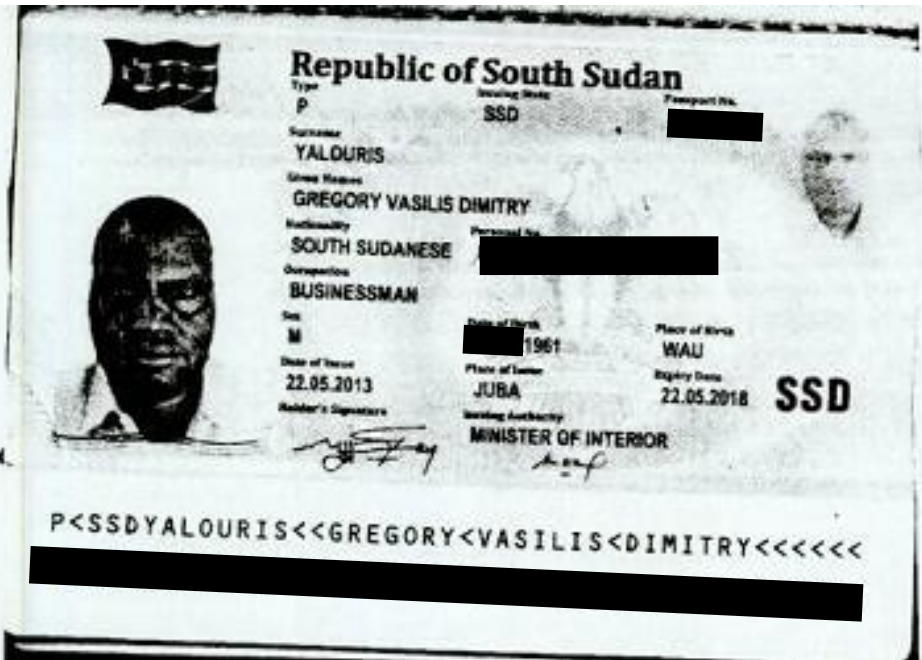


Photo and passport of Major General Gregory Vasili Dimitry, the brother-in-law of President Salva Kiir Mayardit who has held shares in T-Alfa Investments.

News reports further indicate Vasili has also been involved in the management of a private farm in Northern Bahr el Ghazal state alongside a dozen other government officials, including current SPLA Chief of Staff Gen. Paul Malong Awan.<sup>43</sup> But documents obtained by The Sentry show that Gen. Vasili's business interests extend well beyond farming. Those documents indicate that he and his immediate family have owned stakes in businesses operating in a wide range of sectors. For example, documents reveal that Gen. Vasili has held a 20 percent stake in South Sudan Commercial Bank. Another document, dated August 13, 2015, listed Vasili as 31 percent owner of Viva Nile Casino Co. Ltd., with the rest of the company's shares owned by five Chinese businessmen. He is also identified as having held a 20 percent stake in Car Parking Management and Automatic Systems Limited as well as a stake alongside several Sudanese businessmen in a company called Petroleum Products Delivery Co. Ltd.

One company linked to members of the Vasili family, T-ALFA Investments, has been involved in several noteworthy deals. Corporate registration documents from 2015 show that Gen. Vasili and "Mary Ayen Vasili" held 26 percent and 30 percent stakes in the company, respectively. (Notably, Mary Ayen Vasili is the maiden name of First Lady Mary Ayen Mayardit; it is unclear whether or not this is the same person.)







Major General Gregory Vasili Dimitry is the signatory of several documents filed by T-ALFA.

T-Alfa Investments was one of several dozen implicated by the South Sudan Chamber of Commerce in the “Dura Saga,” one of South Sudan’s most infamous corruption scandals. The scandal was uncovered in 2008—by this point, Southern Sudan governed itself semi-autonomously but still had not achieved full independence—when a government auditor’s report revealed widespread irregularities surrounding the allocation of over \$2 billion in contracts to dozens of companies for the import and delivery of sorghum, or “dura” as it’s called in South Sudan.<sup>44</sup> The effort was meant to help the country develop a strategic grain reserve,

but little dura ever arrived and few grain storage facilities were ever constructed. Hundreds of millions of dollars are reported to have been embezzled in the process, according to a 2008 audit report and media accounts.<sup>45</sup>

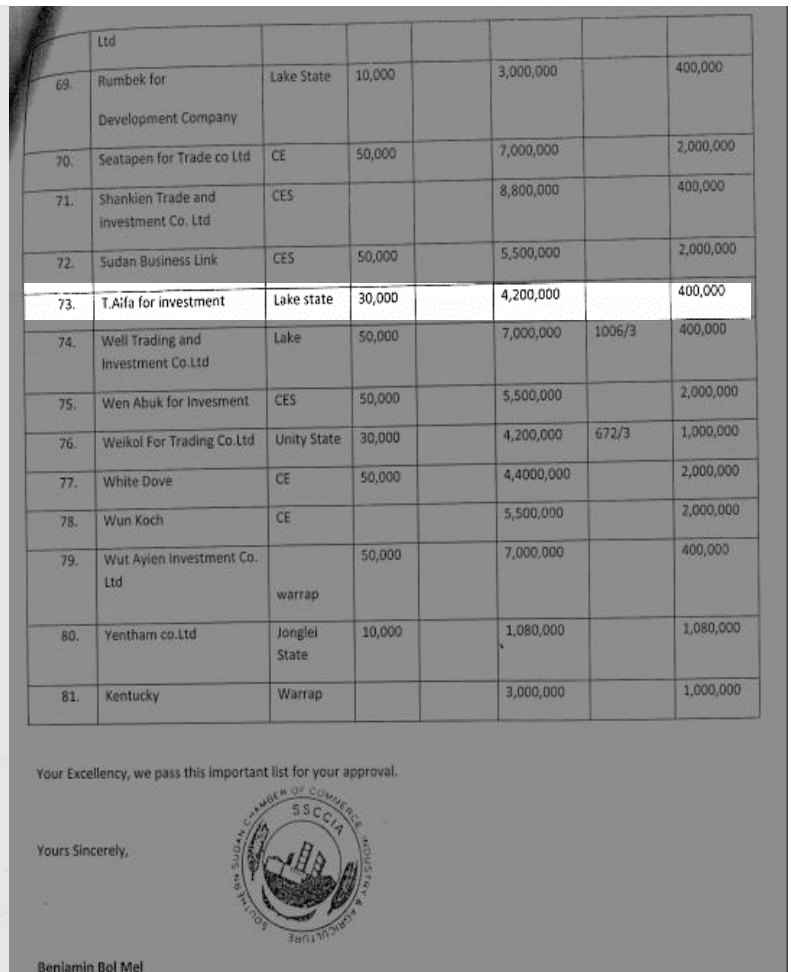
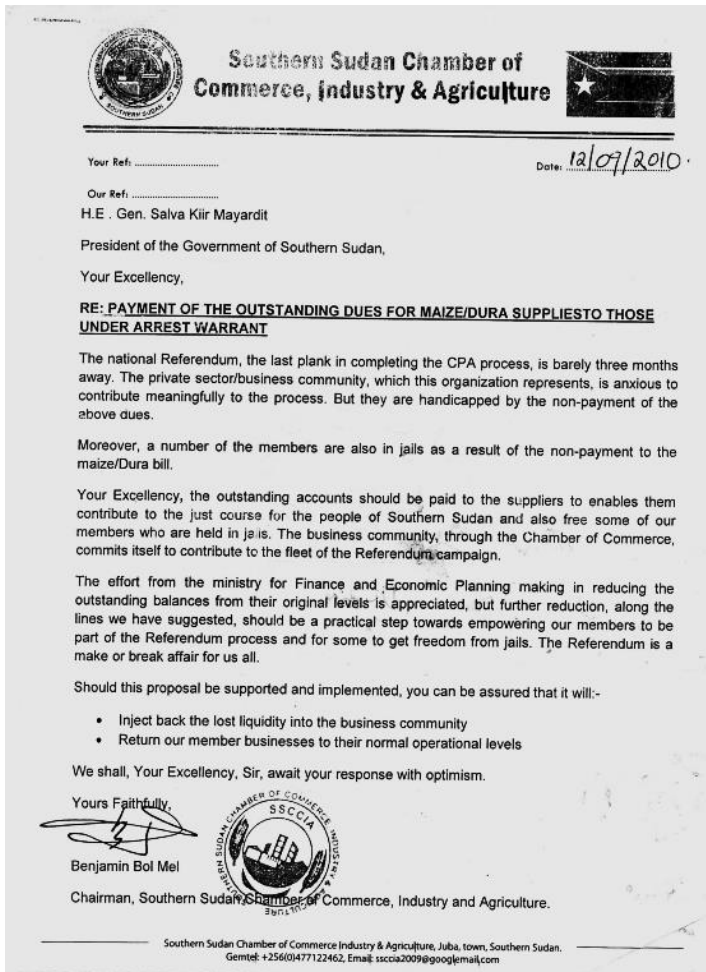
On September 12, 2010, Benjamin Bol Mel sent a letter to President Kiir requesting payment for many of the companies that had been contracted to deliver dura and maize for the strategic grain reserve. Writing in his capacity as chairman of the South Sudan Chamber of Commerce, Bol Mel insisted that doing so would “inject back the lost liquidity into the business community” and “return our member businesses to their normal operational levels.”<sup>46</sup> With many of the companies apparently required to compensate the government for the grain they failed to produce, Mr. Bol Mel appealed to President Kiir to forgive a portion of the debt owed by many of these companies. Attached to the letter was a list of companies that had been contracted to deliver specific amounts of grain, the balance of their debt to the government, and a recommendation for a downwardly-adjusted balance.<sup>47</sup>

According to the letter, “T-Alfa for Investment” was contracted to deliver 30,000 kg of maize for 4.2 million South Sudanese pounds (roughly \$1.32 million at the time)—but Bol Mel requested that more than 90 percent of what the company owed to the government of South Sudan be wiped away, leaving its balance at only 400,000 South Sudanese pounds (just over \$100,000).<sup>48</sup> Although the “dura saga” occurred prior to Gen. Vasili’s 2013 acquisition of shares in the company, one of his daughters was listed as a shareholder and managing director of the company during this period.

Other documents obtained by The Sentry show that T-ALFA was doing business with South Sudan’s military as a fuel supplier. A memo summarizing a 2012 T-ALFA board meeting, written on the company’s stationary and signed by Vasili, notes that the board discussed the “process for delivery of SPLA tender to Wunyik [a town in South Sudan].” It further states that, “The board was informed of the new tender with the SPLA and mandated the office process to move ahead with procurement and delivery in time as ordered by the tender contract.” One report claims that a company called “T Alpha” (sic) is responsible for supplying the SPLA with the majority of its gas. During this time, Vasili served as a senior officer in the SPLA.



In 2015, T-ALFA Investments was involved in a noteworthy transaction with Petronas, a Malaysian state-owned oil company and a major player in South Sudan's petroleum sector. Incorporated in South Sudan on September 27, 2012, Petal Petroleum was initially a joint venture owned between T-ALFA Investments and Petronas Marketing Ventures Limited (PMVL), a Petronas subsidiary responsible for "manag[ing] the petroleum production marketing and retailing."<sup>49</sup> Petal was listed as an official subsidiary of Petronas International Corporation in its annual reports between 2013 and 2015.




Left: Letter from the South Sudan Chamber of Commerce requesting that dozens of companies' debts be adjusted or forgiven. Right: Page from the annex of the same letter that requests a reduction of T-Alfa's debt (highlighted).

According to a share sale and purchase agreement dated April 8, 2015, T-ALFA Investments bought the entire issued share capital of PMVL from Petronas International Corporation Limited for €25,000 (\$27,500). The funds used to purchase the company were transferred at the Labuan branch of Maybank International in Malaysia via a correspondent account at Commerzbank. In short, a company owned in part by several members of the president's extended family, including a general charged with securing the country's oil fields during the civil war, formed a joint venture with a foreign oil company and, according to the documents reviewed by The Sentry, thereafter acquired a subsidiary of that company for €25,000. Petronas Marketing Ventures Limited changed its name to Gregas Marketing Ventures Limited in May 2015.



Other records obtained by The Sentry indicate that the Kiir and Vasili families' commercial interests intersect. For example, shares in Vasilico Investments, a South Sudanese company formed just a few months after South Sudan achieved independence, were divided equally among Manut Kiir, Mayar Kiir, and two members of Gregory Vasili's family. As of July 2010, the shareholders of Ayen Model Forex—a South Sudanese company ostensibly involved in exchanging foreign currency (a notoriously lucrative business for well-connected insiders in South Sudan)—included Manut Kiir, Adut Kiir, and Anok Kiir as well as Gen. Vasili and numerous members of the Vasili family. Together, Ayen Model Forex and Vasilico Investments—along with several other companies controlled by Gen. Vasili—went on to become shareholders in Ebony National Bank, which is currently operating in South Sudan.

Together, the Kiir and Vasili families hold interests in almost two dozen companies operating in oil, mining, construction, gambling, banking, aviation, and government and military procurement.



**T-ALFA INVESTMENTS COMPANY LIMITED**

**T-ALFA Investments Ltd**

**BOARD OF DIRECTORS RESOLUTION**

**Agenda:**

1. Lost certificate of incorporation.
2. Business 2012.
3. Process for delivery of SPLA tender to Wunyiik.

The process started at 10:00 AM at the T-ALFA office in Hai-Thoura area of Juba.

**Agenda 1:**

Was deliberated upon and the managing director mandated to work out a replacement process with the Ministry of Justice, Department of company registration as soon as possible.

**Agenda 2:**

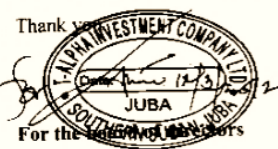
The Board resolved that all business of the year 2012 be registered in the office blue book for the entire management to access at any time.

**Agenda 3:**

The board was informed of the new tender with SPLA and mandated the office process to move ahead with procurement and delivery in time as ordered by the tender contract.


The meeting ended at 12:15 PM.

Thank you



For the Managing Director

**MAJ. GEN GREGORY VASILII DIMITRY**



**T-ALFA INVESTMENTS LIMITED**

**EXTRACT OF DIRECTORS RESOLUTION IN WRITING**


**PASSED ON 27<sup>TH</sup> MARCH 2015**


**Potential Purchase of Petronas Marketing Ventures Ltd ("PMVL")**

**RESOLVE** as follows:


- That the approval be given for the purchase of Petronas International Corporation Ltd's entire 499,999 shares held in PMVL for consideration of €25,000; and
- That Mr Henry Makwach Mathiang has been nominated by T-Alfa to acquire the 1(one) share in PMVL from Mr. Abdel Mutaal M. Osman, PMVL's nominee shareholder.
- That Ms. Marina Gregory Vasilis is the representative for the Company to sign the Share Transfer Agreement on behalf of T-Alfa Investments Ltd.

Certified copy

  
**Henry Makwach Mathiang**  
Managing Director



**JUBA, REPUBLIC OF SOUTH SUDAN**  
Dated this 28<sup>th</sup> March 2015



Left: Minutes of a T-Alfa board meeting indicate that the company received contracts from the SPLA. Right: An extract of a resolution from T-Alfa shows that the company purchased a Petronas subsidiary for €25,000.



## Dr. Riek Machar Teny



“The Commission also believes that systematic killings were carried out in various parts of Bor town. Evidence on record indicates that defected soldiers together with White Army went around Bor searching and killing civilians of Dinka ethnicity ... Witnesses stated that the [protection of civilians site] was attacked by a group of people including armed police officers and soldiers as well as youth wielding traditional weapons such as spears, stones, sticks and cutting devices. 46 people were reported to have been killed and many wounded. Majority of the dead were women and children.”<sup>50</sup>

African Union Commission of Inquiry on South Sudan, October 2015

Throughout the 1983-2005 North-South civil war that resulted in South Sudan's independence, Vice President Riek Machar Teny had a troubled relationship with the SPLA, foreshadowing the current civil war. Vice President Machar was the second-in-command of the SPLA under Dr. John Garang (Salva Kiir was third) until he split from the SPLA in 1991, receiving significant support from the government of Sudanese President Omar al-Bashir,<sup>51</sup> who sought to divide and conquer the South as a central part of his war strategy. Troops under Vice President Machar's control perpetrated mass atrocities on several occasions.<sup>52</sup> Vice President Machar eventually rejoined forces with the SPLA to help solidify the SPLA's control over large swathes of the South. This led to a stalemate that produced the 2005 Comprehensive Peace Agreement, ending the North-South war and creating conditions for the 2011 independence referendum for the South. Dr. Machar served under President Kiir as First Vice President of South Sudan from independence on July 9, 2011, until his dismissal in July 2013, before the start of the civil war in December 2013. He was briefly reinstated as first vice president before fleeing Juba in July 2016. His position has since been filled, under President Kiir's directive, by Taban Deng Gai.

International authorities have found that forces under Vice President Machar's control have committed mass atrocities and widespread human rights abuses during the current conflict. According to the January 2016 report by the U.N. Panel of Experts on South Sudan, “There is clear and convincing evidence ... that most

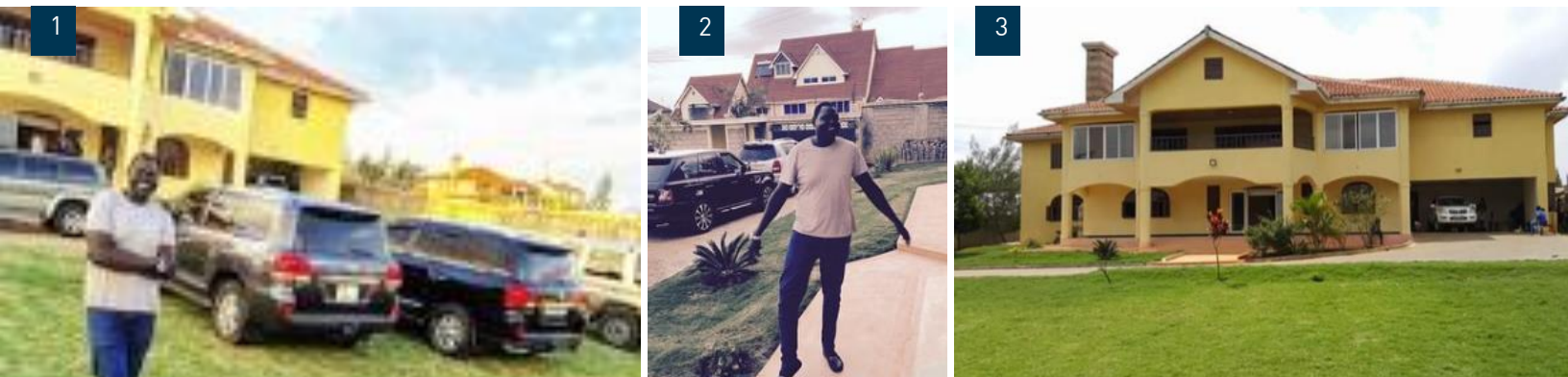


of the acts of violence committed during the war by SPLM/A in Opposition, including violations of the ceasefire and violations of international human rights law and international humanitarian law, have been directed by or undertaken with the knowledge of senior individuals at the highest levels of SPLM/A in Opposition, including Machar.”<sup>53</sup>

Like President Kiir, Vice President Machar claims that this most recent fighting erupted in South Sudan in July 2016 after questions were raised about high-level corruption. But Vice President Machar claims that he was the one who raised questions about corruption.<sup>54</sup> However, an investigation undertaken by The Sentry suggests that Vice President Machar and members of his family have engaged in several questionable transactions and business ventures—and that members of his family enjoy an extremely comfortable lifestyle living outside the country. According to the 2013-14 budget book for South Sudan, the salary for a Vice President is about \$54,000 per year.<sup>55</sup> The following represent the results of The Sentry’s investigation into Vice President Machar and his family’s offshored wealth, its business engagements, and apparent links to international arms brokers.

## Kiir’s neighbor in Nairobi

Numerous members of Riek Machar’s immediate family appear to spend significant time living outside of South Sudan, especially in Addis Ababa and Nairobi. Members of Machar’s immediate family frequently post photos on social media that suggest they are living luxuriously and traveling around the world, far away from the consequences of the civil war and the violent acts that U.N. investigators have found to have been “directed by or undertaken” by Vice President Machar. The Sentry was able to identify several homes that have been occupied by the Machar family over the past few years.

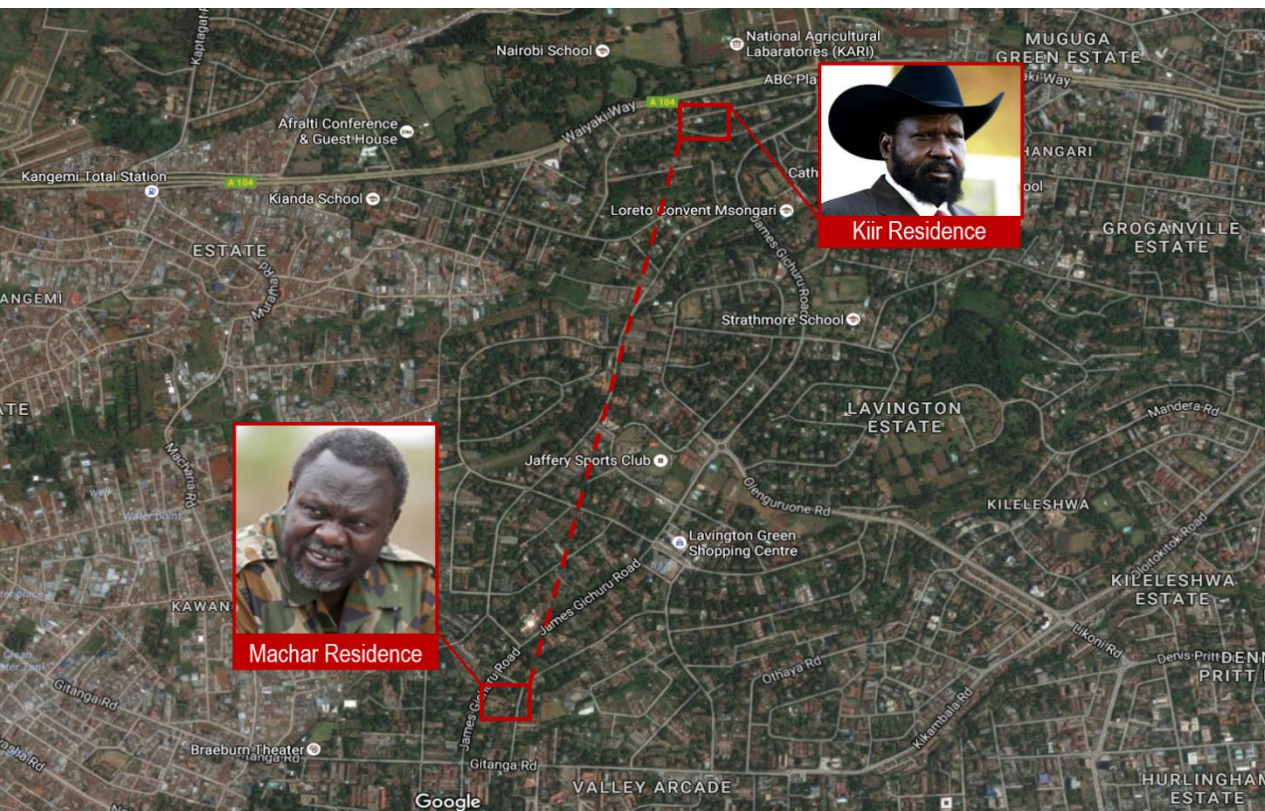


1. Photo of one of Vice President Machar’s relatives on the front lawn in front of numerous sports utility vehicles. 2. Photo of the same Machar relative standing on the front porch of the home. 3. Photo of the home rented by the Machar family in Runda estate.

Up until early 2016, some of Vice President Machar’s family lived in an elegant villa in a gated community within a neighborhood called Runda on the outskirts of Nairobi. The residence has six bedrooms and five bathrooms, high-end fixtures, two large balconies, a large and well-manicured front yard, and is surrounded by a tall fence. Although their stay at Runda ended, the Machar family appears to maintain a residence in another upscale neighborhood in Nairobi. Members of Machar’s family, whose social media postings and eyewitness accounts indicate were living in the villa in Runda, posted photos on social media claiming that they had moved into a home in Lavington, the same part of the city where the Kiir family lives. The Machar family’s new home, which has a large backyard with a large stone patio and a teardrop-shaped, in-ground



swimming pool, is located a short drive from the Kiir home. A source within South Sudan's government confirmed to The Sentry that the Kiir and Machar homes in Nairobi were close to one another in Lavington.



President Kiir and Vice President Machar have homes just a short drive from one another in Lavington, an upscale neighborhood in Nairobi.

The Nairobi residence is not Machar's family's only apparent home outside Juba. Several members of his immediate family occupy a large home in downtown Addis Ababa, Ethiopia. The Sentry visited the home and spoke to a member of Vice President Machar's family, Gatluak Machar, who confirmed that the house was occasionally used by Vice President Machar. Images obtained by The Sentry show Vice President Machar holding a press conference at the home. The circumstances in which the Machar family came to occupy the home remain unclear. Several sources told The Sentry that the Intergovernmental Authority for Africa's Development (IGAD), a regional body involved in South Sudan's peace process, rented the house for Vice President Machar during peace negotiations between the Government of South Sudan and the SPLM-IO held in Addis Ababa. However, a source at IGAD told The Sentry that this is only a rumor and that IGAD had no role in providing housing for Machar. Two other sources claim that the house was provided to Machar by the Ethiopian government at no cost.

## Violent takeover of KK Security

Although it appears that Vice President Machar has had far less access to rent-seeking opportunities, compared with President Kiir's SPLA faction, one of Machar's relatives became involved—albeit highly controversially—in KK Security, a Kenya-based company active throughout East and Central Africa. The



company became active in South Sudan just after the signing of the Comprehensive Peace Agreement in 2005 and, at one point, was one of the largest commercial employers in South Sudan,<sup>56</sup> providing security services to international organizations, aid agencies, NGOs, and local businesses.

Vice President Machar's nephew, Bading Machar, reportedly owned one percent of KK Security's subsidiary in South Sudan beginning in 2006.<sup>57</sup> "Mr. [Bading] Machar was brought into KK Security's boardroom in 2006 as the firm sought to have a local face with deep political connections in the government," according to a report in *Business Daily*, a Kenyan newspaper.<sup>58</sup> "Besides the board seat, he was offered a one per cent shareholding worth Sh80,000 — which he refused to pay for."<sup>59</sup> Bading Machar's rocky tenure with KK Security initially came to an end in mid-2009. "He had been dismissed from the Board of Directors on 28 May 2009," according to a former KK Security employee. "Since then, he has acted with complete impunity."<sup>60</sup> According to several Kenyan media reports, Bading Machar led a group of men who took over the company's offices in Juba in early December 2009 and "unlawfully, forcibly, and violently" seized its assets—including vehicles, equipment, and computers worth millions of dollars.<sup>61</sup> The men who seized the company reportedly held one KK Security accountant hostage and forced him to sign checks.<sup>62</sup> Kenyan employees of the company were assaulted in the process.<sup>63</sup> According to one source, Bading Machar then "proclaimed himself owner of the company."<sup>64</sup>

Media reports suggest that the South Sudanese government took no action in the case. "What is worrying is not that it happened, but that the authorities have done nothing about it," Lorenzo Bertoli, a director of KK Security, told *The Economist* at the time.<sup>65</sup> Numerous representatives from the company as well as foreign diplomats reportedly appealed in vain to the government and even to Vice President Machar directly.<sup>66</sup> One former KK Security employee told reporters that Bading Machar used his influence within the government to have the company's accounts frozen so that it could not pay its staff.<sup>67</sup> In early 2010, a Kenyan court ordered Bading Machar and his cohorts to return the assets (worth \$4.4 million) to the Kenyan owners.<sup>68</sup> Representatives from the company said that they hoped to relaunch operations following the 2011 referendum but at a significant cost. "Our assets have been vandalized. The vehicles are grounded and the generators are not in working condition," one KK security employee told reporters in 2010. "We shall have to start all over again."<sup>69</sup> In August 2016, representatives from KK Security's headquarters in Nairobi told *The Sentry* that the company is no longer active in South Sudan.

**KK SECURITY**

**OUR NOBLE SERVICES**

- ★ Security Guards
- ★ Mobile Response Service
- ★ Security Chauffeur Drivers
- ★ Fire Fighting
- ★ Vehicle for hire
- ★ Security Dogs, Security Alarms.
- ★ Cleaning Services
- ★ CC TV Cameras,
- ★ Razor Wire
- ★ Electrical Shock Wire

**CONTACTS:**

<b>HEAD OFFICE - JUBA</b> +249 917 200 287, +256 477 200287 +256 477 124 511, +256 477 128 227 Website: www.kksecurityservices.com	<b>TORIT &amp; KAPOITA</b> +249 128 776 527	<b>YEI COUNTY</b> +249 955 224 213	<b>BENTUI</b> +249 121 735 726	<b>YAMBO</b> +249 926 591 208 +249 955 204 576
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The Facebook page for "Kon Kel security services" shows that the company also uses the name "KK Security."


However, evidence suggests that a private security company continued to operate using the "KK Security" brand after the hostile takeover mounted by Bading Machar. A Facebook page for "Konkel Security" in South Sudan appears to indicate that the names "KK Security" and "Konkel Security" have been used interchangeably by this firm. Notably, on December 22, 2009—just a few weeks after the takeover was mounted—a new company called "Kon Kel Security" was incorporated in South Sudan. These documents show that Bading Machar held a 70 percent stake, with individuals by the same names as two of Vice President Machar's children holding a combined 13 percent stake in the company. Thus, it would appear that the family that mounted the hostile



takeover of KK Security attempted to create a new corporate vehicle to run the company's operations that landed them firmly in control.

Name postal address of subscribers	Number of shares taken by each subscriber.	Nationality	Signature of subscriber
1. MR. MACHAR BADING JAGEAH JEN Director	70%	Sudanese	
2. MR. TIM TENY PUOT Director	8%	Sudanese	
3. MR. JAMES K. KOANG Director	10%	Sudanese	
3. MR. SIMON ULANG LOK Director	7%	Sudanese	
4. TENY TENY MACHAR Director	5%	Sudanese	

DATED THIS 21<sup>st</sup> DAY OF DECEMBER 2009



At the time of incorporation, Kon Kel Security's shareholders included Bading Machar, Tim Teny Puot, and Teny Teny Machar.

## War profiteers

While the case of KK Security suggests how weak rule of law and political risk can discourage and undermine foreign investment, some unscrupulous profiteers proactively look for ways to profit from instability and continued violence—either through the sale of weapons or by penning deals with armed groups that aspire to take power by force. In mid-2014, a Russian man in his mid-30s turned up in war-torn South Sudan to do just that sort of business. This Russian broker identified himself as “Mark Goldman” and claimed to head a company called MGA Capital, offering to negotiate the sale of military equipment in return for the country's most lucrative asset: oil.

Documents obtained by The Sentry indicate that, for several months in mid-2014, Goldman was acting as an intermediary for negotiations between Vice President Machar and a Ukrainian defense firm called “Nebo Ukrainy.” “Mark Goldman” is one of at least two aliases used by a Geneva-based Russian citizen named “Magomed Erzanukaev.” Photos of Goldman and Erzanukaev posted online show a striking resemblance. Other information posted online under the names “Mark Goldman” and “Magomed Erzanukaev” reveal identical educational and professional experience, attending the same schools and working for the same





companies for the exact same time periods. Additionally, MGA Capital—the company “Goldmann” claimed to head up—has the exact same registered address in Geneva as Leman Comtrade, a company wholly owned by Erzanukaev. According to publicly-available corporate records, MGA Capital was incorporated in Geneva on May 20, 2014, and wholly owned by Mark Goldmann, who is listed as a Russian citizen. A letter signed by Mark Goldmann and dated August 25, 2014, claims that MGA Capital is involved in “importing military equipment for the improvement of its military defense ... in return for crude oil.”



1. “Magomed Erzanukaev” in Geneva, Switzerland. 2. “Maga Erz” in Monaco in 2016. 3. LinkedIn profile picture for “M.G.” of “MGA Capital.”

Machar also appears to have authorized Goldmann to negotiate on his behalf. A document signed by Riek Machar Teny and dated September 27, 2014, appears to entrust MGA Capital, represented by Mark Goldmann, with power of attorney and “the right to conduct negotiations in regard to obtaining finance, and setting up relations with various government organizations.” The document notes that this power extends only to preliminary negotiations and that all contracts negotiated on behalf of the SPLM-IO would be signed by Vice President Machar.

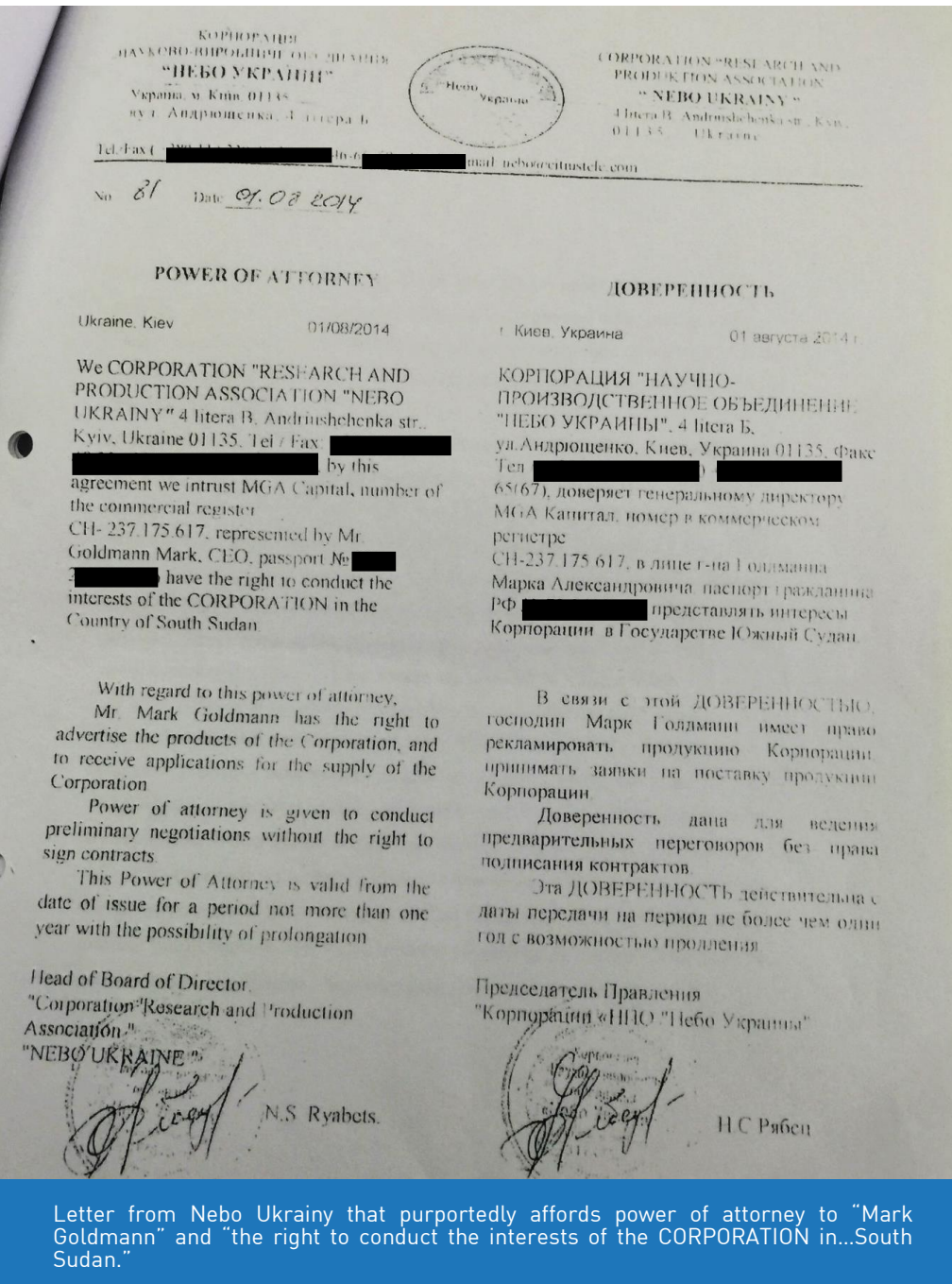
The Sentry has obtained documents indicating that by the time Goldmann received power of attorney from Vice President Machar, he had already been authorized to negotiate deals in South Sudan on behalf of Nebo Ukrainy, the Kiev-based defense firm. A letter dated August 1, 2014, and signed on behalf of Nebo Ukrainy by N.S. Ryabets appears to entrust Mark Goldmann, CEO of MGA Capital, “with the right to conduct the interests of the corporation in the Country of South Sudan.” The document notes that power of attorney is provided to Goldmann and affords him “the right to advertise the products of the Corporation, and to receive applications for the supply of the Corporation” and “to conduct preliminary negotiations without the right to sign contracts.”

Nebo Ukrainy appears to have extensive links with the military as well as the weapons industry in Ukraine. N.S. Ryabets, a 70-year-old retired lieutenant general who once served as the deputy commander of Ukraine’s air defense corps, is listed as head of Nebo Ukrainy’s board in the letter that afforded power of attorney to Goldmann. One Russian news article claims that the company is Ukrainian state-run and that the chairman as of late 2015 was Vladimir Tkachev.<sup>70</sup> Mr. Tkachev, who also served as a senior officer in Ukraine’s military, is also listed as the chairman of JSC Military-Insurance Company (MIC), a company with a listed business address that matches the address listed on Nebo Ukrainy documents obtained by The Sentry.<sup>71</sup> MIC’s website states that it was founded in January 2001 “with the assistance of State Property Fund of Ukraine and support of the Ministry of Defence of Ukraine and the Ministry of an industrial policy of Ukraine.”<sup>72</sup> Additionally, the man who headed MIC at the time talks were taking place between Nebo Ukrainy



and MGA Capital, Andriy F. Kukin, a retired Ukrainian colonel who worked in Soviet military intelligence and for the KGB in the 1980s.<sup>73</sup> After retiring from the military, he was director-general of Ukrspetsexport, a firm reported to have sold weapons in South Sudan,<sup>74</sup> and served as head of Ukrainian Cargo Airways, a defunct state-owned airline that specialized in arms transfers.<sup>75</sup> It remains unclear whether or not a deal between

Machar and Nebo Ukrainy was ever finalized.



Letter from Nebo Ukrainy that purportedly affords power of attorney to "Mark Goldmann" and "the right to conduct the interests of the CORPORATION in...South Sudan."



## | General Paul Malong Awan



“The President, Salva Kiir, and a narrow circle of senior individuals in the military and security services, including the Sudan People’s Liberation Army (SPLA) Chief of General Staff, Paul Malong...are waging an aggressive war involving the targeting of civilians and extensive destruction of communities.”

Report by the U.N. Panel of Experts on South Sudan, January 2016



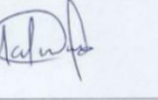
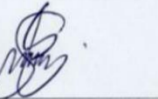

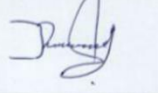
Gen. Paul Malong Awan has been the architect of immense human suffering in South Sudan. Reports from the United Nations and African Union and accounts from numerous knowledgeable sources have concluded that Malong was in charge of recruiting the Mathiang Anyoor militia that the African Union found to have committed mass killings in Juba in December 2013.<sup>76</sup> In March 2014, four months into South Sudan’s civil war, Malong replaced Gen. James Hoth Mai as the SPLA chief of staff, formally giving him increased authority over military decisions.<sup>77</sup> The U.N. Panel of Experts on South Sudan, for example, found “clear and convincing evidence” that Malong and a small group of senior SPLA generals either directed or were aware of military operations that involved the targeting of civilians and violations of international human rights law.<sup>78</sup> However, Malong has avoided accountability for his role in mass atrocities in South Sudan. In September 2015, the United States proposed a draft resolution at the U.N. Security Council that would have placed Malong under sanctions for violations of the ceasefire agreement signed one month prior—only to have the motion blocked by Russia and Angola, among others.<sup>79</sup>

Gen. Malong has also accumulated immense wealth, much of which is parked outside South Sudan. At the exchange rate prior to rapid currency inflation experienced during South Sudan’s civil war, Gen. Malong is likely to have earned the equivalent of roughly \$45,000 a year in official salary.<sup>80</sup> The following is the result of an investigation by The Sentry into the companies linked to Gen. Malong and his family and the wealth they have accumulated.



## Power and money

Gen. Paul Malong Awan rose to prominence during the final decades of South Sudan's push for independence from Khartoum. For his part, Gen. Malong gained the reputation of a shrewd military strategist. During the North-South civil war, he built a stronghold in Northern Bahr el Ghazal state and became known as a "maverick" with a penchant for "amassing wives and cattle."<sup>81</sup> [Gen. Malong] was personally involved in running the war economy of Northern Bahr el Ghazal, and made considerable profit out of it," according to a 2016 account by a leading South Sudan analyst in the *Review of African Political Economy*.<sup>82</sup> "Malong sent out his soldiers to collect women from different communities in his home state (from Aweil North, Aweil Centre, etc.) and bring them to him."<sup>83</sup> Gen. Malong is now said to have more than 80 wives and over 100 children, which analysts have observed has allowed Gen. Malong to become connected to almost every clan in Northern Bahr el Ghazal.<sup>84</sup> After South Sudan gained independence, Gen. Malong became Northern Bahr el Ghazal's governor.<sup>85</sup> Many in that part of South Sudan reportedly refer to him simply as "King Paul."<sup>86</sup>

NAMES, PARTICULARS OF SUBSCRIBERS	ADDRESS OF AND THE	NATIONALITY	NUMBER OF SHARES TAKEN	SIGNATURES/SEALS OF THE SUBSCRIBERS
Robert Amule Lita, Shareholder, P0 Box...Juba, South Sudan Tel: [REDACTED] Email: [REDACTED]		South Sudanese	30%	
Thiik Salva Kiir Mayardit, Shareholder, P0 Box...Juba, South Sudan Tel: [REDACTED] Email: [REDACTED]		South Sudanese	17%	
Mario Malong Deng Korhajok, Shareholder, P0 Box...Juba, South Sudan Tel: [REDACTED] Email: [REDACTED]		South Sudanese	13%	
Simon But Deng, Shareholder, P0 Box...Juba, South Sudan Tel: [REDACTED] Email: [REDACTED]		South Sudanese	14%	
Nyibol Madut Pakak Ayom, Shareholder, P0 Box...Juba, South Sudan Tel: [REDACTED] Email: [REDACTED]		South Sudanese	13%	
Garang Paul Malong Awan, Shareholder, P0 Box...Juba, South Sudan Tel: [REDACTED] Email: [REDACTED]		South Sudanese	13%	

DATED at Juba this .....27<sup>th</sup> .....day of .....August..... 2014.

Document dated August 27, 2014 that lists Thiik Salva Kiir and Garang Paul Malong as shareholders of Nile Link Petroleum.

"Kiir could not get rid of Malong if he wanted to," one knowledgeable source who, has been close to Malong for over a decade, told The Sentry. "And the general knows that." Gen. Malong, in addition to having established a reputation for strength, appears to have attempted to cultivate his image as a generous and philanthropic figure. Well-placed sources have told The Sentry that, on occasion, Gen. Malong will hand out a stack of cash to SPLA soldiers at checkpoints in order to bolster his reputation for benevolence. A newsletter produced by one of Gen. Malong's ardent supporters claims that he donated a vehicle to the South Sudan Women General Association and to the SPLM Youth League.<sup>87</sup>

While these acts of charity may indeed reflect genuine generosity, they also raise an important question: what is the source of Gen. Malong's wealth?

Documents obtained by The Sentry shed some light on the sources of the Malong family's income. Several of Malong's children have owned stakes in companies that appear to operate in a wide range of business sectors. Those documents indicate that his daughter, Cecilia Achol Malong, has held a 25 percent stake in Concrete Builders Construction Co. Ltd and held a 50 percent stake in Petroilin Services Co. Ltd., a joint venture with an Eritrean businessman. Documents also reflect that Gen. Malong's son, Garang Paul Malong, has also held stakes in numerous companies, including a 40 percent stake in East African Mokuano Contractor Company Ltd., a 30 percent stake in Dex Rich Investment Holding, and an 8 percent stake in Link Telecom Services Ltd.

One company in which Garang Malong has held shares reflects an intersection between the Kiir and Malong families' business interests. Records obtained by The Sentry show that Garang Malong and Thiik Kiir, son of President Salva Kiir, simultaneously held stakes respectively in Nile Link Petroleum Co. Ltd. This company, in turn, has held a 50 percent stake in Nile Link Group, a joint venture with several Chinese and



Zimbabwean businessmen. Nile Link records reviewed by The Sentry indicate that Garang Malong ceased to be a shareholder in the company as of June 26, 2015.

## Houses in Uganda and Kenya

The Sentry's investigation indicates that Gen. Malong has several properties outside of South Sudan, including lavish villas in Nairobi, Kenya, and Kampala, Uganda.

In Nairobi, Malong's family owns a villa in an upscale gated community within Nyari Estate. The home includes marble floors throughout, a grand staircase, numerous balconies, a guest house, an expansive driveway and a large, in-ground pool. The home is only accessible through a large front gate. It is surrounded by a tall fence and thick hedges and includes a security system which beeps whenever anyone gets within six feet or so of the property. This is in addition to neighborhood surveillance and security teams that watch the homes and entry points to the community around the clock. Based on a review of comparable prices in the area, the house is worth approximately \$2 million. Three independent sources told The Sentry that Gen. Malong owns the house, with one source saying that the Malong family paid \$1.5 million in cash for the home several years ago. The name listed on the title deed is "Ajok Wol Atak Deng." This is also the name of one of Gen. Malong's wives who currently serves as a member of South Sudan's National Legislative Assembly. When The Sentry visited the home, the driveway contained five luxury cars, including three new BMW sports utility vehicles. Records reviewed by The Sentry indicate that two of these luxury vehicles are registered to "Paul Malong Awan." Several of Malong's children have posted photos of themselves inside and in front of the Nyari Estate villa.



1. Photo of Gen. Malong's home in Nyari Estate. 2. Photo of Garang Malong Awan, a son of Gen. Malong, standing by the pool behind the Nyari estate home. 3. De Malong Santino, a son of Gen. Malong, on a chair inside the Nyari estate home.



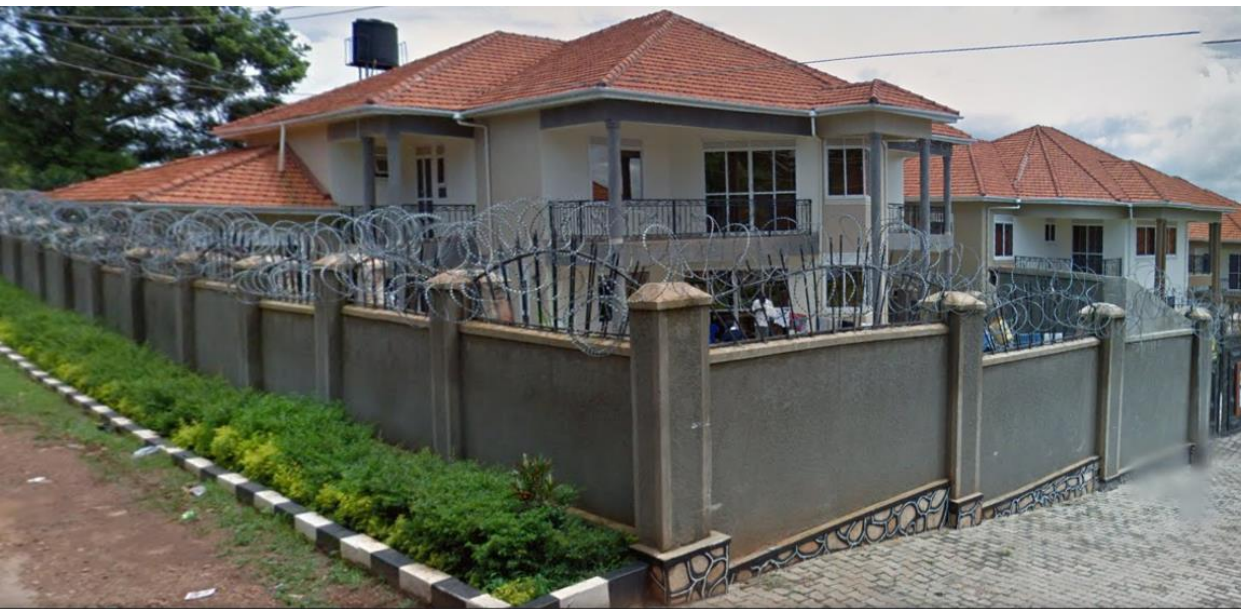


1. Image of Malong's home located off Kawuku-Bwerenga Road. 2. Image of Malong's home from just outside the compound. 3. Photo of Anei Awandit, a relative of Gen. Malong, next to the house. 4. Photo taken outside the compound. 5. and 6. Satellite images of the compound.

Gen. Malong also has two large and luxurious homes in Uganda. One of these homes sits inside a walled compound located just off Kawuku-Bwerenga Road, halfway between Kampala and Entebbe. Built in 2012, this two-story home is a massive, rose-colored mansion with dozens of large, ornate windows and appears to be well over 7,000 square feet. The interior is spacious, elegant, and well-maintained, with several portraits of Gen. Malong hanging throughout the home. A large bus and four cars (including a Mercedes-Benz) were parked inside the compound at the time The Sentry visited.

Gen. Malong's second home in Uganda is a Mediterranean-style villa, constructed in late 2013 and early 2014. It is located just off Nanjara Road in Bungu, an upscale neighborhood in southern Kampala. Sitting inside a walled compound at the end of a cobblestone street, the pale-yellow, two-story home appears to be well-over 6,000 square feet with large pillars lining the entrance and at least three balconies.





Images of a home in Uganda occupied by members of Gen. Malong's family.

## “The Young Tycoon”: Lawrence Lual Malong Yor Jr.

Referring to himself as “Young Tycoon” and “Smart Boy for Life,” Lawrence Lual Malong Yor Jr. is a 28-year-old South Sudanese businessman based in Johannesburg, South Africa, and the apparent stepson of Gen. Malong. He has had access to the most senior levels of government in South Sudan, posing for photos with President Kiir, First Lady Mary Ayen Mayardit, Gen. Gregory Vasili, and Gen. Paul Malong. He was born in 1988 in Aweil, the capital of Bahr el Ghazal state, the home state of Gen. Malong. Two independent sources close to the Malong family told The Sentry that Mr. Lual's late mother married Gen. Paul Malong in the early 1990s after Lual's biological father passed away. Mr. Lual left South Sudan during his childhood, spending time in Kenya before settling in Johannesburg. Others who know Mr. Lual also told The Sentry that he is related to Gen. Malong. In a conversation with The Sentry in August 2016, Mr. Lual referred to Paul Malong as his “dad.” He claimed during the same conversation that he and President Salva Kiir are “like more than family.”





**High level access in Juba:** 1. Lawrence Lual (center) with President Kiir (left) and Gen. Malong (right). 2. Lawrence Lual (right) with First Lady Mary Ayen Mayardit (left). 3. Lawrence Lual (far right) with Major General Gregory Vasili (far left).

Mr. Lual's posts to social media give the impression of immense wealth. He has posted almost a dozen photos of himself wearing different extravagant suits while flying on private jets or in first class (each with the caption "Young Tycoon enjoying first class"). Mr. Lual told *The Sentry* that the foreign investors with whom he does business are the ones footing the bill for his first-class plane tickets. He has posted photos and a video of himself inside a presidential suite in a Las Vegas hotel. Another photo posted by Mr. Lual shows him in a Rolls Royce, claiming to be the first South Sudanese to own one of the luxury cars.

Mr. Lual has traveled to numerous countries around the world—including Bangladesh, India, and China—with the ostensible goal of bringing investments to South Sudan. He also appears to be particularly active in South Sudan's natural resource sector. He has claimed on social media to have been involved in a \$4 billion-dollar mining contract in South Sudan. In a conversation with an investigator from *The Sentry* in August 2016, Mr. Lual claimed that this was the amount that a foreign company had stated a particular mining investment would be worth. Mr. Lual was open about his involvement in the mining sector, stating that he is involved in companies that hold oil, diamond, and gold concessions. Photos, videos, and corporate records obtained by *The Sentry* appear to substantiate some of Mr. Lual's claims.

One South Sudan-registered company linked to Mr. Lual is Goldstone Mining Co. Ltd, which was incorporated in July 2015. According to documents reviewed by *The Sentry*, as of March 2016, 69 percent of the company's shares were held by an Israeli businessman named Shlomo Wolf. Mr. Lual and Mr. Majok Yel Wol—a South Sudanese man Mr. Lual told *The Sentry* is his representative in Juba—each hold 10 percent stakes in the company. The remaining 11 percent stake was held by Mrs. Semira Ayen Althaeab, whose South Sudanese passport describes her as "spouse of governor." A video posted online by Mr. Lual shows him and at least two fellow directors of Goldstone traveling on a propeller plane to visit a mining site in South Sudan. Majok Yel Wol and Shlomo Wolf both appear in the video. Another series of photos posted on Facebook show Mr. Lual entering a private jet with a sports utility vehicle with SPLA license plates parked outside. Mr. Lual is also a shareholder and director of JPL Gold & Diamond Co. Ltd., which was incorporated on January 27, 2016. As of that date, documents indicate that JPL's largest shareholder was Phillip Ephron, a South African citizen who held a 49 percent stake in the company. The remaining shares were split evenly





between Mr. Lual, a South Sudanese citizen named Silver Laute Adde, and a South African citizen named Mphafudi Phelsoso Jackson.



On social media, Mr. Lual has posted numerous photos of himself in the first class section of commercial aircraft. Most of these photos are accompanied by the caption, "Smart boy for life enjoying first class."

When reached for comment by The Sentry, Mr. Adde acknowledge that he was involved in several mining businesses, including at least one company with Mr. Lual. Mr. Adde noted that JPL had obtained maps and data from the Ministry of Mines and Energy about possible mineral deposits in South Sudan but did not respond to further questions about the process in which such data and maps were acquired.

Mr. Lual also claimed that Gen. Malong and President Salva Kiir have been involved in his mining ventures. "When I do mining, we register a local company and my dad and the president will be involved," he told The Sentry. In a later conversation, Mr. Lual claimed that President Kiir and Gen. Malong's involvement entailed expediting anything needed from the South Sudanese government. He also claimed that he sometimes facilitated meetings between investors and senior officials—including President Kiir and Gen. Malong—in



order to reassure investors. However, when asked directly whether or not he benefited from his status as Gen. Malong's son, he said he did not.

South Sudan's Mining Act of 2012 requires that mineral exploration and extractions be allocated "based on a competitive public tender process in compliance with the current legislation." The Minister of Mines and Energy is supposed to work with South Sudan's National Council of Ministers to decide the winner of the tender process "which bid is most likely to promote the expeditious and beneficial development "of the minerals." The criteria for evaluation include: the value of the initial bonus payment to be paid to the government; the efficacy of the exploration and mining operations proposed by the bidder; the previous experience and access to technical expertise; the bidder's financial ability to carry out their proposal; and, finally, its impact on the economic empowerment of South Sudan's citizens.<sup>88</sup>

However, Mr. Adde—the South Sudanese businessman who owns shares alongside Mr. Lual on JPL Gold and Diamonds—told The Sentry in a phone conversation in September 2016 that the company did not participate in any formal public tender process, but instead needed to forge an agreement first with the government (and in particular the Ministry of Mines and Energy) and then with "the community." He did not respond to requests for further information about those agreements as well as the manner in which they were obtained. Similarly, Mr. Lual stated to The Sentry that he was not required to participate in any formal bidding process for acquiring natural resource exploration rights. This, he said, was due to a lack of competition over access to the country's minerals. "There is no bidding and no process," he said when asked if there was any public tender or bidding process to win mining concessions. "We will get whatever concession we want."

## GENERAL GABRIEL JOK RIAK

Meet Gen. Paul Malong's next-door neighbor in Uganda: Gen. Gabriel Jok Riak, the commander of the SPLA's "Sector One" that oversees the 3<sup>rd</sup>, 4<sup>th</sup>, and 5<sup>th</sup> Divisions. He is also one of only six individuals sanctioned by the United States and the United Nations for "engaging in actions that expanded or extended the conflict in South Sudan."<sup>89</sup> Specifically, Gen. Jok Riak had command authority over a full-scale 2015 offensive across three states in violation of multiple ceasefires, and resulting in the displacement of over 100,000 people and the commission of grave war crimes.<sup>90</sup> Eyewitness accounts collected by Human Rights Watch have detailed the conduct of soldiers deployed with Sector One, describing elderly women beaten to death, sexual violence, looting, and destruction.<sup>91</sup>

Bank records reviewed by The Sentry indicate that Gen. Jok Riak received large financial transfers totaling at least \$367,000 to his personal bank account at Kenya Commercial Bank (KCB) from February to December 2014 alone—sums that dwarf his official annual salary of about \$35,000.<sup>92</sup> According to the same records, payments totaling \$49,000 came from an individual who shares a name with an individual who then served as advisor in the Office of the President, while an additional \$308,524.10 came from Dalbit International, a Kenyan multinational corporation operating in South Sudan that is one of the country's largest petroleum and fuel companies. While these payments apparently occurred prior to his designation under sanctions, they nevertheless raise the legitimate question of why a general in South Sudan's military—one without any direct connection to the country's petroleum sector—was apparently receiving a substantial payment from a foreign oil company.



When The Sentry contacted Dalbit International, the company provided an explanation for the payment:

In early 2004 [sic], Dalbit was approached by the SPLA to supply diesel in Wau (sector 2) which it declined due to a delayed payment history. We demanded an advance payment before supply. As a result of this stand, the SPLA made payment of 2.8 million SSP, on 6th March, 2014. However, upon payment the SPLA demanded that the product be delivered to Unity State where at the time, was an ongoing serious conflict. Dalbit's team found this extremely risky and failed to deliver. It is purely due to the conflict that the team was unable to deliver. Although Dalbit had already paid taxes for the fuel, they were ordered to refund the money and were given three accounts to which the money would be refunded as follows, (1) Abukruel International Group (1.49 SSP million). (2) Wouni Mayom Deng [sic] (100,000 SSP) (3) US Dollars 309,524 to Gabriel Jok disbursed vide cheque no 000579 dated 7/3/2014. This was neither a business transaction nor relationship between Dalbit and the General.

Notably, "Wuoi Mayom Deng" is also the name of a South Sudanese general who, until recently, was based in Dhaka, Bangladesh, for military training and education. Abukruel International Group is a South Sudanese money transfer company.



Photo of Gen. Jok Riak's house in Kampala, Uganda, from the front gate.

Sanctions should have disrupted Gen. Jok Riak's ability to travel and to move money. However, The Sentry has found evidence of what appears to be a crucial lapse in enforcement of sanctions placed on him. The U.N. Security Council placed him under sanctions on July 1, 2015.<sup>93</sup> These sanctions included an asset freeze and a travel ban, effectively barring him from traveling outside South Sudan and freezing all of his assets held outside the country. Yet, Gen. Jok Riak continued to maintain his Kenyan bank account through at least the late summer of 2015.<sup>94</sup> The account continued to operate after sanctions, including a \$7,500 deposit made in Juba just a few days after his official designation. Additionally, in August 2016, several knowledgeable sources told The Sentry that Gen. Jok Riak continues to maintain a

residence in Kampala, next door to the home of Gen. Paul Malong.

Gen. Jok Riak's home in Kampala is not registered in his name. The deed for the home instead indicates that it is owned by a Ugandan national named Adrian Mubiru. Notably, bank records reviewed by The Sentry indicate that Gen. Jok Riak transferred a total of \$210,000 to an individual named Adrian Mubiru from November 2014 to February 2015, including a \$150,000 payment on November 26, 2014. The Sentry was unable to obtain contact information for Adrian Mubiru or determine the reason for these payments.



## | General Malek Reuben Riak



"Widespread destruction, targeting of civilians, large population displacement and numerous human rights abuses resulted from the offensive. ... The Government has continued to employ the same tactics for operations in progress as at mid-December, resulting in the continuous targeting of civilians and violations of international human rights law."<sup>95</sup>

U.N. Panel of Experts on South Sudan January 2016 report describing a military offensive it says Gen. Malek Reuben Riak helped plan and execute






Gen. Malek Reuben Riak Rengu is directly involved in procuring weapons and planning military offensives but also is involved in a wide range of commercial ventures and has received substantial payments from multinational firms from at least three countries that operate in South Sudan. In January 2013, President Salva Kiir promoted Reuben Riak to lieutenant general and nominated him as SPLA deputy chief of staff for logistics, effectively making him the army's primary interlocutor with foreign weapons vendors. Although Gen. Reuben Riak's official annual salary is about \$32,000,<sup>96</sup> information obtained by The Sentry suggests that he is living well beyond what such a salary would support and appears to have received hundreds of thousands of dollars in payments from numerous multinational companies active in South Sudan. The following represents some of the results of an investigation by The Sentry into Gen. Reuben Riak's involvement in weapons procurement, his business engagements, and his involvement in financial transactions with several international companies.

### A prolific businessman

Like Gen. Malong and Gen. Jok Riak, Gen. Reuben Riak has a home on the outskirts of Kampala. Gen. Reuben Riak, however, appears to have a robust corporate footprint. Documents reviewed by The Sentry



indicate that Gen. Reuben Riak and his immediate family hold stakes in numerous businesses registered in South Sudan. One such document reveals that Gen. Reuben Riak has held a 40 percent stake in All Energy Investments Limited, with the remaining shares divided among members of his family as recently as October 2015. (On certain corporate filings for All Energy, Gen. Reuben Riak's signature appears next to the name of each member of his family.) Other records indicate that Gen. Reuben Riak has held a 90 percent stake in South Sudan-registered A+ Engineering, Electronics & Media Printing Company Limited. The shareholders of Alamtuch Multi-Purpose Co. Ltd. have included both a "Malek Reuben Riak" as well as a "Gum Reuben Riak," the name of one of Gen. Reuben Riak's 16 children who is currently enrolled in a university in the United States where annual tuition is roughly equal to Gen. Reuben Riak's official annual salary.

Name, Postal Address Description of Subscriber	Nationality	Shares	Signatures
1. Mr. Riak Malek Reuben Rengu c/o Tel: [REDACTED] Juba, South Sudan	South Sudanese	15	
2. Mr. Gumwill Malek Reuben Riak C/o Tel: [REDACTED] Juba, South Sudan	South Sudanese	15	
3. Mr. Gor Malek Reuben Riak C/o Tel: [REDACTED] Juba, South Sudan	South Sudanese	15	
4. Henry Malek Reuben Riak C/o Tel: [REDACTED] Juba, South Sudan	South Sudanese	15	
5. Eng. Malek Reuben Riak Rengu Tel: [REDACTED] Juba, South Sudan	South Sudanese	40	

In one document filed by All Energy, General Malek Reuben Riak's signature appears next to each shareholder's name.

Documents reviewed by The Sentry show \$3.03 million moving through Gen. Reuben Riak's personal bank account—a U.S.-dollar denominated account at Kenya Commercial Bank (KCB)—between January 2012 and early 2016. The transactions recorded include more than \$700,000 in cash deposits and large payments from several international construction companies operating in South Sudan. Additionally, over this four-year period, \$1.16 million in cash was withdrawn from the account.

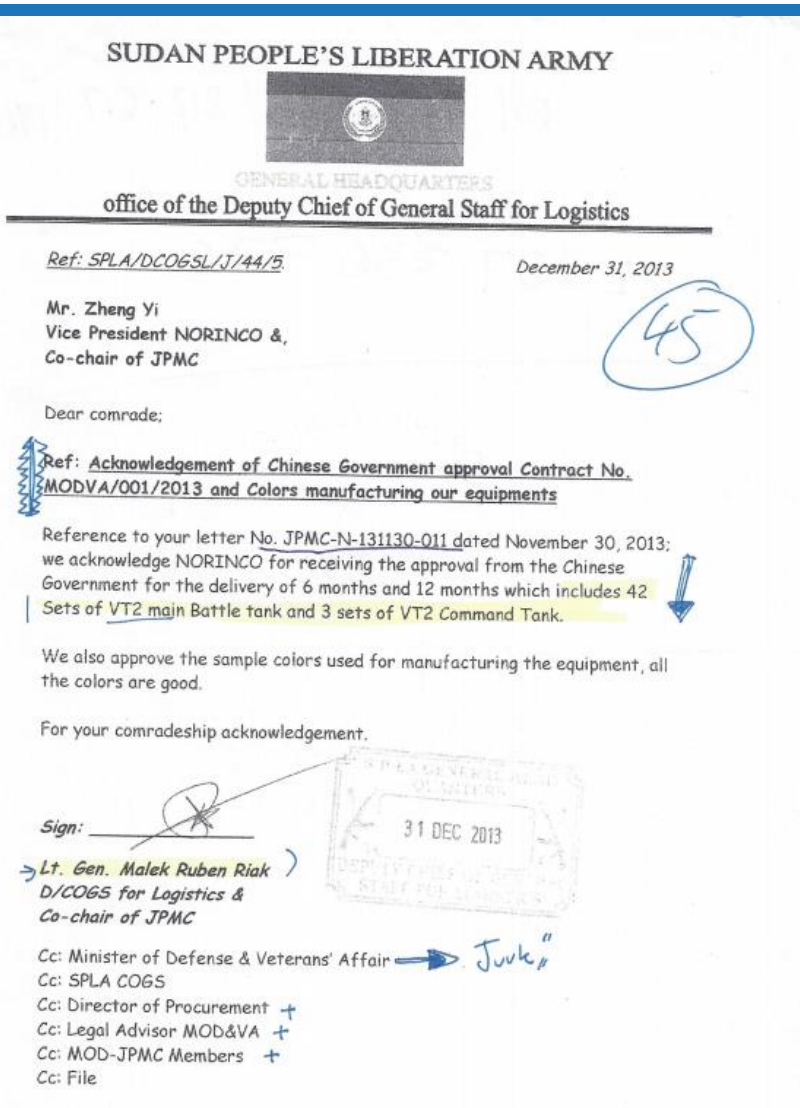
Documents reviewed by The Sentry further indicate that funds paid into this account included over \$200,000 from an account held by "DEP ANT Construction." It is unclear whether or not this is the same ANT Construction as the Turkish firm contracted to build airports, roads, and operating facilities for the NATO-led International Security Assistance Force (ISAF) operations in Afghanistan and that also held major construction contracts in South Sudan, including the construction of the Juba-Nimule road, which was funded with support from a \$225 million grant from USAID. The same documents further indicate that Fattouch Industrial, one of several companies operating in South Sudan that are affiliated with Lebanese billionaire



Pierre Fattouch's corporate empire, deposited \$389,129 into Gen. Reuben Riak's personal account. Two Chinese construction companies that have secured contracts in South Sudan are also listed in the documents as having paid into the account, including the New Era Group—a Chinese state-owned company contracted by the South Sudanese government to build the World Bank-funded Lobonok-Magwi road—and China Wu Yi Engineering, a subsidiary of the Fujian Construction Engineering Company, one of the largest construction companies in the world.<sup>97</sup> Other payments are attributed to Skyline Construction and Skyline Contracting, two companies owned by Ali Myree, a Lebanese resident of Juba, who is also a co-investor in a mining company with one of President Salva Kiir's daughters. The Sentry was unable to determine a reason for any of these payments.

## Questions about Chinese arms deal

Documents obtained by The Sentry indicate that Gen. Reuben Riak was involved in the procurement of 45 VT-2 main battle tanks from China North Industries Group Corp. (NORINCO)—one of China's largest state-owned arms manufacturer—less than two weeks after the outbreak of the civil war on December 15, 2013. It appears unlikely these tanks were ever delivered. However, two shipments worth \$38 million of arms and ammunition were delivered. According to a report by Bloomberg, the SPLA received two shipments from NORINCO that included 24,760 cases of automatic rifles, grenade launchers, anti-personnel grenades, RPG rockets, and other assorted ammunition, as well as a shipment of Chinese HJ-73D "Red Arrow" anti-tank weapons systems, with their associated missiles, batteries, training simulators, and spare parts.<sup>98</sup> The Sentry has confirmed that these weapons have been used throughout the war. Records obtained by The Sentry show that, at least on paper, NORINCO did not appear to deliver weapons directly to South Sudan's military or government. The "notify party" listed on the bill of lading for the NORINCO shipment was not South Sudan's defense ministry but rather "Loid Investments," a company owned by two South Sudanese businessmen that was formed in October 2013, just a few months before the shipment arrived. Correspondence between NORINCO and the SPLA reveals that Gen. Reuben Riak was the person signing off on these transactions.



Letter from Gen. Malek Reuben Riak to the Vice President of Norinco, Mr. Zheng Yi, discussing the expected delivery of several dozen battle tanks.



## GENERAL JAMES HOTH MAI

Gen. James Hoth Mai Nguoth served as the SPLA's chief of staff from May 2009 until being dismissed and replaced by Gen. Paul Malong Awan in April 2014.<sup>99</sup> Prior to that post, Gen. Hoth Mai served as Deputy Chief of Staff for Logistics, the position currently held by Gen. Malek Reuben Riak.<sup>100</sup> Even as a senior official in the SPLA, his salary was never more than about \$45,000 per year. However, Gen. Hoth Mai's retirement home appears to indicate that his tenure in the SPLA was far more lucrative than his salary would suggest.

In June 2014, the Hoth Mai family purchased a home in a beautiful suburb of Melbourne, Australia, in the name of Gen. Hoth Mai's son for AUD\$1,500,000 (approximately \$1,383,000 at the time).<sup>101</sup> Notably, Nguoth Oth Mai—Gen. Hoth Mai's 23-year-old son who purchased the house—was studying in China until mid-December 2013, just six months prior to the transaction.<sup>102</sup> The residence is situated on a one-acre lot backing up to a forested area bordering nearby Lysterfield Lake, a popular destination for sailing, canoeing, and mountain biking.<sup>103</sup> The home is described by the realty company that sold it as "perfecting the balance between serenity and glamour." The home boasts four bedrooms, a top-of-the-line kitchen, a two-tiered home theater, a sauna, and an infinity pool. When The Sentry visited the home in August 2016, a BMW 316i used by one of Hoth Mai's daughters was parked in front of the house.

In South Sudan, the looting of state coffers is not just the result of a few bad apples; it is systemic.



1. The Hoth Mai family home in Narre Warren, a suburb of Melbourne, Australia. 2. Image of the pool at the home posted by a real estate agency. 3. Image of Gen. Hoth Mai's daughter in a BMW along the coast of Australia. 4. Photo of the pool at the Hoth Mai family home posted on social media.



## “The Source of This War”

“What is the source of this war now?” South Sudanese President Salva Kiir Mayardit asked rhetorically during an interview with a Kenyan news reporter in early August 2016 after renewed fighting erupted in Juba, ending the country’s brief return to peace.<sup>104</sup> “The source of this war was that I chide the ministers to return what they have taken or else I will go and look for the banks that they have hidden the money in—and I will take measures against them.”

“Some of these ministers have bought apartments, have bought very beautiful houses, villas,” President Kiir continued. “They are hiding it in Kenya and they refuse to reveal it.”

President Kiir was referring to the homes and hidden assets of his political opponents. And, in a way, President Kiir is right. Members of the SPLA-IO do indeed have beautiful homes in many places outside of South Sudan, and many properties are in neighboring Kenya. Investigators from The Sentry have visited these properties. The investigation found that members of Vice President Riek Machar’s family have enjoyed a luxurious life overseas, residing at times in a large home in Addis Ababa, Ethiopia, and a beautiful villa in a posh, gated community in Nairobi, Kenya.

But President Kiir neglected to mention his own home in Lavington. He failed to mention his expansive property in Luri that was constructed while the rest of the country was facing a dire economic crisis. He omitted any discussion of the telecommunications and construction companies in which his wife, First Lady Mary Ayen, has apparently held substantial interests. His statement glosses over the documents indicating that his adolescent son held a 25 percent stake in a holding company formed in February 2016 and that his other children held stakes in a major South Sudanese bank as teens while others have held shares in companies operating in a wide range of economic sectors—from oil and banking to gambling and aviation. President Kiir did not allude to the fact that one of his closest allies, Gen. Paul Malong, has mansions in Uganda and Kenya and numerous luxury cars to go along with them. President Kiir’s statement did not include a word about the \$3 million that has apparently passed through the personal bank account of Gen. Malek Reuben Riak, the official who is in charge of procuring weapons for his military.

Absent from President Kiir’s statement in August 2016 was any mention of the fact that the network that has hijacked the state in South Sudan and thrown the country into a catastrophic civil war is composed largely of his political allies—and that he is the kingpin.

The rapid accumulation of wealth by the clique in power in South Sudan has been as bold and brazen as it has been devastating to the country. These kleptocrats seem to have been conducting business as if no one would ever be watching closely—and even if their conduct was discovered, it would not matter because no action would be taken. The top officials responsible for mass atrocities in South Sudan have apparently managed to accumulate fortunes while the rest of the country suffers the consequences and experiences famine-like conditions.<sup>105</sup> The Sentry’s investigation strongly suggests that the officials profiled in this report have benefited from the continuing war and atrocities committed within it and so far there is no accountability for their actions.

The information obtained by The Sentry further suggests that many of the top officials who are responsible for mass atrocities and human rights abuses in South Sudan are aware of the wealth that others in President Kiir’s inner circle have accumulated. Documents discussed in this report indicate, for example, that adult





children of President Kiir and Gen. Malong hold stakes in the same oil company, Nile Link Petroleum. When contacted by The Sentry, Gen. Malong's stepson claimed that he "could get any concession he wanted" and that Gen. Malong and President Kiir were involved in his mining ventures. Gen. Malong and Gen. Gabriel Jok Riak (who is under U.N. sanctions) even have luxurious homes next door to one another in Uganda.

The politicians and military officials profiled in this report are not the only ones complicit in the appropriation of South Sudan's wealth. These top officials could not thrive without the help of international bankers, businessmen, companies, arms brokers, and lawyers who facilitate, whether knowingly or unwittingly, their conduct. Weapons manufacturers and brokers facilitate violent kleptocrats' access to the deadly weapons that allow them to kill on a large scale. But arms dealers are an important but small part of the problem. The paperwork for the formation of Combined Holding Limited—the company in which President Kiir's 12-year-old son reportedly held a 25 percent stake as of early 2016—had to pass through the hands of a corporate lawyer and through the registrar of companies in Juba. The hundreds of thousands of dollars in payments from multinational oil and construction companies that apparently passed through the accounts of Gen. Malek Reuben Riak and Gen. Gabriel Jok Riak raise serious questions; whether they know it or not, companies that make payments to those responsible for looting and killing in South Sudan play an integral part in facilitating the violent kleptocracy. The banks that processed the transactions, meanwhile, also play a role. These banks, either wittingly or unwittingly, have facilitated the apparent ability of government officials to divert significant sums that could be used to benefit some of the poorest people in the world.

Violence and mass atrocities persist in South Sudan both because the perpetrators face no consequences and because international banks, multinational corporations, and even foreign governments continue to facilitate their violent kleptocracy.



# Countering Violent Kleptocracy in South Sudan

The Sentry proposes a new strategy to counter atrocities that will use the tools of financial pressure normally reserved for countering terrorism, organized crime, and nuclear proliferation to bring to account those responsible for these abuses—individuals who have until now been able to operate with near impunity because the world imposes no consequences for their behavior. By targeting the ill-gotten wealth accumulated by the network that has hijacked South Sudan’s government, the international community can build leverage for peace, human rights, and good governance. This new approach will require the use of targeted sanctions, selective prosecutions, and anti-money laundering provisions as well as a sustained commitment to fighting corruption, bolstering accountability, building institutional capacity, safeguarding space for civil society and the press, and promoting transparency in South Sudan.

## 1. Targeted sanctions

In sum, a piecemeal and incremental approach to targeted sanctions in which a handful of mid-level officials are placed under sanctions will neither provide any real accountability for the atrocities and corruption nor will it provide leverage to policymakers and negotiators pressing for human rights and peace.<sup>106</sup> For real impact, the entire kleptocratic network responsible for the war’s continuation needs to be the focus of targeted sanctions. Those targeted sanctions then have to be enforced, and the sanctions need to be accompanied by other policy tools focused on anti-money laundering and asset recovery in order for financial leverage to be maximized.

Targeted sanctions aimed at the individuals and networks most responsible for atrocities, human rights violations, and the rampant looting of South Sudan represent one of the most promising means of creating financial leverage that can alter the top officials responsible for South Sudan’s civil war. Ideally, the U.N. Security Council should be the institution that enacts targeted sanctions on these violent kleptocrats because it would send the clearest message and the obligations for enforcement would apply to all member states, rather than just one or two countries. However, some members of the Security Council have repeatedly signaled that they will block attempts to use U.N. sanctions to hold these officials to account. Given the low prospects of U.N. action on this issue, the United States should build a coalition of countries, as well as the African Union and European Union, and prepare to collectively impose targeted sanctions on key high-ranking officials on both sides of the conflict, who are responsible for continued atrocities, widespread violence, and grand corruption.

The United States should be prepared to lead the way. The White House should issue a new executive order that authorizes the administration to impose sanctions on those individuals found responsible for looting state coffers, and obstructing civil society and the press. The U.S. Department of the Treasury could direct its investigatory attention to high-impact targets, including the top South Sudanese officials with command authority who are profiled in this report as well as their international enablers and facilitators. Those individuals inside and outside of South Sudan, who are ultimately found to have benefited from grand corruption and continued violence, should not be able to evade accountability and should thus be the focus of sanctions packages.



The following are key elements of a more effective targeted sanctions regime in South Sudan:

**President Obama should issue an executive order on South Sudan that focuses on corruption.** In April 2014, the White House issued Executive Order 13664, which authorizes sanctions on the perpetrators of certain abuses in South Sudan.<sup>107</sup> The new executive order should include more robust criteria for designation, including provisions that allow the administration to place sanctions on South Sudanese officials engaging in public corruption or stifling free speech or democracy through repression of civil society and media. An executive order issued on April 19, 2016, regarding Libya targets for sanctions those whose actions “may lead to or result in the misappropriation of state assets.”<sup>108</sup> Additionally, although Executive Order 13664 targets those who “undermine democratic processes” in South Sudan, it does not specifically address targeting of civil society or the media, which are critical to the ongoing fight against public corruption and the kind of kleptocracy that exists in South Sudan. Executive Order 13692 (with respect to Venezuela) also contains useful language for this criterion.<sup>109</sup>

**Sanctions must focus on high-impact targets in South Sudan.** The U.S. government and U.N. Security Council have already sanctioned a series of mid-level commanders from both sides of the conflict in South Sudan. The failure to follow on these actions with any meaningful scrutiny of higher level targets muted any message these actions may have had, resulting in a perception in South Sudan that the international community is not serious about imposing consequences. Simply consider the fact that some of these sanctioned individuals—including Gen. Gabriel Jok Riak, who is profiled in this report—were apparently able to continue traveling in the region, despite a U.N.-imposed travel ban, and maintain bank accounts. As this report details, this approach to sanctions will not move the individuals involved or their networks unless higher-impact targets are designated and sanctions are actually vigorously enforced against those found to have engaged in misconduct. Designating an individual or entity that serves as a link to a broader network is often referred to as an “anchor” designation, where one step enables others to be built around it. Such targets would move beyond “naming and shaming” and toward targeted sanctions with real financial impact that connect to the heart of the broader illicit networks. This report provides several examples of possible anchor targets, particularly key corporate entities controlled by South Sudanese officials and their networks.

**The facilitators and enablers of corruption and mass atrocities should be priority targets for sanctions designations.** The conduct of the government officials described in this report has, as a practical matter, been facilitated—knowingly or not—by a wide range of lawyers, brokers, banks, and foreign companies. Focusing on the anchor targets enables not only demonstrable financial impacts, but also allows for leverage to be built over time as those who are connected to sanctioned individuals through their financial dealings realize they too are at risk. Executive Order 13664, like most sanctions orders, contains provisions that allow for the sanctioning of individuals or entities providing financial support or assistance—which even just a few high-value or important transactions can be considered—to an already-designated person, or companies owned or controlled by an already-designated person. So, once a key target is sanctioned, the target’s entire financial support network becomes vulnerable. This has been a critical approach in the sanctions fight against drug trafficking and organized crime.

**Sanctions designations should also target the ultimate beneficiaries of corruption.** Although it is critical to have the ability to target the key perpetrators, there must also be means to sanction those who ultimately benefit from the corruption that drives the conflict. The current criteria do not do that. Given the nature and extent of public corruption in South Sudan enabling the networks that fuel conflict, additional sanctions criteria should be introduced via an amended executive order. These criteria should allow for the targeting, or as it is often called “designating,” of those benefitting directly from, or facilitating the commitment



of, acts of public corruption and/or misappropriation of state assets and those facilitating actions that threaten peaceful assembly or the activities of civil society and the media.

**The U.S. Department of the Treasury should ensure that sanctions imposed on the perpetrators of abuses in South Sudan are vigorously enforced.** There is often concern that sanctions against individuals with assets outside the United States means that nothing can be done to enforce sanctions. In South Sudan, that is simply not the case. Thus, for example, the vast majority of transactions documented in this report are denominated in U.S. dollars, which means that, in most cases, the United States has leverage to stop them. Large penalties imposed by the U.S. government against major international banks in recent years have shown how vigorously sanctions can be enforced once more is known about the banking channels involved and the way sanctions are deliberately evaded. This is because, in order to complete a bank transfer denominated in U.S. dollars, a series of transactions will occur between banks—through a system known as “correspondent banking”—that makes it likely the money will transit through New York, even if only for a split second, to become “dollarized” before making it to the account of the intended recipient. Therefore, even if the majority of a target’s assets are outside the United States, a sanctions designation can have significant impact because it typically prevents the designated person from conducting transactions in U.S. dollars, as they are prevented from accessing the U.S. financial system, which drastically limits what kind of business they can do. If they do try to transact in dollars, either the local bank should stop it, or the U.S. correspondent bank processing the transaction should block it. If that does not happen, and the target continues transacting because important customer data is removed by the respondent bank or the U.S. bank misses it, then the U.S. Treasury Department can pursue a penalty against the originating or intermediary bank that sent the money into the United States on behalf of a sanctioned target.

## 2. Anti-money laundering measures

Money is at the core of the South Sudanese networks presented in this report, and in many cases, the money appears to be ill-gotten. The official salaries of those profiled in this report have annual salaries ranging from \$40,000 to \$60,000. South Sudanese law restricts officials at these levels deriving income from other sources, which raises important questions about the source(s) of their wealth. Unexplained wealth alone is often enough for authorities to have a reasonable basis for investigating potential corruption and money laundering activities. As this report demonstrates, there appear to be numerous examples of South Sudanese government and military officials who have amassed significant unexplained wealth, including luxury cars, trips on private jets and in commercial first class, and million-dollar mansions from Nairobi to Kampala to Melbourne. In some cases, these assets could represent the proceeds of corruption.

In sum, money laundering is the effort to legitimize wealth obtained through commission of a crime, often known as a “predicate offense.” Fraud, theft, bribery, and other acts associated with corruption are considered to be predicate offenses in most jurisdictions, and the international community’s principal agencies established to combat money laundering, called the Financial Action Task Force (FATF) and the Egmont Group, have each done work to study how money laundering happens when it involves the proceeds of corruption.<sup>110</sup> According to FATF:

Corruption and money laundering are intrinsically linked. Corruption offences, such as bribery or theft of public funds, are generally committed for the purpose of obtaining private gain. Money laundering is the process of concealing illicit gains that were generated from criminal activity. By successfully



laundering the proceeds of a corruption offence, the illicit gains may be enjoyed without fear of being confiscated.<sup>111</sup>

Most governments work through an agency known as a financial intelligence unit to enforce laws against money laundering, particularly by working with banks and other financial institutions. In the case of South Sudan, the U.S. government and other governments can work to ensure that financial institutions are adequately meeting their anti-money laundering compliance obligations, prompt financial institutions to take extra steps to safeguard against the laundering of the proceeds of corruption originating in South Sudan, and in some cases can even trace and seize assets found to be the proceeds of corruption. The U.S. government has the power to impose stiff penalties on banks who fail to meet anti-money laundering and sanctions compliance standards. These penalties, which range from hefty fines to denial of access to the U.S. financial system, should act as a strong disincentive to laundering the proceeds of corruption.

The U.S. and other governments should also reinforce to governments in the region, such as Kenya and Uganda, the importance of implementing of “The FATF Recommendations” to counter money laundering and to encourage South Sudan to develop the infrastructure necessary to do so. Failing to do so means not only fostering conflict and instability in South Sudan but also putting their own financial systems, infrastructure, and international standing at risk. An article in a prominent banking magazine in June 2016 has noted that the expansion of Kenya’s banking sector, which has been a government priority, faces risks from the way it operates with respect to markets like South Sudan.<sup>112</sup> The United States has already provided this type of guidance and can do so more pointedly with respect to South Sudan. For example, in 2008, the U.S. Treasury Department’s Financial Crimes Enforcement Network (FinCEN), which serves as the U.S. financial intelligence unit, issued an advisory concerning the risks from corruption and provided a more specific type of alert in the wake of Ukraine’s 2014 crisis.<sup>113</sup> FATF itself published a guidance document on the application of its anti-money laundering recommendations to combat corruption in 2013.<sup>114</sup>

We recognize that not every transaction described in this report constitutes an incident of, or is connected to, money laundering. In some cases, law enforcement authorities would be able to make more specific determinations on individual cases after further investigation using their authorities. Taken as a whole, however, we believe we have presented clear indicia of the types of money laundering activities typically associated with corruption. As a result, authorities established to combat money laundering could be brought to bear in order to investigate and act against such activities in and related to South Sudan. Some of the key tools are:

**The U.S. government should penalize any banks that have failed to fulfill their due diligence, reporting, and compliance requirements in South Sudan.** Banks are the key component in the fight against corruption by government officials and money laundering, and many have substantial compliance departments devoted to tracking and stopping it. For example, “Know Your Customer” (KYC) provisions within the laws of many countries require financial institutions to conduct due diligence on their clients, and increasingly, banks in the correspondent system are feeling pressure to “Know Your Customer’s Customer.”<sup>115</sup> Moreover, banks are expected by FATF Recommendation 12 to conduct more thorough investigations—known as “enhanced due diligence”—on foreign politically exposed persons (PEPs), so that the financial dealings of government officials and their close relatives are subject to increased scrutiny. If they fail to follow these types of provisions, banks can face substantial penalties as well as the prospect of having other banks be less willing to work with them in the correspondent system. Nevertheless, individual transactions can be exceedingly hard to stop and, for some banks, the commercial benefit of these transactions may still outweigh the legal obligation or interest in fighting it. The U.S. and Kenyan



governments should thoroughly examine whether or not banks involved in these transactions fulfilled their due diligence, reporting, and compliance requirements. In addition, correspondent banks should ensure that they are receiving complete cooperation and transparency from banks in the region with respect to these and any analogous transactions.

**The U.S. Department of the Treasury should issue an investigative request under Section 314(a) of the Patriot Act.** FinCEN, in particular, has the ability to take several steps related to countering money laundering in South Sudan. First, FinCEN could issue a request under Section 314(a) of the Patriot Act that goes to all financial institutions within its network—over 22,000—and requires them to search their records to determine whether the financial institution maintains or has maintained accounts for, or has engaged in transactions with, any specified individual, entity, or organization. FinCEN often issues these requests to support law enforcement, but it has the independent authority to issue them. FinCEN must certify that the targeted entities/individuals are reasonably suspected, based on credible evidence, of engaging in money laundering and contain additional specific identifying data. This report provides a starting point for the basis of a 314(a) request, which can be a critical tool for financial institutions in receiving the guidance and direction they often need from government to track PEPs and the way they move money. Given that South Sudan is likely lower on the radar of most financial institutions than other concerns, a 314(a) request can instantly elevate the profile and provide FinCEN, and potentially other governments, with critical account information.

**FinCEN should commence a 311 Action against South Sudanese PEPs engaging in real estate transactions.** In addition to the investigative step of a 314(a) request, FinCEN can take more direct action under section 311 of the Patriot Act against a specific financial institution, a type of transaction, or class of account, considered to be a “primary money laundering concern.” Doing so enables FinCEN to take one or more of five “special measures” against that concern, although it has only ever used Special Measure 5, which cuts off access of the money laundering concern to the U.S. financial system. That can be a virtual death sentence for a bank working within the correspondent system. In recent months, FinCEN has focused on the use of money laundering to purchase high-value real estate in the United States, and as demonstrated in this report, it should extend its work against this activity as it relates to South Sudanese kleptocrats. Information provided in this report should provide a sufficient basis for a finding that the purchase of real estate by senior PEPs in South Sudan presents a class of transactions that represents a primary money laundering concern. FinCEN should consider invoking one of the other special measures, which enable additional investigative and record-keeping powers, and will put the global financial community on notice to monitor and evaluate these transactions extremely rigorously and prevent the purchase of any real estate with money laundered through corruption or other illicit means.

**Authorities should work to seize and repatriate funds looted from South Sudan.** U.S. authorities, as well as their counterparts overseas—in places like Australia, the European Union, Kenya, and Uganda—should open investigations that could lead to the forfeiture of criminally derived assets and to the prosecution of those involved in profiting from corruption in South Sudan. In the United States, the Department of Justice’s Kleptocracy Asset Recovery Initiative—an investigative unit comprised of personnel from DoJ, Federal Bureau of Investigation, and Department of Homeland Security—should lead the way. Once an investigation is opened, these agencies can use a range of investigative and subpoena authorities to request records from banks and foreign governments, potentially leading to legal actions against individuals involved, or in some cases, directly against the property. For example, if the FBI demonstrates that \$1 million transited through a U.S. bank account in connection with a money laundering scheme, then the Justice Department can bring a claim against \$1 million in that account at the time of the lawsuit, seeking to forfeit the funds. In the case of South Sudan, authorities should work to repatriate funds seized in ways that ultimately benefit



the population at large (i.e. through programs that foster sustainable economic development and good governance.)

**The U.S. government should directly engage with banks and foreign governments about money laundering concerns pertaining to South Sudan.** In addition to FinCEN action, the U.S. government, principally Treasury and U.S. Department of State officials, can counter money laundering in South Sudan through direct engagement in the region. By raising concerns about possible money laundering activities with individual governments (such as Kenya, Uganda, and Ethiopia), multilateral bodies in the region such as the African Union, IGAD, the East African Community (EAC), and the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), and with senior bank officials themselves, the United States can increase attention and action by other jurisdictions, which likely have more direct ability to impede suspicious transactions than U.S. action alone. Kenya and Uganda, in particular, have relatively solid anti-money laundering legal frameworks on paper that can provide a basis for action against corruption, as well as demonstrate that local laws are being violated by banks that process suspicious transactions on behalf of South Sudanese PEPs. These banks should already be conducting enhanced due diligence on South Sudanese PEPs, according to the FATF Recommendations, and taking other measures required to prevent suspicious transactions. As indicated above, failure to do so not only fuels conflict in South Sudan but also could well threaten the standing of these countries in the international financial system and negatively impact their own banks. Finally, U.N. Sustainable Development Goal (SDG) 16 recognizes the view of all U.N. Member States that accountable institutions are a critical component of development and includes target goals of reducing corruption and acting against illicit financial flows.<sup>116</sup> Regional states should recognize that progress towards implementation of SDG 16 includes acting against this activity transiting through their borders from South Sudan.

### 3. Mitigating collateral damage and unintended consequences

It must be noted that directing any such pressures against South Sudan could cause financial institutions, particularly those in the United States, Europe, and Asia that are many steps removed from South Sudan, to determine that the risk of doing business with South Sudanese account holders is simply too high when compared with the financial interests they have in maintaining business in South Sudan. This process, known as de-risking, is a critical problem in much of the developing world, especially in Africa and the Caribbean.

The following steps could help mitigate the possibility of de-risking:

**U.S. authorities should be specific and transparent about the nature of laundering concerns in South Sudan.** There are no easy solutions to preventing de-risking, but international bodies and observers that have studied the problem generally focus on two key components: first, specificity from government about the nature of risks in a particular jurisdiction or type of transaction; and second, availability of information within the banking system about customers, particularly those of concern. To achieve this, FinCEN and potentially other relevant financial intelligence units around the world should issue guidance to the banking community. The model used by FinCEN to ensure that banks do not cut off all money service businesses (MSBs) in their effort to prevent terror financing risks is particularly relevant, given clear statements such as:



FinCEN does not support the wholesale termination of MSB accounts without regard to the risks presented or the bank's ability to manage the risk. As noted, MSBs present varying degrees of risk, and not all money services businesses are high-risk. Therefore, when deciding whether to provide services to an MSB customer, financial institutions should assess the risks associated with that particular MSB customer.<sup>117</sup>

The same is true of South Sudanese customers, and similar guidance will be needed.

Should this guidance be insufficient, Treasury should consider identifying a manner for "green-lighting" specific banking channels. Given its longstanding interest in South Sudan, the U.S. Congress should also monitor the situation to ensure that sufficient banking services remain available to the people of South Sudan.

**FinCEN should take steps to improve the ability of banks to conduct effective due diligence on South Sudan-related clients at a reasonable cost.** For example, FinCEN issued detailed guidance in 2014 concerning money laundering risks resulting from human trafficking. FinCEN should issue a guidance on South Sudan with provisions similar to the human trafficking directive. This would improve the ability of banks to conduct effective due diligence at a reasonable cost. In addition, U.S. and European banks should work directly with KCB and other institutions to create shared KYC platforms, where essential customer data can be viewed across institutions. One of the principal causes of de-risking is the inability of correspondent banks to access the client data of their respondent banks, and these types of shared platforms can be critical components. Major banks have already outlined the elements of such collaboration through the Wolfsberg AML Principles for Correspondent Banking.<sup>118</sup> U.S. based banks should also avail themselves of Section 314(b) of the Patriot Act, which allows them to cooperate on this type of information sharing after notifying FinCEN they are doing so. Donor governments, as well as organizations like FATF and ESAAMLG, should be asked to contribute to this effort, with both political will and, if necessary, funding.

#### 4. Put corruption "front and center" in South Sudan

Like many of South Sudan's state institutions themselves, international efforts aimed at helping South Sudanese citizens have been captured by the clique of officials in power in Juba and diverted to serve their own narrow political and economic interests.<sup>119</sup> Accordingly, moving forward, all international engagements in South Sudan must be corruption-sensitive. This means that, without exception, all international initiatives in South Sudan—from development assistance, humanitarian aid, and commercial ventures to diplomatic engagements, peacekeeping, and security sector reform—must go to great lengths to prevent these efforts from being hijacked by venal politicians and soldiers. Simply put, if corruption is so widely recognized as the key catalyst of conflict and suffering in South Sudan, then anti-corruption objectives must be front-and-center in any new policy initiative undertaken in the country from conception to planning, execution, and evaluation. Moving forward, foreign donors and international institutions engaged in South Sudan should prioritize the development of strong public sector institutions, work to promote government and corporate transparency, close loopholes exploited by kleptocrats, and safeguard space for civil society and the press to perform their crucial watchdog function.

**Support the development of robust oversight and accountability mechanisms.** South Sudan's public sector oversight institutions should be the primary entities involved in countering corruption and promoting greater transparency and accountability. International efforts aimed at institution-building in South Sudan should prioritize building the capacity and safeguarding the integrity of judicial and governance oversight





institutions. Priority institutions include South Sudan's courts, especially the Hybrid Court for South Sudan created in the August 2015 peace agreement, as well as the National Auditing Chamber, the Anti-Corruption Commission, and the Public Accounts Committee in the National Legislative Assembly. Countering political influence and supporting South Sudan's hybrid court with technical expertise that can support local actors in the effort to investigate and prosecute economic crimes and pursue asset tracing and recovery will be critical. Any individual found to have intentionally subverted these institutions should be considered to be "undermining democratic institutions" and should therefore be considered for placement under sanctions.

**Immediate family members of South Sudanese PEPs should be required to declare their assets.** The Sentry found several instances where children of President Kiir apparently held stakes in banks and holding companies during their teens. This raises serious questions about whether or not South Sudanese officials are using their children to represent their business interests. As a result, South Sudan should require all immediate family members of PEPs to disclose all of their assets and business holdings.

**South Sudan should create a searchable public registry of all corporate entities formed in the country.** Many of the corporate records reviewed by The Sentry indicating that top South Sudanese officials and their immediate family members hold stakes in numerous commercial ventures are not actually available to the public. Neither journalists, activists, nor anti-corruption investigators can easily access such information. This should not be the case. South Sudan should establish a searchable corporate registry that makes available certain corporate filings from each company that contain basic information about the firm's true owners, including their name, date of birth, business address, and identification number. These records should be accessible at a very low cost.

**A financial management system should be introduced to prevent violent kleptocrats from hijacking state institutions and looting public resources.** In some cases, the legal and institutional framework for governing public resources and combatting corruption already exceeds international best practice—at least on paper. Additionally, the August 2015 peace agreement includes a reference accepted in principle by South Sudanese leaders to the need for an oversight mechanism for revenue collection, budgets, revenue allocation, and government spending with technical and advisory support from the regional and international community. However, in South Sudan, many of the institutions designed to check and balance the overreach of power have themselves been hijacked, co-opted, marginalized, or otherwise obstructed from fulfilling their mandates. South Sudanese leaders have paid lip service to the need for oversight, but public institutions have been transformed from entities that are supposed to safeguard the rule of law and provide social services into predatory entities that do quite the opposite. It is clear that the government has failed to implement good fiscal management practices. Capacity building alone will not solve this challenge. Nor will any other technical solution. International donors may, however, have opportunities to press for greater oversight and accountability on the use of funds, given the need that South Sudanese leaders have expressed for external financial support. To help safeguard the integrity and bolster the capacity of crucial oversight institutions that are designed to review and check public spending, donors and international institutions engaged in South Sudan should work with South Sudanese civil society to establish a financial management mechanism. One model for this might be the Governance and Economic Management Assistance Program (GEMAP) used in Liberia from 2006 to 2010 in the aftermath of its civil war.<sup>120</sup> This program entailed having international advisors embedded in key ministries and state-owned enterprises. These advisors had co-signatory authority over the allocation of contracts, natural resource licenses, and all other major expenditures. The program had a strong capacity-building component but also helped ensure that state revenue was directed to pay for essential basic services and included international audit provisions for donor-provided funds. Determining the particular mechanism of external oversight for public spending in



South Sudan will require concessions and concerted diplomatic engagement to counter concerns over sovereignty infringement, but such concessions must be demanded to safeguard the country's financial integrity. Without such an arrangement, the United States and other international donors should expect that aid dollars and capacity building support will be hijacked and diverted to support the kleptocratic system in place.

**Conduct a retrospective review of the allocation of government contracts and natural resource concessions.** Those responsible for looting South Sudan and perpetrating mass atrocities have succeeded largely because their grip on the country's economy also allows them to build war chests and fund private militias that can target opponents. Most of the funds that these kleptocrats have amassed appear to come from the oil, mining, foreign exchange, and banking sectors as well as food procurement and defense supply contracts from the government. These sectors should be subject to a retrospective review and extensive auditing. Companies and individuals found to have abused their power to secure an unfair advantage should lose government contracts and natural resource concessions and face steep penalties. While South Sudan's National Audit Chamber has a competent and committed chair and staff, a broad-scope audit initiative that extends beyond the chamber's mandate could benefit from partnership with an impartial external actor to help further ensure that the review process itself cannot be hijacked and manipulated for political ends.

**Create and protect space for civil society to act as a watchdog.** South Sudanese civil society must be empowered to perform its crucial role in holding state actors accountable for their actions and articulating and amplifying public concerns about government policies and initiatives. They will provide the foundation for accountability in South Sudan moving forward. However, journalists and activists have been subject to consistent interference, intimidation, and violence, preventing them from doing their jobs effectively.<sup>121</sup> Strengthening accountability in South Sudan will ultimately require the creation and robust enforcement of strong legal protections for civil society organizations and media monitoring corruption and other abuses. South Sudan should opt in to the World Bank's Global Partnership for Social Accountability,<sup>122</sup> in order to enable civil society there to benefit from the Partnership's capacity building funding and opportunities.



## Acknowledgments

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The report is stronger for all these contributions. Any errors, however, belong to The Sentry alone.



## Endnotes

<sup>1</sup> According to South Sudan's constitution, "A member of the National Legislature, other than the Speakers, Deputies, Minority Leaders, Chairpersons and Deputy Chairpersons of the specialized committees, and Chief Whips, may hold any other office in the private sector, with remuneration or engage in any profit making business; provided that such office or business does not compromise his or her duty as a member." However, the constitution explicitly prohibits constitutional office-holders from maintaining stakes in private businesses while in office.

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