



SENTRY ALERT

East Africa's Leverage for Peace: Target Real Estate in Kenya and Uganda Connected to South Sudan's Spoilers

By The Sentry team
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Nearly two years ago, The Sentry identified the homes of South Sudanese officials in Kenya and Uganda and uncovered a worrying trend that these officials, who were maintaining the war back home in South Sudan, were buying real estate abroad, potentially as a way to hide unexplained wealth. Investigating, and if appropriate, seizing these homes would provide tremendous leverage for the peace process, as there would finally be some measure of accountability for the mass looting and atrocities since independence in 2011.

But so far, no houses have been seized. No leverage has been created. No accountability has been exercised.

What will it take for Kenyan and Ugandan officials to investigate and then seize houses and other assets determined to be the proceeds of corruption in order to apply desperately needed pressure on South Sudan's peace spoilers?

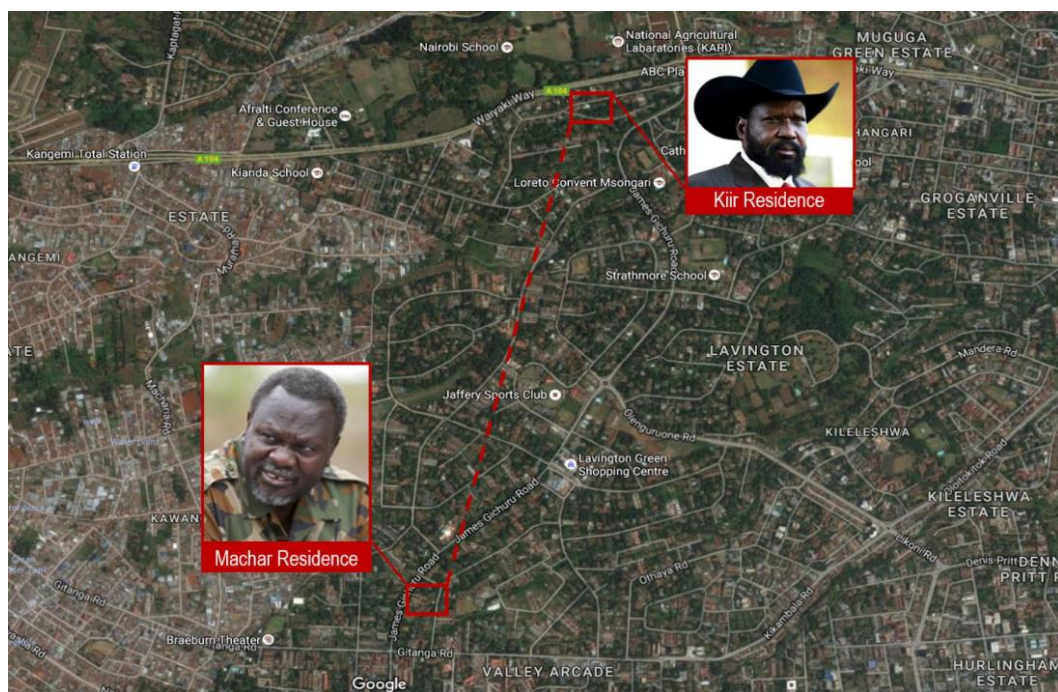
The Kenyan government has stated its commitment to ending the war in South Sudan. "We continue to urge the leaders of South Sudan to put the interests of their people and motherland above their own," Kenyan President Uhuru Kenyatta told lawmakers last month. "As we have in the past year, Kenya stands with the people of South Sudan in their search for lasting peace." But after five years of horrific fighting that has claimed tens of thousands of lives and displaced millions, it is clear that simply urging the country's leaders to lay down their weapons is insufficient. Altering the conduct of those responsible for South Sudan's war will require new leverage. With top South Sudanese officials



traveling and keeping their assets primarily in Kenya and Uganda, these two countries have significant potential in this regard.

South Sudan has hemorrhaged billions of dollars since its independence, much of it lost through corruption. “The funds accumulated through the proceeds of South Sudanese corruption are moved to accounts outside of South Sudan,” according to a September 2017 advisory issued by the US Treasury Department’s Financial Crimes Enforcement Network. “Once the funds are held in accounts in other countries, they are used to purchase real estate (among other things) in third countries.”¹ One of the preferred places to park those funds is Kenya. “In Kenya’s capital Nairobi, South Sudanese number plates are commonplace on the four-wheel drives that circulate the leafy suburb of Lavington,” the Financial Times reported in December 2015.² In 2016, Kiir acknowledged the trend of elites moving funds from South Sudan to buy real estate abroad. In an interview with Kenyan news, he explained that some government officials “have bought apartments, have bought very beautiful houses, villas. They are hiding it in Kenya and they refuse to reveal it.”³ What he did not mention was that at least one of these “very beautiful houses” belonged to his family.

President Kiir and former Vice President Machar both have homes in Lavington, an upscale neighborhood in Nairobi. Photo: The Sentry.



In September 2016, The Sentry released a report from an investigation that revealed that top South Sudanese officials responsible for the war — including President Kiir, ousted Vice President Riek Machar and several top generals — had accumulated significant wealth, often in the form of luxurious properties in Kampala and Nairobi. The value of these properties far exceeds what these officials could afford on their salaries alone.⁴ Almost two years later, the Nairobi and Kampala properties identified by The Sentry appear to remain in the possession of Kiir, Machar, and other top generals profiled in the report. And more properties held by other top South Sudanese officials are still being



identified. There is cause to question how South Sudan's current and former leaders can afford opulent homes abroad. Kenya and Uganda have the legal authority and means to locate, investigate, and — if warranted — seize these properties. Pursuing real estate abroad by itself will not end the war in South Sudan, but it would limit the financial resources of South Sudan's war leaders, thereby creating personal consequences for those directing the war and cutting off what could in some cases be a channel for hiding the proceeds of corruption.⁵

Start with Identified Properties in Nairobi

The Sentry has identified three houses in Kenya that could be scrutinized by Kenyan authorities because unexplained wealth is a reasonable basis for investigating the sources of that wealth and any possible wrongdoing. Former Chief of Staff of the SPLA Paul Malong, for example, who made roughly \$45,000 per year through his government salary, maintains a \$2 million mansion in a gated community in Nairobi, The Sentry's research revealed.⁶

Former Chief of Staff of the SPLA Paul Malong's home in Nairobi, within Nyari Estate.
Photo: The Sentry.



Kenya's investigative legwork could start at these locations and determine whether they were purchased with the proceeds of corruption. Kenyan investigators could obtain the real estate directory, sale documents and origin of the payments. With support from NGOs, domestic banks and US law enforcement, Kenya — East Africa's banking capital and home to a large South Sudanese diaspora — is well-placed to take the lead in pursuing potentially corrupt assets.



Real Estate in Uganda

In 2016, The Sentry traced many of the home-buying steps of United Nations-sanctioned Gabriel Jok Riak, South Sudan's top military commander.⁷ Jok Riak maintains a home in Kampala that, based on documents reviewed by The Sentry, may have been purchased with ill-gotten gains. Sanctioned for conduct such as leading military campaigns in 2014-15 that “reportedly resulted in targeted violence against civilians, grave human rights abuses and destruction of villages,”⁸ Jok Riak has razed villages in South Sudan while his family has occupied a home in Uganda.

In a report released in 2016, The Sentry identified a lawyer who facilitated the purchase and deeded the property in his own name, and the location of the house in Kampala.⁹ Jok Riak earns a modest government salary, but bank account records reviewed by The Sentry also show total deposits that exceed \$300,000 from a multinational company and a person who shares the name of an advisor in Kiir's office. This seeming discrepancy should prompt further inquiry. Ugandan, UN, US, and UK officials have been presented with evidence about this house that should kickstart an investigation. But action has been insufficient almost three years after the UN sanctioned Jok Riak.¹⁰

How to Start Investigations in Kenya?

Authorities in Kenya could compile detailed evidence on homes in Nairobi and follow Australia's model to investigate unexplained wealth. In early 2018, Australia initiated the seizure of the Melbourne home of a former senior South Sudanese military general, James Hoth Mai, based on evidence provided by The Sentry.¹¹ The move allegedly rattled communities of South Sudanese living abroad, suggesting this unexpected impact from proactive law enforcement policy could be replicated elsewhere.

Kiir and other South Sudanese leaders have spurned years of traditional diplomatic pressure. They are exploiting UN member states' failure to enforce sanctions and disunity at the UN. Now is the time for law enforcement in East Africa and the United States to step in to help determine whether the proceeds of corruption have been sheltered in real estate abroad. New pressure can and should disrupt the lifestyle of any officials found to have engaged in corruption, as well as that of their families, to bend these officials' personal incentives toward peace. To pursue immediate action to reverse the apparent real estate trend:

- **Kenyan and Ugandan Authorities** could open investigations into the identified properties and reach out to US law enforcement to coordinate joint cases. Because Kenya, Uganda and the United States are signatories to the UN Convention against Corruption,¹² the legal framework allows for the United States to file asset seizure warrants abroad if it were determined that property is eligible to be seized.¹³
- **United States Law Enforcement** could launch independent investigations to determine if properties in Kenya and Uganda were bought in US dollars with the proceeds of corruption. Based on documents viewed by The Sentry, some real estate was likely bought with US



dollars.¹⁴ As part of an investigation, an interagency team led by the US Department of Justice could travel to the region to partner with local law enforcement.

- **United States Treasury Department** could declare the purchase of real estate outside South Sudan by government-connected elites to be a primary money-laundering concern. The Treasury could further refine this action by specifying a range of values of property that are particularly of concern — for example, properties whose value exceeds \$300,000. By issuing a public finding¹⁵ on the damaging trend of South Sudanese officials buying real estate that in some cases may be used to hide illicit funds, financial institutions would need to take special measures to address the financial abuse.
- **East Africa's Banks** could proactively flag high-value real estate transactions by South Sudanese elites for financial investigators and increase due diligence measures when transacting with Juba-based government officials.



Endnotes

¹ Financial Crimes Enforcement Network, “Advisory on Political Corruption Risks in South Sudan,” *Advisory*, September 6, 2017, available at: https://www.fincen.gov/sites/default/files/advisory/2017-09-06/South%20Sudan%20Advisory_09-06-2017_0.pdf

² Katrina Manson, “How South Sudan’s wealthy park their assets outside the country,” *Financial Times*, December 30, 2015, available at: <https://www.ft.com/content/a5a55210-8eaf-11e5-8be4-3506bf20cc2b>

³ Interview with Salva Kiir, *Jeff Koinange Live*, KTN, August 3, 2016, available at <http://youtu.be/hOQEyFk-4do>

⁴ War Crimes Shouldn’t Pay, The Sentry, September 2016, available at https://cdn.thesentry.org/wp-content/uploads/2016/09/Sentry_WCSP_Finalx.pdf

⁵ “UN Security Council renews sanctions on war-torn S. Sudan,” *Sudan Tribune*, May 9, 2018, available at <http://sudantribune.com/spip.php?article65367>

⁶ 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,” 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.

⁷ Denis Dumo, “South Sudan president names Gabriel Jok Riak new army chief,” *Reuters*, May 2, 2018, available at <https://www.reuters.com/article/us-southsudan-army/south-sudan-president-names-gabriel-jok-riak-new-army-chief-idUSKBN1I32Q4>

⁸ US Department of the Treasury. “Treasury Sanctions Individuals Responsible for Continued Violence in South Sudan,” July, 2 2015, available at <https://www.treasury.gov/press-center/press-releases/Pages/jl0102.aspx>

⁹ “War Crimes Shouldn’t Pay,” The Sentry, September 2016, available at https://cdn.thesentry.org/wp-content/uploads/2016/09/Sentry_WCSP_Finalx.pdf

¹⁰ Security Council, Adopting Resolution 2206 (2015), Lays Groundwork for Targeted Sanctions in South Sudan Should Peace Deal Fail, March 3, 2015, available at <https://www.un.org/press/en/2015/sc11805.doc.htm>

¹¹ Charlie Moore, “African general’s Melbourne mansion faces police seizure after tip off from an anti-corruption group headed by George Clooney,” *Daily Mail*, February 9, 2018, available at <http://www.dailymail.co.uk/news/article-5374601/Police-want-seize-Sudanese-generals-house.html#ixzz5FD64K1KM>

¹² The UN Convention against Corruption (UNCAC) includes requires countries to cooperate with one another in every aspect of the fight against corruption, including prevention, investigation and the prosecution of offenders. Countries are bound by the Convention to provide specific forms of mutual legal assistance in gathering and transferring evidence for use in court in order to extradite offenders. Countries are also required to undertake measures that support tracing, freezing, seizing and confiscating the proceeds of corruption. See <https://www.unodc.org/unodc/en/corruption/uncac.html>.

¹³ See US Department of Justice, Money Laundering and Asset Recovery Section (MLARS) website, available at <https://www.justice.gov/criminal-mlars>

¹⁴ “War Crimes Shouldn’t Pay,” The Sentry, September 2016, available at https://cdn.thesentry.org/wp-content/uploads/2016/09/Sentry_WCSP_Finalx.pdf

¹⁵ Based on Section 311 of the USA Patriot Act.

