

Overt Affairs

How North Korean Businessmen Busted Sanctions in the Democratic Republic of Congo

August 2020



THE SENTRY

SUMMARY

The Sentry's newest investigative report shows how two North Korean businessmen formed a construction services firm in the Democratic Republic of Congo (DRC) and engaged in activities that appear to violate sanctions adopted by the European Union, the United Nations, and the United States. Despite strict international prohibitions, these individuals opened a bank account for their company, Congo Aconde, and undertook construction projects in the country. One such project involved erecting statues in a remote provincial capital, a type of construction explicitly forbidden by UN sanctions adopted in 2016. In another apparent violation of UN sanctions, Congolese government funds reportedly served to pay for the statues. Notably, Congo Aconde's activities also gained the attention of several prominent Congolese politicians linked to former President Joseph Kabila's political party, and some of these politicians even rubbed shoulders with the North Korean businessmen.

The Sentry's investigation raises significant questions about the enforcement of sanctions on North Korea and demonstrates apparent failures at multiple levels of the Congolese government and by several banks to conduct proper due diligence on Congo Aconde. Those same failures allowed the company to undertake prohibited activities in the DRC and posed great risk to the international financial system. Specifically, Congo Aconde obtained a US dollar-denominated account at the DRC affiliate of Afriland First Bank, an institution headquartered in Cameroon. The account enabled the company to move funds globally via BMCE Bank International, identified in evidence reviewed by The Sentry as the banking partner designated to process US dollar and euro transactions for Congo Aconde's account in the DRC. Sanctions programs on North Korea focus heavily on disrupting access to the international financial system because of the danger that revenue generated overseas could ultimately be used to fund the country's nuclear weapons program. As a result, Congo Aconde's access to banking services is more than a simple lapse. This access could represent a threat to international peace and security.

Congo Aconde serves as a clarion call for banks, governments, and multilateral institutions regarding sanctions risks in the DRC. Weak internal controls and oversight mechanisms in the DRC make it a fertile ground for those seeking to evade sanctions. These frailties put the DRC's banking sector and the broader economy in significant danger.

SUMMARY OF RECOMMENDATIONS

- The US Treasury Department's Financial Crimes Enforcement Network should amend its advisory on the illicit finance threat emanating from North Korea to include risks related to certain parts of the DRC's banking sector.
- International partners such as the US, EU, and IMF should urge their DRC government interlocutors to address anti-money laundering/countering the financing of terrorism (AML/CFT) implementation and shortfalls.
- Global banks and other relevant financial institutions should conduct enhanced due diligence on the transactions of certain banks operating in the DRC.
- The DRC government should empower its financial intelligence unit, the Cellule nationale des renseignements financiers (CENAREF), to conduct independent and thorough investigations of suspicious financial activities.

Read the report: <https://thesentry.org/reports/overt-affairs/>

