

NATIONAL RECORD

I didn't bribe Riungu - Pattni

By KIOKO IRERI

EX-CENTRAL Bank of Kenya (CBK) deputy governor Eliphaz Riungu was not a beneficiary of the Goldenberg monies, an inquiry was told yesterday.

Billionaire Kamlesh Pattni told the Goldenberg Commission that Riungu did not receive any money from export compensation scheme undertaken by the Goldenberg International Limited in 1990s.

The tycoon told inquiry chairman Justice Samuel Bosire, vice-chairman Nzamba Kitonga and commissioner Peter Le Pelley that Riungu was "a nobody" at the Goldenberg Ltd to warrant him partake of any benefits its export compensation scheme.

At the same time, the commission heard that retired

Chief of General Staff (CGS) Major-General Jackson Kimeu Mulinge did not receive election money from Pattni during the country's first multiparty elections in December 1992.

Pattni was being cross-examined by lawyers Evans Monari who is appearing for Riungu, Ben Munyasia for Mulinge and Pheroze Nowrojee for former vice-president and finance minister Prof George Saitoti.

Bosire, Kitonga and Le Pelley heard that Pattni met Riungu for the first time in 1990.

This was at Riungu's CBK office where he (Pattni) had been sent by then CBK governor Eric Kotut to discuss how the country could earn US\$ 50 million per annum - under the Goldenberg's export

compensation scheme.

During the meeting, the commission heard that Riungu told Pattni to his face that the export compensation scheme agreement drafted by Goldenberg Ltd lawyers could not take off.

Riungu told the tycoon that in such circumstances, CBK would rather deal with commercial banks - in accordance with the CBK Act.

The commission heard that Pattni left Riungu's office a frustrated man after the CBK chief refused to approve his gold-diamond jewelry compensation scheme.

Monari clashed with lawyer Fred Ojiambo when he put it to Pattni that other than retired president Moi endorsing the Shs 5.8 billion payment to Goldenberg, former finance

minister Musalia Mudavadi was also aware of the deal.

Ojiambo is appearing for Mudavadi at the historic tribunal sitting at Nairobi's Kenyatta International Conference Centre (KICC).

However, chairman Bosire overruled Monari's line of cross-examination.

The Shs 5.8 billion payment to Goldenberg, the commission heard, was paid through the Kenya Commercial Bank (KCB).

Pattni told the commission that it is Kotut who informed him that the payment would be paid through KCB where Goldenberg held an account.

Later, former KCB general manager Elijah arap Bi called Pattni to his office through the phone and informed him about the payment.

Other than the two meetings at CBK, Pattni and Riungu later met at the Kamiti Maximum Security Prison where they were being held after being charged with stealing Shs 5.8 billion from CBK, which had been paid to Goldenberg Ltd.

Pattni also told the commission that Jacinta Mwatela, now CBK's director of capital, received money from him in 1993.

Mwatela was then the assistant principal export division in the exchange control department.

On February 9, Mwatela received Shs 50,000, February 13, Shs 150,000, June 29, Shs 50,000 and on July 19, Shs 40,000.

In cross-examination by lawyer Munyasia for Mulinge, the commission heard that Pattni never gave the former

CGS election money directly in 1992.

However, the judicial tribunal investigating the country's worst financial scandal heard that Pattni met Mulinge at Joshua Kulei's State House office.

Kulei was then Moi's personal secretary and Pattni had taken some election cash to him.

Mulinge has been named as being one of the 35 senior personalities in Moi's government who received money directly from Pattni for the 1992 election.

The names of Saitoti, former ministers George Ndotto and the late Francis Lotodo were also on the list.

Pattni told the commission that he could not tell whether the election money he gave Kulei reached Mulinge.

Biwott link to Pattni

By PAUL MUHOHO

CONTROVERSIAL tycoon Kamlesh Pattni admitted yesterday he was closely associated with H.Z. Group of companies owned by former powerful cabinet minister and Keiyo South MP Nicholas Biwott.

The businessman conceded having rescued H.Z. Construction Company from collapse in 1992 and restructured its Israeli-owned parent company, H.Zad Holdings.

At the time, the collapsed Trade Bank was sagging under the weight of non-performing overdrafts by Biwott's companies, Pattni told the judicial tribunal probing Kenya's worst financial fiasco.

Pattni nominated one of his most trusted financial executives, identified as N.S. Srikanth, as a signatory to the accounts held by H.Z. Construction Company at the financially crippled Trade Bank. Two other signatories, James Norbury and K. Bhatavia, represented Biwott's interests, the Goldenberg inquiry heard.

Srikanth, who fled the country during Pattni's tribulations in 1994, was similarly a signatory to Biwott's Ziba Management and Services Ltd and Pattni's flagship company - Goldenberg International - Durley House and International Trading Consortium.

Interestingly, Pattni's chauffeur, Augustine Okore Mwasame and the businessman's associate Chandrakant Madhubai Patel, were appointed as directors of H.Zad Holdings on February 26, 1993. Biwott, Akbar Abdulla Kassam, Paul Lobo and Johnstone Mwanjala Mwandawiro resigned their directorships from the firm on March 2, 1993, the tribunal heard.

Pattni said Biwott was

facing financial and management difficulties with H.Z. Construction Company and he offered to inject some money to keep it afloat since it had the capacity to undertake lucrative government road construction tenders.

"At the time, I was highly regarded for turning around ailing companies. I had the Midas touch and the business acumen to make things change," Pattni told Goldenberg inquiry chairman Samuel Bosire, vice-chairman Philip Nzamba Kitonga and commissioner Peter Le Pelley.

Pattni, who was being cross-examined by lawyer Cecil Miller, tactfully dodged questions regarding the amount of money he injected into H.Z. Construction Company. He claimed to have lent the firm "about Shs 10 million".

The tycoon denied having received dividends from the company but said interest was paid for "the loan". He similarly acquired heavy-duty mining equipment.

"There was no share transfer. I did not acquire a substantial stake in H.Z. Construction Company," Pattni, the commission's 76th witness, testified during the inquiry's 229th session at Nairobi's Kenyatta International Conference Centre.

Former Central Bank of Kenya (CBK) governor Micah Chesherem, had told the inquiry on May 13 that Biwott should be made to repay Shs 600 million plus interest - belonging to the Deposit Protection Fund (DPF). His efforts to recover the money during his tenure was frustrated by the judiciary, Chesherem had told the inquiry.

The money had been lent to Trade Bank by the DPF - on the intervention of ex-CBK governor Eric Kotut - but ended up in equal share in the hands of HZ Group of Companies and the collapsed Pan African Bank.

Inquiry demands 'immunity' letter

By PAUL MUHOHO

THE tribunal investigating the Goldenberg scandal yesterday directed justice and constitutional affairs minister Kiraitu Murungi to produce tycoon Kamlesh Pattni's official letter seeking immunity from criminal prosecution in exchange for spilling the beans before the judicial panel.

Commission chairman Samuel Bosire told assisting counsel, Dr Gibson Kamau Kuria, to consult the minister's office and obtain a copy of the correspondence by Pattni's lawyer, Milton Mugambi Imanyara, to be tabled at the inquiry.

Imanyara told appeal judge Bosire, sitting with vice-chairman Philip Nzamba Kitonga and commissioner Peter Le Pelley, that he, was in possession of the draft letter to the minister, dated February 20, and was unable to get a photocopy of the original letter.

The lawyer had promised to deliver the contentious correspondence last week, saying he had been forced to re-locate all his official documents to a safe place after police raided his offices on February 22 and impounded two computers.

No details have been divulged about Pattni's appeal for immunity to Kiraitu. But the ailing tycoon began tendering his evidence before the minister had replied to him. The director of public prosecutions, Philip Kipchirchir Murgor, disclosed about the businessman's dossier when he cross-examined Pattni on Thursday last week during the tribunal's 226th session at Nairobi's Kenyatta International Conference Centre.

It is unclear whether Pattni was seeking an official waiver from prosecution after the findings of the historic inquiry probing Kenya's worst financial fiasco or the present murder charge he is facing before the

High Court sitting in Nairobi.

Pattni has been in prison remand since last November and is hosted at Nairobi's Armed Forces War Memorial Hospital. He was charged with murdering his former expatriate bodyguard, Fredrick Kowles, on March 24, 1994, at Tigoni in Kiambu district. Shortly after he was charged, the businessman fell ill and was admitted at Kenyatta National Hospital before he was transferred to Kenya's largest military hospital. He had accused Murgor of attempting to block him from giving evidence before

the Goldenberg inquiry and threatening his life.

Subsequently, Murgor charged that Pattni and Dr Kuria were pressing him to drop the murder charge against the businessman in return for exclusion from the list of beneficiaries of Goldenberg money. On July 4, Pattni claimed that Murgor collected Shs 11 million of Goldenberg gravy-train in 1992 to pay lawyers who worked for Kanu and the Electoral Commission of Kenya (ECK).

Murgor had reportedly

taken a copy of an official letter dated December 21, 1992 from Attorney-General Amos Wako to former president Daniel arap Moi's former personal assistant, Joshua Chelego Kulei, asking him to release the money.

Last Friday, Pattni and Murgor engaged in an unprecedented and embarrassing public warfare. The businessman accused Murgor and his wife Agnes of fleeing the public by earning millions of shillings from the Central Bank of Kenya (CBK) through their joint legal firm.



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