

NAIROBI, KENYA · 1990 – 2013

THE GOLDENBERG HEIST



*The True Story of the Gold That Never Was
and the Clerk Who Noticed*

BILLIONS PAID OUT. NOBODY CONVICTED.

GRAHAM KASINDO

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*“There was nothing being exported. It was just doing
paperwork.”*

— Economist Peter Warutere, on Goldenberg (NPR Planet Money)

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Prologue

CENTRAL BANK OF KENYA, NAIROBI. EARLY 1990S.

The clerk's job was paperwork.

Forms came to his desk. He checked them and processed the payments. The money went out. It was the kind of work that keeps a central bank running, and that nobody outside it ever thinks about.

His name was **David Munyakei**. He had joined the bank in 1991. He was in his early twenties.

And one day he noticed something about the forms.

He was processing payments for the export of gold and diamonds.

Kenya did not produce gold and diamonds on anything like that scale.

He asked a senior colleague whether he was reading it right. The colleague said he was.

What the clerk did next would cost him his job and his career. It would also blow open the largest financial scandal in Kenya's history.

To understand what he had found, you have to go back to 1990, and to a company that promised to earn Kenya a fortune in foreign currency.

CHAPTER ONE

The Promise

NAIROBI. 1990.

Kenya was short of foreign currency. To earn more, the government had built a system to reward exporters.

Under the **Export Compensation Act**, anyone who exported goods outside the traditional list of coffee and tea got a bonus. For every hundred dollars of foreign money they brought into the country, the government paid them an extra twenty dollars' worth of Kenyan shillings.

Twenty per cent. Paid by the Treasury, through the Central Bank.

July 1990. A newly formed company, **Goldenberg International**, applied for export privileges.

Its directors were a young businessman named **Kamlesh Pattni** and **James Kanyotu**, who at the same time was the director of Special Branch, the state's intelligence service.

November 1990. Goldenberg was granted a monopoly on the export of gold and diamonds. In return, it undertook to earn the Central Bank at least **fifty million US dollars** a year.

It seemed like a good deal for the country.

CHAPTER TWO

Thirty-Five Per Cent

Goldenberg did not get twenty per cent.

The Finance Minister, **George Saitoti**, authorised an additional **fifteen per cent**, paid as an *ex gratia* bonus on top of the legal rate. Goldenberg's compensation came to about **thirty-five per cent**.

For every hundred dollars Goldenberg said it had earned abroad, Kenya paid it thirty-five dollars' worth of shillings.

The key word was *said*.

CHAPTER THREE

Paper Gold

Every export needed a paper trail. Customs had to certify the goods had left the country. The Ministry of Mines had to certify what they were. The Central Bank had to confirm that the foreign currency had come in. Treasury had to approve the payment.

Each of those stamps was a lock.

Every one of them was opened.

“There was nothing being exported,” an economist, **Peter Warutere**, would later explain. “It was just doing paperwork, just by filling the paperwork and insuring that all the authorities that were supposed to verify that these goods were exported, you know, stamped the papers.”

Kenya had very little gold of its own. As another observer put it, gold had been smuggled through the country “from time immemorial.” It came mainly from what was then Zaire.

Analysts who later took the scheme apart found it had used every tool the system offered: export compensation, pre-shipment finance, the foreign currency retention scheme, the gap between the official and black-market exchange rates, and cheque kiting.

By its peak, Goldenberg was reporting **four hundred million dollars** in exports. It was collecting compensation on every one of them.

CHAPTER FOUR

The Clerk

Which brings us back to the forms on David Munyakei's desk.

He had been born in **1968**, at Lang'ata Women's Prison in Nairobi. He had turned down a place as an army cadet to take the job at the Central Bank in **1991**.

Now he was processing payments, in his own words as later told, "for the export of diamonds and gold (which did not exist in Kenya)."

He took his worry to a senior colleague, **Onyango Jamasai**, who confirmed it.

Then Munyakei did something very few civil servants in Moi's Kenya would have dared to do.

He got hold of the documents.

CHAPTER FIVE

The Leak

NAIROBI. 1993.

The papers went to two opposition MPs: **Paul Muite** and **Peter Anyang' Nyong'o**.

They took them to Parliament.

For a country in the first months of multiparty politics, it was a detonation. The opposition had proof that the Central Bank was paying out billions for exports that might not exist, and the whole country could now see the paper trail.

The system found the clerk.

David Munyakei was arrested and briefly jailed. When the case reached a judge, the charges against him were dismissed.

The Central Bank fired him anyway.

CHAPTER SIX

The Damage

The papers weren't the only alarm. In **April 1993**, an audit linked to the IMF and the World Bank helped the scheme begin to unravel.

By then the damage was done.

The shilling collapsed. In 1990, a US dollar cost about **thirty** Kenyan shillings. By 1994, it cost about **seventy**.

Estimates of what Goldenberg cost Kenya ran from **six hundred million** to **one and a half billion** US dollars. By many accounts, that was more than **ten per cent** of the country's entire annual economic output.

"The grandchildren are going to have to pay for them," one observer said.

Ordinary Kenyans paid first, as the shilling in their pockets bought less and less.

CHAPTER SEVEN

The Commission

2003.

Moi's long rule ended in December 2002. The new government of **Mwai Kibaki** appointed a judicial commission of inquiry into Goldenberg, chaired by **Justice Samuel Bosire**.

It dug through the paper for three years.

Its findings were staggering. The commission found that **158.3 billion shillings** had been transacted with **487** entities through the Goldenberg schemes. Goldenberg International itself had received **35.3 billion**.

3 February 2006. The report was made public.

It recommended criminal charges against **George Saitoti**, by then Minister for Education, and further investigation of former President Moi. Attorney General **Amos Wako** recommended charges against Kamlesh Pattni, James Kanyotu, former Treasury Permanent Secretary **Wilfred Koinange**, former Central Bank Governor **Eric Kotut**, and others.

13 February 2006. Saitoti resigned from the Cabinet.

The inquiry itself had cost more than **511 million shillings**.

CHAPTER EIGHT

The Courts

Then the case went to the courts, and the courts took it apart.

August 2006. The High Court ruled that George Saitoti could not be charged over Goldenberg. Much of the media criticised the ruling as political. Saitoti was never tried.

Next, three High Court judges, **Joseph Nyamu, Roselyne Wendoh and George Dulu**, stopped the prosecution of Eric Kotut. They found the Bosire report flawed, showing “evidence of bias,” and neither “fair, complete and lawful.” “Commissions can never be substitute for police,” they ruled, “as the powers to investigate are vested in the police.” Attorney General Wako said the ruling contained “serious misdirections and errors in law” and ordered an appeal.

The case against James Kanyotu ended when he died in 2008.

2013. The High Court, in a judgment by **Justice Joseph Mutava**, absolved Kamlesh Pattni and his companies of involvement in the Goldenberg scandal. In **May 2013**, the charges against him at the Milimani magistrate’s court were formally terminated, and he walked out a free man.

November 2015. Justice Mutava faced a tribunal, chaired by **Justice David Maraga**, examining alleged misconduct linked to the ruling.

The ruling itself stood.

CHAPTER NINE

The Whistleblower's Life

While the powerful men went through commissions and courts, the clerk who started it all had disappeared from public view.

Warned that his life was in danger, David Munyakei left Nairobi for Mombasa. He sold advertising for the country's two big newspaper groups, the Standard and the Nation. He sold furniture. He converted to Islam and took the name **Rajab**. He married a woman named **Mariam**, and they had three daughters.

He never worked in banking again.

In the end he went back to the land, farming for his own food at **Olokurto**, in Narok.

JULY 2006.

Months after the Bosire report was published, the report his leak had made possible, David Munyakei died. He was in his late thirties.

His story was later told in a book, *The True Story of David Munyakei: Goldenberg Whistleblower*, by Billy Kahora.

CHAPTER TEN

Brother Paul

The architect of the deal did not disappear.

Kamlesh Pattni became a preacher and took the name **Brother Paul**. He ran for Parliament. He always maintained that he had done nothing criminal and pointed out that no Kenyan court had ever convicted him.

March 2023. Al Jazeera's Investigative Unit broadcast an undercover investigation into gold smuggling in southern Africa. It reported that Pattni was running a gold business in Zimbabwe and Dubai, and that he had offered undercover reporters a way to launder money through gold exports.

On the hidden camera, the network reported, he told them: "When you work you must always have the king with you, the president."

Pattni denied it all. He said he had believed he was meeting investors interested in hotels and gold mining, and he rejected the allegations of money laundering. He repeated that he had never been convicted.

Epilogue

Goldenberg had everything a heist needs: a monopoly, a thirty-five per cent bonus, gold that existed mostly on paper, and signatures from nearly every office that was supposed to stop it.

It had a judicial commission that followed the money through 487 entities.

What it never had was a conviction.

“No one ever went to jail for this grand fraud,” two economists wrote in 2023, “despite years of inquiry.”

Of everyone in the story, the one who lost his job over Goldenberg was the clerk who noticed.

He had looked at a stack of forms and seen what office after office had stamped.

It was just paperwork.

THE RECORD

COMPANY	Goldenberg International Ltd, founded 1990
DIRECTORS	Kamlesh Pattni; James Kanyotu (then Special Branch director)
SCHEME	Export compensation at ~35% on claimed gold and diamond exports
EXPOSED	1993, via documents leaked by CBK clerk David Munyakei
ESTIMATED COST	US\$600m–1.5bn; over 10% of GDP by many estimates
BOSIRE COMMISSION	Ksh 158.3bn transacted with 487 entities (report Feb 2006)
PROSECUTIONS	Saitoti barred (2006); Kotut halted; Kanyotu died (2008); Pattni cleared (2013)
CONVICTIONS	None
WHISTLEBLOWER	Fired; died July 2006

It was just paperwork.

A Note from the Author

If this story stayed with you, you can buy me a coffee. It keeps the research going and helps bring the next one to you.

LIPA NA M-PESA	
PAYBILL	522533
ACCOUNT	8129965
CLICK MTAA TECHNOLOGIES	

Asante sana.

— *Graham Kasindo*